BAYAN INVESTMENT COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH
INDEPENDENT AUDITORS' REPORT

BAYAN INVESTMENT COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Bayan Investment Company - K.S.C. (Public) and Subsidiaries
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Bayan Investment Company - K.S.C. (Public) (the Parent Company) and subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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.

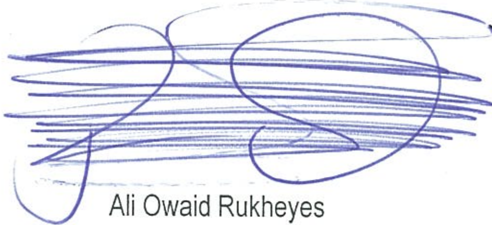
Opinion

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

Report on other Legal and Regulatory Requirements

Also in my opinion, the consolidated financial statements include the disclosures required by the Companies Law No. 1 of 2016, the Executive Regulations of Law No. 25 of 2012, the Parent Company's Memorandum of Incorporation and Articles of Association, and I have obtained the information I required to perform my audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to me, there were no contraventions during the fiscal year ended December 31, 2015 of the Companies Law No. 1 of 2016 and the Executive Regulations of Law No. 25 of 2012, or of the Company's Memorandum of Incorporation and Articles of Association which might have materially affected the Group's financial position or results of its operations.

We further report that I have not become aware of any material violations of Law No. 7 of 2010 concerning the Capital Markets Authority and Organization of Security Activity, and its amendments and executive regulations during the fiscal year then ended that might have materially affected the Group's financial position or results of its operations.



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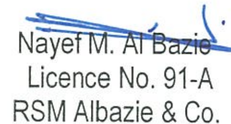

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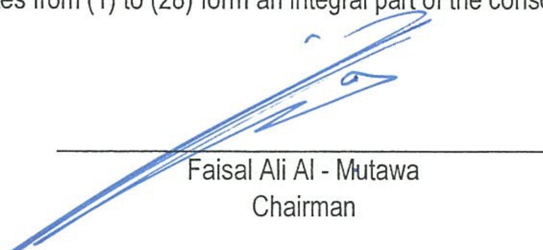
State of Kuwait
March 8, 2016

BAYAN INVESTMENT COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2015	2014
Cash on hand and at banks		**1,488,846**	1,784,259
Financial assets at fair value through profit or loss	3	**724,790**	1,107,970
Accounts receivable and other debit balances	4	**1,966,760**	2,321,906
Inventories		**928,919**	818,110
Financial assets available for sale	5	**10,192,138**	13,057,570
Investment in unconsolidated subsidiaries		**-**	7,780
Properties under development	6	**71,534,114**	71,333,044
Property, plant and equipment	7	**1,643,923**	1,629,658
Total assets		**88,479,490**	92,060,297
LIABILITIES AND EQUITY			
Liabilities:			
Due to banks	9	**8,171,501**	8,321,720
Accounts payable and other credit balances	10	**33,258,193**	32,766,411
Murabaha payable	11	**62,903**	53,317
Provision for end of service indemnity	12	**332,583**	295,590
Total liabilities		**41,825,180**	41,437,038
Equity:			
Share capital	13	**39,266,391**	39,266,391
Treasury shares	14	**(5,948,170)**	(5,948,170)
Statutory reserve	15	**12,166,782**	12,166,782
Voluntary reserve	16	**10,820,279**	10,820,279
Cumulative changes in fair value		**1,622,589**	4,642,524
Foreign currency translation adjustments		**(1,593,483)**	(1,297,936)
Accumulated losses		**(23,354,079)**	(23,303,743)
Equity attributable to shareholders of the Parent Company		**32,980,309**	36,346,127
Non-controlling interests	8	**13,674,001**	14,277,132
Total equity		**46,654,310**	50,623,259
Total liabilities and equity		**88,479,490**	92,060,297

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.



Faisal Ali Al - Mutawa
Chairman

BAYAN INVESTMENT COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Revenues:			
Net investment income	18	**763,098**	3,976,553
Management and consultancy fees		**55,918**	106,343
Net sales revenue		**814,276**	720,837
Gain from liquidation of subsidiaries	2b	**376,765**	-
Other income	19	**39,992**	3,940,823
		2,050,049	8,744,556
Expenses and other charges:			
Impairment loss on financial assets available for sale		**171,617**	4,033,674
Impairment loss on investment in unconsolidated subsidiaries		**7,780**	-
General and administrative expenses	20	**1,158,924**	1,228,296
Finance charges		**428,200**	548,096
Foreign exchange loss		**847,547**	856,299
		2,614,068	6,666,365
(Loss) profit for the year before National Labor Support Tax (NLST) and Zakat		**(564,019)**	2,078,191
NLST		**-**	(55,319)
Zakat		**-**	(21,878)
Net (loss) profit for the year		**(564,019)**	2,000,994
Attributable to:			
Shareholders of the Parent Company		**(50,336)**	2,508,689
Non-controlling interests		**(513,683)**	(507,695)
Net (loss) profit for the year		**(564,019)**	2,000,994
		Fils	Fils
(Loss) earnings per share attributable to shareholders of the Parent Company	21	(0.14)	6.93

