Tharwa Investment Company K.S.C (Closed)
And Its Subsidiary (The Group)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2014
WITH INDEPENDENT AUDITOR'S REPORT

RSM Albazie & Co.
Public Accountants

50 Years of Service Since 1963

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Tharwa Investment Company - K.S.C. (Closed)
State of Kuwait

Report on the financial statements

I have audited the accompanying consolidated financial statements of Tharwa Investment Company - K.S.C. (Closed) "the Parent Company" and its subsidiary "the Group" which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of profit or loss and profit or loss and other comprehensive income, consolidated changes in equity and cash flows for the financial year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tharwa Investment Company - K.S.C. (Closed) "the Parent Company" and its subsidiary "the Group" as of December 31, 2014, and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted in the State of Kuwait.

Report on other Legal and Regulatory Requirements

Also in my opinion, the consolidated financial statements include the disclosures required by the Companies Law No. 25 of 2012 and its amendments and its executive regulations and the Parent Company's Article of Association and Memorandum of Incorporation and I 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 financial year ended December 31, 2014 of either the Companies Law No. 25 of 2012 and its amendments and its executive regulations and the Parent Company's Article of Association and Memorandum of Incorporation which have had affected the Group's financial position or results of its operations.

I further report that, during the course of our audit, I 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 I 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 financial year ended December 31, 2014 that might have materially affected the Group's financial position or results of its operations.

Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazie & Co.

State of Kuwait
January 15, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2014

	Note	2014 KD	2013 KD
ASSETS:			
Cash and cash equivalents	3	**2,440,501**	2,257,327
Investments at fair value through profit or loss	4	**9,766,906**	13,669,176
Accounts receivable and other debit balances	5	**4,759,782**	1,681,937
Investments available for sale	6	**6,990,893**	6,921,763
Investment property	7	**703,922**	678,157
Property and equipment		**66,434**	17,208
TOTAL ASSETS		**24,728,438**	25,225,568
LIABILITIES AND EQUITY:			
LIABILITIES:			
Accounts payable and accruals	8	**966,862**	1,376,104
Employees' end of service indemnity		**131,625**	106,949
TOTAL LIABILITIES		**1,098,487**	1,483,053
EQUITY:			
Share capital	10	**15,112,500**	15,112,500
Share premium	11	**18,000**	18,000
Statutory reserve	11	**1,794,267**	1,502,345
Cumulative changes in fair value		**1,682,186**	1,604,272
Foreign currency translation reserve		**136,796**	110,368
Retained earnings		**4,886,202**	5,395,030
TOTAL EQUITY		**23,629,951**	23,742,515
TOTAL LIABILITIES AND EQUITY		**24,728,438**	25,225,568

Marzouq Fajhan Al Mutairi
(Chairman)

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2014

	Note	2014 KD	2013 KD
REVENUES			
Realized gain on sale of investments at fair value through profit or loss		**1,495,625**	4,106,915
Realized gain (loss) on sale of investments available for sale		**15,303**	(63,873)
Unrealized gain on investments at fair value through profit or loss		**30,388**	1,955,885
Impairment loss for investments available for sale	6	**-**	(424,834)
Dividend income		**552,572**	310,181
Change in fair value of investment property	7	**-**	(96,880)
Investment service income	12	**2,150,223**	2,268,603
Interest income		**10,652**	35,688
Foreign currency gain (loss)		**422,525**	(41,860)
Other income		**224**	20,515
TOTAL REVENUES		**4,677,512**	8,070,340
EXPENSES			
Staff costs		**1,376,507**	1,743,899
General and administrative		**361,423**	290,585
Depreciation		**14,621**	51,655
Interest expenses		**5,739**	76,416
TOTAL EXPENSES		**1,758,290**	2,162,555
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat and Directors' remuneration		**2,919,222**	5,907,785
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	13	**(26,273)**	(53,170)
Contribution to Zakat	14	**(28,355)**	(57,157)
Board of Directors' remuneration		**(59,000)**	(46,500)
NET PROFIT FOR THE YEAR		**2,805,594**	5,750,958
EARNINGS PER SHARE (FILS)	15	**18.56**	38.05