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

BAYAN INVESTMENT COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	2015	2014
Net (loss) profit for the year	**(564,019)**	2,000,994
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss		
Related to financial assets available for sale:		
Changes in fair value of financial assets available for sale	**(2,394,842)**	654,801
Reversal due to sale of financial assets available for sale	**(430,770)**	(2,782,884)
Reversal due to impairment of financial assets available for sale	**(194,323)**	(19,959)
	(3,019,935)	(2,148,042)
Exchange differences on translating foreign operations	**(384,995)**	(309,260)
Other comprehensive loss for the year	**(3,404,930)**	(2,457,302)
Total comprehensive loss for the year	**(3,968,949)**	(456,308)
Attributable to:		
Shareholders of the Parent Company	**(3,365,818)**	140,783
Non-controlling interests	**(603,131)**	(597,091)
Total comprehensive loss for the year	**(3,968,949)**	(456,308)

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company									
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation adjustments	Accumulated losses	Sub-total	Non-controlling interests	Total
Balance as at December 31, 2013	39,266,391	(6,258,179)	12,166,782	10,976,535	6,790,566	(1,078,072)	(25,812,432)	36,051,591	14,874,223	50,925,814
Sale of treasury shares	-	310,009	-	(156,256)	-	-	-	153,753	-	153,753
Total comprehensive (loss) income for the year	-	-	-	-	(2,148,042)	(219,864)	2,508,689	140,783	(597,091)	(456,308)
Balance as at December 31, 2014	39,266,391	(5,948,170)	12,166,782	10,820,279	4,642,524	(1,297,936)	(23,303,743)	36,346,127	14,277,132	50,623,259
Total comprehensive loss for the year	-	-	-	-	(3,019,935)	(295,547)	(50,336)	(3,365,818)	(603,131)	(3,968,949)
Balance as at December 31, 2015	**39,266,391**	**(5,948,170)**	**12,166,782**	**10,820,279**	**1,622,589**	**(1,593,483)**	**(23,354,079)**	**32,980,309**	**13,674,001**	**46,654,310**

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

BAYAN INVESTMENT COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	2015	2014
Cash flows from operating activities:		
(Loss) profit for the year before NLST and Zakat	**(564,019)**	2,078,191
Adjustments for:		
Net investment income	**(763,098)**	(3,976,553)
Interest income	**(949)**	(2,273)
Gain on settlement of term loan	-	(3,891,451)
Provision for end of service indemnity no longer required	-	(1,539)
Impairment loss on financial assets available for sale	**171,617**	4,033,674
Impairment loss on investment in unconsolidated subsidiaries	**7,780**	-
Depreciation	**287,627**	266,403
Provision for end of service indemnity	**42,971**	43,857
Finance charges	**428,200**	548,096
Foreign exchange loss	**847,547**	856,299
	457,676	(45,296)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	**218,472**	145,469
Accounts receivable and other debit balances	**355,146**	(677,285)
Inventories	**(110,809)**	(194,690)
Accounts payable and other credit balances	**(829,365)**	160,774
Cash generated from (used in) operations	**91,120**	(611,028)
Paid for end of service indemnity	**(5,340)**	(7,162)
Net cash generated from (used in) operating activities	**85,780**	(618,190)
Cash flows from investing activities:		
Purchase of financial assets available for sale	**(749,043)**	(158,236)
Proceeds from sale of financial assets available for sale	**863,035**	469,989
Purchase of property, plant and equipment	**(364,073)**	(367,896)
Dividends received	**487,694**	1,448,191
Interest received	**949**	2,273
Net cash generated from investing activities	**238,562**	1,394,321
Cash flows from financing activities:		
Due to banks	**(150,219)**	267,019
Murabaha payable	**9,586**	(22,320)
Proceeds from sale of treasury shares	-	153,753
Dividends paid	**(4,886)**	(6,962)
Finance charges paid	**(482,447)**	(493,849)
Net cash used in financing activities	**(627,966)**	(102,359)
Net (decrease) increase in cash on hand and at banks	**(303,624)**	673,772
Effect of foreign currency translation on cash on hand and at banks	**8,211**	7,693
Cash on hand and at banks at beginning of the year	**1,784,259**	1,102,794
Cash on hand and at banks at end of the year	**1,488,846**	1,784,259

The accompanying notes from (1) to (28) form an integral part of the consolidated financial statements.

1. Incorporation and activities

Bayan Investment Company (the Parent Company) is a Kuwaiti public shareholding company incorporated through an agreement No. 1491/Vol 1 dated July 21, 1997, with latest amendment on June 8, 2015 and is listed in Kuwait Stock Exchange. The Parent Company's commercial registration number is 70718 dated August 30, 1997.

The objectives of the Parent Company are as follows:

a) Investing in various economic sectors through participation in establishing specialized companies or purchasing the shares or equities of these companies.
b) Trading in securities and stocks being negotiated in the state of Kuwait or abroad.
c) Extending custody services and managing all types of investment portfolios for third party.
d) Conducting research and study as well as providing other technical services related to investment operations and third party money investments.
e) Establishing and managing various investment funds in accordance with relevant laws.
f) Conducting IPO Management services for bonds issued by companies and authorities.
g) Conducting studies and providing advisory services related to investment opportunities including privatizations.
h) Carrying out activities and providing services that help in developing the finance and money market in the State of Kuwait.
i) Issuing guarantees to physical and natural parties, excluding banking guaranties and other banking profession services, within preset amounts and period.
j) Utilization of surplus available at the company by investing it in financial and real estate portfolios, managed by specialized companies and agencies.
k) Conducting necessary researches and studies related to all of the company's objectives.

The Parent Company may have an interest or participation in companies of similar activities which could assist the Parent Company in achieving its objectives inside or outside the State of Kuwait. The Parent Company may also establish, participate in or acquire such companies.

The Parent Company is located in Souad Commercial Building, Fahad Al-Salem St., Area 12, Building No. 21 and its registered office is P.O. Box No. 104, Al Dasma 35151, State of Kuwait.

The Parent Company is under the supervision of the Capital Market Authority according to Law No.7/2010 for investment companies.

The new Companies Law No. 1 of 2016 was issued on January 24, 2016 and was published in the Official Gazette on February 1, 2016, which replaced the Companies Law No 25 of 2012 and its amendments. According to Article No. 5, the new Law will be effective from November 26, 2012 and the executive regulations of Law No. 25 of 2012 will continue until a new set of executive regulations are issued. The adoption of the new Companies Law is not expected to have any effect on the reporting entity.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on March 8, 2016. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Ministerial Order No. 18 of 1990. Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Parent Company and are prepared under the historical cost convention, except that financial assets at fair value through profit or loss and certain financial assets available for sale are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(u).

Standards issued and effective

The accounting policies applied by the Group are consistent with those used in the previous year, except for the changes due to implementation of the following amended International Financial Reporting Standards as of January 1, 2015:

Amendments to IFRS 8 - Operating Segments
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in 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'
- 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.

Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets
The amendments to these standards which are effective for annual periods beginning on or after July 1, 2014 clarify that the determination of the accumulated depreciation or amortization under the revaluation method does not depend on the selection of the valuation technique. They also clarify that the accumulated depreciation or amortization is computed as the difference between the gross and the net carrying amounts. Consequently, when the residual value, the useful life or the depreciation or amortization method has been re-estimated before a revaluation, restatement of the accumulated depreciation or amortization is not proportionate to the change in the gross carrying amount of the asset.

Amendments to IAS 24 - Related Party Disclosures
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify 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.

Amendments to IFRS 13 - Fair Value Measurement
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify that the portfolio exception in IFRS 13 applies to all contracts within the scope of IAS 39 regardless of whether they meet the definitions of financial assets or financial liabilities.

The above mentioned amendments did not have any material impact on the consolidated financial statements.

Standards issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 - Financial Instruments
The standard, effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 - Revenue from contracts with customers
The standard, effective for annual periods beginning on or after January 1, 2017, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
The amendments, effective prospectively for annual periods beginning on or after January 1, 2016, clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IAS 27 – Equity method in separate financial statements
The amendment, effective for annual periods beginning on or after January 1, 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

Amendments to IAS 1 – Disclosure Initiative
The amendments to this standard which are effective for annual periods beginning on or after January 1, 2016 clarify some judgments used in the presentation of financial reports. The amendments make changes about:

- Materiality, where it clarifies that, (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- Statement of financial position and statement of profit or loss and other comprehensive income, where they (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant. They introduce additional guidance on subtotals in these statements as well, and (2) clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes, where they add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
The amendments to these standards which are effective for annual periods beginning on or after January 1, 2016 confirm that the exemption from preparing consolidated financial statements under IFRS 10 continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. However, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated. The amendments clarify that this exception only applies to subsidiaries that are not themselves investment entities and whose main purpose are to provide services and activities that are related to the investment activities of the investment entity parent. All other subsidiaries of an investment entity should be measured at fair value.

Consequential amendments have been made to IAS 28 to confirm that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity, even if the investment entity parent measures all its subsidiaries at fair value. IAS 28 has been also amended to permit an entity to retain the fair value measurement applied by an associate or joint venture that is an investment entity to its interests in subsidiaries rather than applying uniform accounting policies.

Amendments to IFRS 12 clarified that an investment entity that measures all its subsidiaries at fair value should provide the IFRS 12 disclosures related to investment entities

Amendments to IFRS 7 – Financial Instruments: Disclosures
The amendments to this standard are effective for annual periods beginning on or after 1 January 2016. They clarify that for servicing agreements, if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context, and adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. A consequential amendment to IFRS 1 is included to give the same relief to first-time adopters. Another amendment to IFRS 7 clarifies that the additional disclosure required by the amendments to IFRS 7 is not specifically required for all interim periods, unless required by IAS 34.