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2014

	2014 *KD*	*2013* *KD*
Net profit for the year	**2,805,594**	5,750,958
Other comprehensive income:		
Items that may be reclassified subsequently to statement of profit or loss		
Changes in fair value of investments available for sale	**77,914**	1,217,844
Foreign currency translation reserve	**26,428**	2,509
Other comprehensive income	**104,342**	1,220,353
Total comprehensive income for the year	**2,909,936**	6,971,311

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

COSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014

	Share Capital KD	*Share premium KD*	*Statutory reserve KD*	*Cumulative changes in fair value KD*	*Foreign currency translation reserve KD*	*Retained Earnings KD*	*Total KD*
Balance as at December 31, 2012	15,112,500	18,000	911,566	386,428	107,859	1,292,726	17,829,079
Cash dividends	-	-	-	-	-	(1,057,875)	(1,057,875)
Total comprehensive income for the year	-	-	-	1,217,844	2,509	5,750,958	6,971,311
Transfer to statutory reserve	-	-	590,779	-	-	(590,779)	-
Balance as at December 31, 2013	15,112,500	18,000	1,502,345	1,604,272	110,368	5,395,030	23,742,515
Cash dividends (Note 10)	-	-	-	-	-	(3,022,500)	(3,022,500)
Total comprehensive income for the year	-	-	-	77,914	26,428	2,805,594	2,909,936
Transfer to statutory reserve	-	-	291,922	-	-	(291,922)	-
Balance as at December 31, 2014	**15,112,500**	**18,000**	**1,794,267**	**1,682,186**	**136,796**	**4,886,202**	**23,629,951**

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

CONSOLIDATED CASH FLOWS STATEMENT

For the year ended December 31, 2014

	Note	2014 KD	2013 KD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Contribution to Zakat and Board of Directors' remuneration		2,919,222	5,907,785
Adjustments:			
Realized gain on sale of investments at fair value through profit or loss		(1,495,625)	(4,106,915)
Realized (gain) loss on sale of investments available for sale		(15,303)	63,873
Unrealized gain on investments at fair value through profit or loss		(30,388)	(1,955,885)
Dividend income		(552,572)	(310,181)
Change in fair value of investment property		-	96,880
Investment service income		(2,150,223)	(2,268,603)
Impairment loss for investments available for sale		-	424,834
Depreciation		14,621	51,655
Provision for employees' end of service indemnity		25,007	26,933
Gain from sale of property and equipment		(424)	-
Interest income		(10,652)	(35,688)
Interest expenses		5,739	76,416
		(1,290,598)	(2,028,896)
Changes in operating assets and liabilities:			
Investments at fair value through statement of profit or loss		5,428,283	4,101,217
Accounts receivable and other debit balances		(3,227,649)	(220,093)
Accounts payable and accruals		(365,380)	813,186
Cash generated from operations		544,656	2,665,414
Paid to Kuwait Foundation for the Advancement of Sciences		(53,170)	(9,770)
Paid to Zakat		(57,157)	(17,264)
Payment of Board of Directors' remuneration		(46,500)	(20,000)
Payment of employees' end of service indemnity		(331)	(503)
Net cash generated from operating activities		387,498	2,617,877
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividend income received		552,572	310,181
Interest income received		10,652	39,388
Investment services income received		2,300,027	1,677,172
Payment for purchase of investments available for sale		-	(79,607)
Proceeds from sale of investments available for sale		24,087	-
Proceeds from sale of property and equipment		780	-
Purchase of property and equipment		(64,203)	(14,296)
Net cash generated from investing activities		2,823,915	1,932,838
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net movement on due to bank		-	(2,741,038)
Dividends paid		(3,022,500)	(1,057,875)
Interest expenses paid		(5,739)	(76,416)
Net cash used in financing activities		(3,028,239)	(3,875,329)
NET INCREASE IN CASH AND CASH EQUIVALENTS		183,174	675,386
Cash and cash equivalents at the beginning of the year		2,257,327	1,581,941
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	2,440,501	2,257,327

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014

1. INCORPORATION AND ACTIVITIES

Tharwa Investment Company K.S.C (Closed) "the Parent Company" is a Kuwaiti Shareholding Company registered in Kuwait on August 28, 2006.