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9 and IFRS 15 while the amendments to other standards are not expected to have a material impact on the consolidated financial statements.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of subsidiary	Country of incorporation	Principal activities	Percentage of Holding % 2015	Percentage of Holding % 2014
Arkan Holding Company-K.S.C. (Holding) and its subsidiary:	Kuwait	Holding	**99.9%**	99.9%
Arkan Industrial and Mining Co. (E.S.C.)	Egypt	Manufacturing	**100%**	100%
Dar Al Dhabi Holding Co. K.S.C. (Holding) and its wholly owned subsidiary: Dar Al Dhabi Real Estate Company K.S.C.C. (i)	Kuwait	Holding	**57.329%**	57.329%
Bunyan Real Estate Company (K.S.C.C.) (ii)	Kuwait	Real Estate	**-**	99.9%
Babel Holding Co.- K.S.C. (Holding) (ii)	Kuwait	Holding	**-**	99.9%
Sout Al-Ghad trading Co. (W.L.L)	Kuwait	General Trading	**99.9%**	99.9%
Al Safwa International Consulting Co. (sole proprietorship)	Kuwait	Consulting	**100%**	99.9%
Al Derah Al-Oula Co. for General Trading and Contracting (W.L.L.)	Kuwait	General Trading	**99.9%**	99.9%
Al Ohadayah Project Management Co. (W.L.L.)	Kuwait	Project management	**99.9%**	99.9%
Al Sanabil Real Estate Co. (W.L.L.)	Kuwait	Real Estate	**99.9%**	99.9%
Al Sodasiyah Project Management Co. (W.L.L.)	Kuwait	Project management	**99.9%**	99.9%

(i) 100 million shares of the subsidiary are pledged against a loan obtained from a local bank (Note 9).
(ii) Bunyan Real Estate Co. K.S.C. (Closed) and Babel Holding Company K.S.C. (Holding) are under voluntary liquidation and the legal procedures for liquidation are under process. Accordingly, the Group de-recognized the subsidiaries and recorded a gain from liquidation amounting to KD 376,765 for the year ended December 31, 2015.

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:
- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

The group classifies its financial instruments as "financial assets" and "financial Liabilities". Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, receivables, financial assets at fair value through profit or loss, financial assets available for sale, due to banks, payables and Murabaha payable.

Financial assets

i) Accounts receivable

Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss.

ii) Financial investments

Initial recognition and measurement
The Group classifies financial investments that fall within the scope of IAS 39 in the following categories: financial assets at fair value through profit or loss and financial assets available for sale. The classification depends on the purpose for which those assets were acquired and is determined at initial recognition by the management.

(a) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and financial assets designated at fair value through profit or loss at inception.

A financial asset is classified as financial assets held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of financial instrument that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.

A financial asset is designated by the management at fair value on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if it is managed and it is performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

(b) Financial assets available for sale
Financial assets available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Purchases and sales of those financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement
After initial recognition, financial assets at fair value through profit or loss and financial assets available for sale are subsequently carried at fair value. The fair values of quoted financial assets are based on current bid prices. If the market for a financial assets is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from financial assets at fair value through profit or loss are included in the consolidated statement of profit or loss. Unrealized gains and losses arising from changes in the fair value of financial assets available for sale are recognized in cumulative changes in fair value in other comprehensive income.

Where financial assets available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When a financial asset available for sale is disposed off or impaired, any prior fair value earlier reported in other comprehensive income is transferred to the consolidated statement of profit or loss.

Derecognition
A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial assets have expired; or the Group has transferred its rights to receive cash flows from the financial assets and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset investment. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

Significant decline is evaluated against the original cost of the financial asset and prolonged against the period in which fair value has been below its original cost. If any such evidence exists for financial assets available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on available for sale equity instruments are not reversed through the consolidated statement of profit or loss.

Financial liabilities

i) Accounts payable

Accounts payables include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

ii) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

iii) Murabaha payable

Murabaha payable represents the amounts due to pay for purchased assets as per Murabaha facility agreements. Murabaha balances are reported with full credit balances after deducting finance charges amounts pertaining to future periods. Those finance charges balances are amortized on a time apportionment basis using effective interest method.

d) Inventories

Inventories are valued at the lower of cost or net realizable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

e) Properties under development

Properties acquired, constructed or in the course of construction for sale are classified as properties under development. Unsold properties are stated at cost. Sold properties in the course of development are stated at cost plus attributable profit/loss less progress billings. The cost of properties under development includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property. The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed. At that stage, the total asset value is eliminated from properties under development.

f) Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in consolidated statement of profit or loss for the period.

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of other property, plant and equipment as follows:

Assets category	Years
Buildings	20
Machines and equipment	10
Vehicles	5
Furniture	3 – 20
Computers	5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

g) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

i) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

j) Share capital

Ordinary shares are classified as equity.

k) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized 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, reserves, and then share premium.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

l) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, investments or services rendered in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale and services rendered have been resolved.

(i) Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

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

(iii) Interest income
Interest income is recognized using the effective interest method.

(iv) Sale of goods
Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

(v) Management fees
Management fees are recognized on accrual basis.

(vi) Other income
Fees, commission and consultancy revenue is recognized at the time the related services are provided.

(vii) Other income and expenses
Other income and expenses are recognized on accrual basis.