The Company's main activities are:

1. Investment in real-estate, industrial, agricultural and other economic sectors through participating in formation of specialized corporations or through the purchase of the stocks or bonds of these corporations in the different sectors within and outside Kuwait.
2. Taking a stake during incorporations or partial ownership of corporations in different sectors.
3. Management of public and private institutions, funds and their investment in different sectors including real-estate and financial portfolio management.
4. Preparation of technical and economic valuation studies and consultancies and necessary studies of investment and related projects for institutions and corporations (only if the necessary conditions in the engagement party are met).
5. Brokerage and finance of lending and borrowing operations.
6. Carrying out the functions of bonds and stock issuing managers, which are issued by corporations and institutions as well as investment secretarial function.
7. Brokerage and finance of international trade operations.
8. Lending to others in different fields, taking into consideration the basics of financial adequacy in respect of lending to others, while to keeping the Company's financial adequacy in line with the rules, limits and regulations set by the Central Bank of Kuwait.
9. Dealing and trading in foreign currency and precious metals within and outside Kuwait only for the Company's benefit.
10. Operations of dealing in stock market of purchase and sale of capital stock and bonds of companies and governmental, local and international institutions.
11. Execution of all services that help developing and supporting the financial and monetary market in Kuwait and fulfilling its needs in line with the prevailing laws, regulation, instructions and procedures issued by the Central Bank of Kuwait.
12. Establishment of investment funds for the Company and third parties as well as floating its units for public subscription and acting as investment secretary or manager of leasing investment funds within and outside Kuwait as per the laws and regulations prevailing (after the approval of the Central Bank of Kuwait).

The Parent Company may conduct the above mentioned business in the State of Kuwait or abroad by its own or as an agent. The Parent Company may have an interest or to participate in any way with institutions practicing activities similar to its activities or which may assist the Parent Company in achieving its objectives in the State of Kuwait or abroad. It may establish, participate in, or acquire those institutions or have them affiliated to it.

The details of subsidiary are included in (Note 2)

The Parent Company's principal place of business and registered address is Arraya Tower 2, Floors 21, 22, Abdulaziz Hamad Al-Saqer Street, Sharq, P.O. Box: 811 Safat, 13009, State of Kuwait.

The consolidated financial statements were authorized for issue by the Board of Directors on January 15, 2015. The Shareholders' Annual General Assembly has the final authority to approve these consolidated financial statements and has the power to amend these consolidated financial statements after issuance.

The Shareholder's Extraordinary General Assembly of the Parent Company in its meeting held on September 9, 2014 had ratified to amend certain clauses of the Parent Company's Articles of Association and Memorandum of Incorporation to comply with the requirements of the Companies' Law No. 25 of 2012 and its subsequent amendments and executive regulations. And that has been registered on the Parent Company's commercial register according to memorandum issued from the department of Shareholding Companies No. 756 dated October 20, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements 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 and are prepared under the historical cost convention, except for the following material items that are stated at their fair value:

* Investments at fair value through profit or loss.
* Certain investments available for sale.
* Investment property.

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 Company's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(0).

Standards and Interpretations issued and effective

The accounting policies applied by the Company are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2014:

Amendments to IAS 32 - Offsetting financial assets and financial liabilities
The amendments to IAS 32 clarify the meaning of "currently have a legally enforceable right of set off" and "simultaneous realization and settlement". The amendment did not have an impact on the consolidated financial statements for the Company.

These amendments are not expected to have any material impact on the financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

These amendments are not expected to have any material impact on the financial statements.