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

o) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting periods are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity investments which are classified as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as financial assets available for sale are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

p) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting accumulated losses, its share of income from kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve. No KFAS has been provided for since there was no eligible profit on which KFAS could be calculated.

q) National Labor Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% on the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of profit from associates and un-consolidated subsidiaries listed in Kuwait Stock Exchange, its share of NLST paid by subsidiaries listed in Kuwait Stock Exchange and cash dividends received from companies listed in Kuwait Stock Exchange in accordance with Law No. 19 for year 2000 and Ministerial Resolution No. 24 for year 2006 and their executive regulations. No NLST has been provided for since there was no eligible profit on which NLST could be calculated.

r) Zakat

Zakat is calculated at 1% on the profit of the Parent Company before contribution to KFAS, Zakat, NLST and Board of Directors' remuneration and after deducting its share of profit from Kuwaiti shareholding associates and un-consolidated subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 for year 2006 and Ministerial Resolution No. 58 for year 2007 and their executive regulations. No Zakat has been provided since there was no eligible profit on which Zakat could be calculated.

s) Fiduciary assets

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

t) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

u) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Provision for doubtful debts and inventories

The determination of the recoverability of the amount due from customers and the marketability of the inventory and the factors determining the impairment of the receivable and inventory involve significant judgment.

(iii) Classification of financial assets

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss" or "available for sale". The Group follows the guidance of IAS 39 on classifying its financial assets.

The Group classifies financial assets as "at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through profit or loss at inception, provided their fair values can be reliably estimated. All other financial assets are classified as "available for sale".

(iv) Impairment of financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity financial assets is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

(v) Classification of land

Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1) Properties under development

When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

2) Work in progress

When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Properties held for trading

When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties

When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period 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.

(i) Fair value of unquoted financial assets

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Provision for doubtful debts and inventories

The extent of provision for doubtful debts and inventories involves estimation process. Provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable and inventory are subject to management approval.

(iii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent quoted securities held for trading.

4. Accounts receivable and other debit balances

	2015	2014
Trade receivables (a)	**1,464,691**	2,173,467
Notes receivable	**321,122**	-
Other debit balances	**180,947**	148,439
	1,966,760	2,321,906

(a) The ageing analysis of the trade receivables is as follows:

		Past due but not impaired		
	Neither past due nor impaired	From 90 to 180 days	Over 180 days	Total
2015	**927,879**	**536,812**	**-**	**1,464,691**
2014	1,270,063	727,866	175,538	2,173,467

5. Financial assets available for sale

	2015	2014
Quoted securities	**5,491,704**	8,132,027
Unquoted securities	**3,090,032**	3,090,032
Portfolios	**413,011**	617,609
Funds	**1,197,391**	1,217,902
	10,192,138	13,057,570

Unquoted securities and portfolios amounting to KD 3,503,043 are carried at cost less impairment losses, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value for these financial assets (December 31, 2014: KD 3,707,641). There is no active market for these financial assets and the Group intends to hold them for the long term. Impairment loss recognized on such financial assets for the year ended December 31, 2015 amounted to KD 95,889 (December 31, 2014: KD 4,011,925).

Quoted securities amounting to KD 3,520,013 are pledged as collateral against loan granted by local bank (Note 9).

Financial assets available for sale are denominated in the following currencies:

Currency	2015	2014
Kuwaiti Dinar	**8,244,267**	10,905,101
US Dollar	**413,011**	429,386
Euro	**-**	188,223
UAE Dirham	**1,534,860**	1,534,860
	10,192,138	13,057,570

6. Properties under development

Properties under development represent plots of land located in Reem Island - Abu Dhabi (UAE) and held with a view to be developed for sale in the future as residential apartments, offices and retail outlets. The estimated cost of the project is AED 3,508,594,819 (KD 290,436,146).

The transfer of ownership as per paragraph No. 7.2 of the contract will be done upon full payment and completion of the development work.

7. Property, plant and equipment

	Land	Buildings	Machines and equipment	Vehicles	Furniture and computers	Capital work in progress	Total
Cost:							
Balance as at December 31, 2014	87,584	826,551	1,960,976	103,612	68,737	4,608	3,052,068
Additions	-	4,985	163,913	2,193	6,111	186,871	364,073
Transfers	-	-	17,449	-	-	(17,449)	-
Foreign currency translation adjustments	(3,715)	(35,055)	(83,167)	(4,394)	(2,915)	(196)	(129,442)
Balance as at December 31, 2015	**83,869**	**796,481**	**2,059,171**	**101,411**	**71,933**	**173,834**	**3,286,699**
Accumulated depreciation:							
Balance as at December 31, 2014	-	274,359	1,031,778	53,037	63,236	-	1,422,410
Charge for the year	-	40,723	230,053	13,104	3,747	-	287,627
Foreign currency translation adjustments	-	(12,618)	(49,305)	(2,565)	(2,773)	-	(67,261)
Balance as at December 31, 2015	**-**	**302,464**	**1,212,526**	**63,576**	**64,210**	**-**	**1,642,776**
Net book value:							
Balance as at December 31, 2015	**83,869**	**494,017**	**846,645**	**37,835**	**7,723**	**173,834**	**1,643,923**
Balance as at December 31, 2014	87,584	552,192	929,198	50,575	5,501	4,608	1,629,658

Depreciation charge has been allocated as follows:

	2015	2014
Net sales revenue	**230,053**	211,080
General and administrative expenses (Note 20)	**57,574**	55,323
	287,627	266,403

8. Principal subsidiary with major non-controlling interest ("NCI") which is material to the Group

Name of subsidiary	Country of incorporation	Ownership interest held by the Group %		Ownership interest held by the NCI %		Principal activities
		2015	2014	**2015**	2014	
Dar Al Dhabi Holding Co. K.S.C. (Holding)	Kuwait	**57.329%**	57.329%	**42.671%**	42.671%	Owning shares of Kuwaiti or foreign shareholding companies

Total non-controlling interest as of December 31, 2015 amount to KD 13,674,001 (December 31, 2014: KD 14,277,132).