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets
The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by IFRS 13 Fair Value Measurements.

These amendments are not expected to have any material impact on the financial statements.

Standards and Interpretations 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 Company:

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.

These standards are not expected to have any material impact on the financial statements.

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

These standards are not expected to have any material impact on the financial statements.

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.

These amendments are not expected to have any material impact on the financial statements.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Tharwa Investment Company-K.S.C. (Closed) "Parent Company" and the following subsidiary:

Name of Subsidiary	Country of incorporation	Percentage of holding	
		2014	*2013*
TIC Real Estate Company B.S.C. (Closed)	Kingdom of Bahrain	**99%**	99%

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 Company 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 Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, 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 shareholder's 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

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, receivables, investments at fair value through profit or loss, investments available for sale and accounts payables.

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.

1) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, short term highly liquid bank deposits with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk or changes in value.

2) Accounts receivable

Receivables 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 rate of return. 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.

3) Investments

The Group classifies its investments in the following categories: "Investments at fair value through statement of profit or loss" and "investments available for sale". The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(i) Investment at fair value through statement of profit or loss

This category has two sub-categories: investments held for trading, and those designated at fair value through statement of profit or loss at inception.

An investment is classified as 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 investments 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.

An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise 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.

(ii) Investments available for sale

Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investment within 12 months from the end of the reporting period.

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

Subsequent measurement

After initial recognition, investments at fair value through statement of income and investments available for sale are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method less any allowance for impairment. The fair values of quoted investments are based on current bid prices. If the market for an investment 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 option pricing models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from investments at fair value through statement of 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 investments available for sale are recognized in cumulative changes in fair value in consolidated statement of other comprehensive income.

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

When an investment 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

An investment (in whole or in part) is derecognized either when:

a) the contractual rights to receive the cash flows from the investment have expired; or
b) the Group has transferred its rights to receive cash flows from the investment and either
   1) has transferred substantially all the risks and rewards of ownership of the investment, or
   2) has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment. Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

Impairment

The Group assesses at the end of each reporting period whether there is an 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. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in consolidated statement of 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 income on investments available for sale are not reversed through the consolidated statement of profit or loss.

4) **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 (or in the normal operating cycle of the business if longer). If not , they are presented as non - current liabilities.

d) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

Property interest that is held under an operating lease is classified and accounted for as investment property when the property would otherwise meet the definition of an investment property and the lessee uses the fair value model.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

e) **Property and equipment**

The initial cost of property 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 and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to 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, and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Property 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 the consolidated statement of profit or loss.

Depreciation is computed on a straight line basis over the estimated useful lives of property and equipment as follows:

Furniture	4 years
Office equipment	3 years
Other assets	3 years

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

f) **Impairment of tangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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.

g) **End of service indemnity**

Provision is made for amounts payable to employees under the Kuwaiti Labour Law in the private sector and employees' contracts and the applicable labour 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.

h) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

i) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group 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 have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

Interest income
Interest income and expense are recognized using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized either as cash is collected or on a cost–recovery basis as conditions warrant.

Other income and expenses
Other income and expenses are recognized on accrual basis.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Commissions
When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Group.

j) **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.

k) **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 period 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 year. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through statement of 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 investments available for sale are included in "cumulative changes in fair value" in the consolidated statement of other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the reporting date. 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 the consolidated statement of 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.

l) **Contingencies**

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

m) **Cash and non-cash (dividend) distribution to shareholders of the parent company**

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

n) **Fiduciary assets**

Assets held in a 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.

o) **Critical accounting judgements, estimates and judgments**

The Group make 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.

Judgements:

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 in 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 not requires significant judgement.

(ii) Classification of investments:

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through profit or loss", "available for sale" or "held to maturity". The Company follows the guidance of IAS 39 on classifying its investments.

The Company classifies investments 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. The Company classifies investments as "held to maturity" if the Company has the positive intention and ability to hold to maturity. All other investments are classified as "available for sale".