Summarized financial information for the above subsidiary that has non-controlling interest that are material to the Group.

Summarized consolidated statement of financial position

	2015	2014
Current assets	**5,835**	3,162
Current liabilities	**26,079,154**	25,032,375
Net current liabilities	**(26,073,319)**	(25,029,213)
Non-current assets	**71,534,114**	71,333,044
Non-current liabilities	**13,415,612**	12,845,201
Net non-current assets	**58,118,502**	58,487,843
Net assets	**32,045,183**	33,458,630

Summarized consolidated statement of profit or loss and other comprehensive income

	2015	2014
Net loss	(1,203,824)	(1,189,790)
Other comprehensive loss	(209,621)	(209,500)
Total comprehensive loss	(1,413,445)	(1,399,290)
Loss attributable to non-controlling interest	(603,131)	(597,091)

9. Due to banks

	2015	2014
Loans (a)	**6,800,000**	7,500,000
Overdraft	**1,371,501**	821,720
	8,171,501	8,321,720
Average effective interest rate	**3.91%**	4.36%

(a) Represented by a loan obtained from a local bank and carrying an interest rate of 2% per annum over the Central Bank of Kuwait discount rate and is repayable in five unequal yearly installments with the first installment due on September 30, 2016 and final installment due on September 30, 2020.

The Group has pledged a portion of shares owned in a subsidiary (Note 2b) and quoted securities amounting to KD 3,520,013 (Note 5) as collateral against the loan.

10. Accounts payable and other credit balances

	2015	2014
Trade payables (a)	**26,606,326**	25,719,670
Advance received from customers (b)	**5,921,619**	5,711,992
Other credit balances	**730,248**	1,334,749
	33,258,193	32,766,411

(a) Trade payables include KD 23,608,327 (AED 285,198,846) (December 31, 2014: KD 22,772,580 (AED 285,198,846)) that represent the remaining amount payable on the acquisition of properties under development. The amount payable is overdue as at December 31, 2015.

(b) This represents advances from customers for booking their residential apartments or offices that would be constructed as part of the properties under development Note (6). Five customers have raised legal cases claiming refund for the advances paid amounting to KD 495,984 (AED 5,991,699) and final verdicts have been favorably issued for four customers amounting to KD 271,414 (AED 3,278,797).

11. Murabaha payable

This represents facilities obtained by Arkan Industrial and Mining (E.S.C.) (wholly owned subsidiary of Arkan Holding Co. K.S.C. (Holding) – subsidiary) carrying an effective cost rate of 13.5% per annum and are secured by first class commercial mortgage on all tangible and intangible components of the commercial shop of the subsidiary (December 31, 2014: 13.5% per annum).

12. Provision for end of service indemnity

	2015	2014
Balance at the beginning of the year	**295,590**	260,434
Charge for the year	**42,971**	43,857
Provision no longer required	**-**	(1,539)
Transferred to accrued expenses	**(638)**	-
Paid during the year	**(5,340)**	(7,162)
Balance at the end of the year	**332,583**	295,590

13. Share capital

Authorized, issued and paid up capital consists of 392,663,910 shares of 100 fils each and all shares are paid in cash (December 31, 2014: 392,663,910 shares).

14. Treasury shares

	2015	2014
Number of shares	**30,319,197**	30,319,197
Percentage to issued shares	**7.72%**	7.72%
Market value (KD)	**1,000,534**	1,728,194
Cost (KD)	**5,948,170**	5,948,170

The Parent Company's management has allotted an amount equal to treasury shares balance from the voluntary reserve as of the financial reporting date. Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

15. Statutory reserve

As required by Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to Kuwait Foundation for Advancement of Sciences, National Labor Support Tax, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by law and the Parent Company's Articles of Association. Since there is a net loss for the year, there was no transfer to statutory reserve during the year.

16. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of profit for the year attributable to shareholders of the Parent Company before contribution to Kuwait Foundation for Advancement of Sciences, National Labor Support Tax, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the Shareholders' Annual General Assembly upon recommendation by the Board of Directors. Since there is a net loss for the year, there was no transfer to voluntary reserve during the year.

17. General assembly and proposed dividends

The Board of Directors proposed _________ for the year ended December 31, 2015. This proposal is subject to the approval of the Shareholders' Annual General Assembly.

The Shareholders' Annual General Assembly held on May 3, 2015 approved the Board of Directors' proposal not to distribute dividends for the year ended December 31, 2014.

18. Net investment income

	2015	2014
Dividend income	487,694	1,448,191
Unrealized loss from financial assets at fair value through profit or loss	(186,517)	(197,489)
Realized gain (loss) on sale of financial assets at fair value through profit or loss	21,809	(55,112)
Realized gain on sale of financial assets available for sale	440,112	2,780,963
	763,098	3,976,553

19. Other income

Other income for the year ended December 31, 2014 included KD 3,891,451 which represents gain on settlement of term loan.

20. General and administrative expenses

General and administrative expenses include staff costs amounting to KD 648,451 (December 31, 2014: KD 708,288) and depreciation charge amounting to KD 57,574 (December 31, 2014: KD 55,323).

21. (Loss) earnings per share

There are no potential dilutive ordinary shares. (Loss) earnings per share is computed by dividing the net (loss) profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2015	2014
Net (loss) profit for the year attributable to shareholders of the Parent Company	(50,336)	2,508,689
	Shares	Shares
Number of issued and fully paid-up shares	392,663,910	392,663,910
Less: Weighted average number of treasury shares	(30,319,197)	(30,536,570)
Weighted average number of shares outstanding	362,344,713	362,127,340
	Fils	Fils
(Loss) earnings per share attributable to shareholders of the Parent Company	(0.14)	6.93

22. Related party balances and transactions

The Group has entered into various transactions with related parties, i.e. shareholders, Board of Directors, key management personnel and other related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant related party balances and transactions are as follows:

	Other related parties	2015	2014
(i) Balances included in the consolidated statement of financial position:			
Financial assets available for sale	**1,197,391**	**1,197,391**	1,217,902
Accounts payable and other credit balances	**50,000**	**50,000**	50,000
(ii) Transactions included in the consolidated statement of profit or loss:			
Management and consultancy fees	**33,076**	**33,076**	73,663
(iii) Key management compensation:			
Salaries and other short term benefits		**192,231**	192,231
Terminal benefits		**20,814**	20,814
		213,045	213,045

23. Fiduciary assets

	2015	2014
Portfolios	**26,758,463**	33,547,567
Funds	**-**	2,972,281
	26,758,463	36,519,848

24. Capital commitments and contingent liabilities

	2015	2014
Capital commitments	**5,852**	34,507
Letters of credit	**15,677**	151,475
	21,529	185,982

25. Segment information

For management purposes, the Group is organized into four main business segments based on internal reporting provided to the chief operating decision maker:

- Investment Operations: Investing for the Group's benefit in securities, portfolios and funds.
- Asset Management and Advisory Services: Investing and managing client portfolios and funds, corporate finance, investment advisory and research.
- Real Estate: Holding investment properties for capital appreciation and selling other properties.
- Retail: Selling goods and rendering services in the ordinary course of business.

The segment information for the reportable operating segments is as follows:

	December 31, 2015					
	Investment Operations	Asset Management & Advisory Services	Real Estate	Retail	Unallocated items	Total
Total revenue	763,098	55,918	-	814,276	-	1,633,292
Segment results	17,095	(19,307)	-	297,183	-	294,971
Unallocated operating expenses					(428,200)	(428,200)
Loss from operations						(133,229)
Gain from liquidation of subsidiaries					376,765	376,765
Other income					39,992	39,992
Foreign exchange loss					(847,547)	(847,547)
Net loss for the year						(564,019)
Other information:						
Segment assets	11,528,055	-	71,534,114	5,417,321	-	88,479,490
Total assets						88,479,490
Segment liabilities	39,929,270	-	-	1,895,910	-	41,825,180
Total liabilities						41,825,180
Depreciation	-	-	-	(287,627)	-	(287,627)

	December 31, 2014					
	Investment Operations	Asset Management & Advisory Services	Real Estate	Retail	Unallocated items	Total
Total revenue	3,976,553	106,343	-	720,837	-	4,803,733
Segment results	(772,902)	(870)	-	315,535	-	(458,237)
Unallocated operating expenses					(548,096)	(548,096)
Loss from operations						(1,006,333)
Other income					3,940,823	3,940,823
Foreign exchange loss					(856,299)	(856,299)
NLST					(55,319)	(55,319)
Zakat					(21,878)	(21,878)
Net profit for the year						2,000,994
Other information:						
Segment assets	15,978,152	-	71,333,044	4,741,321	-	92,052,517
Investment in unconsolidated subsidiaries	-	-	-	-	7,780	7,780
Total assets						92,060,297
Segment liabilities	40,204,595	-	-	1,232,443	-	41,437,038
Total liabilities						41,437,038
Depreciation	-	-	-	(266,403)	-	(266,403)

26. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, receivables, financial assets at fair value through profit or loss, financial assets available for sale, due to banks, payables and Murabaha payable and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) **Interest rate risk**

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit through the impact on floating rate borrowings.

Year	Increase / (Decrease) in interest rate	Balance on December 31 KD	Effect on consolidated statement of profit or loss KD
2015			
KD Loans	**± 0.5%**	**6,800,000**	**± (34,000)**
KD Overdraft	**± 0.5%**	**1,371,501**	**± (6,858)**
2014			
KD Loans	± 0.5%	7,500,000	± (37,500)
KD Overdrafts	± 0.5%	821,720	± (4,109)

b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks and receivables. The Group's cash at banks are placed with high credit rating financial institutions. Receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks and receivables.

c) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between foreign currencies and Kuwaiti Dinar.

Year	Increase / (Decrease) against KD	Effect on consolidated statement of profit or loss	Effect on consolidated other comprehensive income
2015			
US Dollar	**±5%**	**±2,796**	**±20,651**
Euro	**±5%**	**±124**	**-**
UAE Dirham	**±5%**	**±1,191,149**	**±76,750**
Egyptian Pound	**±5%**	**-**	**±240,165**
2014			
US Dollar	±5%	±25,550	±21,469
Euro	±5%	±54	±9,411
UAE Dirham	±5%	±1,161,337	±76,750
Egyptian Pound	±5%	-	±178,966

d) 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 investments that are readily realizable.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities as at December 31, 2015 was as follows:

	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets:						
Cash on hand and at banks	1,488,846	-	-	-	-	1,488,846
Financial assets at fair value through profit or loss	724,790	-	-	-	-	724,790
Accounts receivable and other debit balances	-	-	1,966,760	-	-	1,966,760
Inventories	-	-	928,919	-	-	928,919
Financial assets available for sale	-	-	5,491,704	4,700,434	-	10,192,138
Properties under development	-	-	-	-	71,534,114	71,534,114
Property, plant and equipment	-	-	-	-	1,643,923	1,643,923
	2,213,636	-	8,387,383	4,700,434	73,178,037	88,479,490
Liabilities:						
Due to banks	-	-	1,871,501	6,300,000	-	8,171,501
Accounts payable and other credit balances	23,608,327	80,993	649,254	8,919,619	-	33,258,193
Murabaha payable	-	-	31,611	31,292	-	62,903
Provision for end of service indemnity	-	-	-	-	332,583	332,583
	23,608,327	80,993	2,552,366	15,250,911	332,583	41,825,180

The maturity profile of assets and liabilities as at December 31, 2014 was as follows:

	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets:						
Cash on hand and at banks	1,784,259	-	-	-	-	1,784,259
Financial assets at fair value through profit or loss	1,107,970	-	-	-	-	1,107,970
Accounts receivable and other debit balances	-	-	2,321,906	-	-	2,321,906
Inventories	-	-	818,110	-	-	818,110
Financial assets available for sale	-	-	8,132,027	4,925,543	-	13,057,570
Investment in unconsolidated subsidiaries	-	-	-	7,780	-	7,780
Properties under development	-	-	-	-	71,333,044	71,333,044
Property, plant and equipment	-	-	-	-	1,629,658	1,629,658
	2,892,229	-	11,272,043	4,933,323	72,962,702	92,060,297
Liabilities:						
Due to banks	8,321,720	-	-	-	-	8,321,720
Accounts payable and other credit balances	22,772,580	510,020	824,728	8,659,083	-	32,766,411
Murabaha payable	-	-	20,200	33,117	-	53,317
Provision for end of service indemnity	-	-	-	-	295,590	295,590
	31,094,300	510,020	844,928	8,692,200	295,590	41,437,038

Analysis of Group's capital commitments and contingent liabilities by remaining contractual maturities:

2015	**Less than a year**	**1 - 5 years**	**Total**
Capital commitments	5,852	-	5,852
Letters of credit	-	15,677	15,677
	5,852	15,677	21,529

2014	Less than a year	1 - 5 years	Total
Capital commitments	34,507	-	34,507
Letters of credit	-	151,475	151,475
	34,507	151,475	185,982

e) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at fair value through profit or loss and financial assets available for sale. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure at December 31:

	2015			2014		
Market indices	**Change in equity price %**	**Effect on other comprehensive income**	**Effect on profit or loss**	Change in equity price %	Effect on other comprehensive income	Effect on profit or loss
Kuwait Stock Exchange	**±5%**	**±274,585**	**±28,383**	±5%	±406,601	±48,871
Dubai Financial Market	**±5%**	**-**	**±7,856**	±5%	-	±6,528

27. Fair value measurement

The Group measures its financial assets such as financial assets at fair value through profit or loss and certain financial assets available for sale at fair value at each reporting date.

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.

All financial instruments 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: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at December 31:

2015:	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	724,790	-	724,790
Financial assets available for sale	5,491,704	1,197,391	6,689,095
Total	6,216,494	1,197,391	7,413,885

2014:	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	1,107,970	-	1,107,970
Financial assets available for sale	8,132,027	1,217,902	9,349,929
Total	9,239,997	1,217,902	10,457,899

At December 31, the fair values of financial instruments approximate their carrying amounts, with the exception of certain financial assets available for sale carried at cost as indicated in Note 5. The management of the Group has assessed that fair value of cash on hand and at banks, accounts receivable, due to banks, accounts payable and Murabaha payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the year there were no transfers between Level 1 and Level 2.

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 the 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.

28. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as total 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2015	2014
Due to banks	8,171,501	8,321,720
Murabaha payable	62,903	53,317
Less: cash on hand and at banks	(1,488,846)	(1,784,259)
Net debt	6,745,558	6,590,778
Total equity	46,654,310	50,623,259
Total capital resources	53,399,868	57,214,037
Gearing ratio	12.63%	11.52%