(iii) Impairment of investments:

The Group follows the guidance of IAS 39 to determine when an available for sale equity investment 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.

(iv) Provision for doubtful debts:

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

Estimation 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 are discussed below:

(i) Fair value of unquoted equity investments

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

The extent of provision for doubtful debts 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 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 are subject to management approval.

(iii) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of profit or loss. For the investment property the valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long term vacancy rate.

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. CASH AND CASH EQUIVALENTS

	2014 *KD*	*2013* *KD*
Cash on hand and at banks	**1,740,501**	1,557,327
Short term bank deposits	**700,000**	700,000
	2,440,501	2,257,327

The average effective interest rate on short term bank deposits is 1.125% per annum (2013: 1.05%) with an average maturity of 73 days (2013: 87 days).

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 *KD*	*2013* *KD*
Held for trading		
Quoted securities– local	-	3,483,000
Portfolios– foreign	**7,026,708**	8,488,828
Managed funds	**2,740,198**	1,697,348
	9,766,906	13,669,176

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2014 *KD*	*2013* *KD*
Accrued income	**623,299**	1,364,366
Due from Clearing and brokerage Companies	**1,582,427**	240,683
Advance payment for purchase of investment (a)	**2,499,832**	-
Prepaid expenses and other debit balances	**54,224**	76,888
	4,759,782	1,681,937

(a) Advance payment for purchase of investment represents amounts paid by the parent company to subscribe in an under incorporation investment fund and the company did not receive the units certificate till the date of the financial position.

6. INVESTMENTS AVAILABLE FOR SALE

	2014 *KD*	*2013* *KD*
Local quoted securities	**1,400,805**	1,422,900
Local unquoted securities	**475,000**	570,000
Local quoted securities	**90,810**	-
Foreign unquoted securities	**90,689**	304,007
Local funds	**2,973,930**	3,382,994
Foreign funds	**1,959,659**	1,666,696
	6,990,893	7,346,597
Impairment loss for investments	-	(424,834)
	6,990,893	6,921,763

Investments available for sale are denominated in the following currencies:

Currency	*2014* *KD*	*2013* *KD*
KD	**4,849,735**	5,099,060
USD	**2,141,158**	1,822,703
	6,990,893	6,921,763

7. INVESTMENT PROPERTY

Investment property is owned by the subsidiary and located on Al Seef area in the Kingdom of Bahrain which represents a land. The fair value as of December 31, 2014 was reached based on valuation carried out by independent valuer based on market sales method and no unrealized gain or loss resulted (2013 – unrealized loss KD 96,880), and the investment is considered in level two according to the management of the Group has complied with Capital Market Authority decision dated July 23, 2012 with respect to guidelines for valuation of investment properties.

There were no transfers between the levels during the year.

8. ACCOUNTS PAYABLE AND ACCRUALS

	2014 *KD*	*2013* *KD*
Accrued expenses and bonus	**832,020**	1,218,547
Due to Kuwait Foundation for Advancement of Sciences	**26,273**	53,170
Zakat Payable	**28,355**	57,157
Board of Directors' remuneration	**59,000**	46,500
Other payables	**21,214**	730
	966,862	1,376,104

Board of Directors' remuneration is subject to the approval of the Shareholders' Annual General Assembly.

9. RELATED PARTY DISCLOSURES

The Group has entered into various transactions with related parties, i.e. Shareholders, Board of Directors, key management personnel, associate and other related parties in the normal course of its business. Prices and terms of payments are approved by the Group's management.

Significant related party balances and transactions are as follows:

Balances included in the consolidated statement of financial position are as follow:

	Nature of the related party	2014 KD	2013 KD
Accounts receivable and other debit balances	Funds and portfolios	**104,912**	93,283
Investment at fair value through statement of profit or loss	Funds and portfolios	**2,740,198**	1,697,348
Investments available for sale	Funds and portfolios	**4,928,481**	4,862,749

Transactions included in the consolidated statement of profit or loss are as follows:

	Nature of the related party	2014 KD	2013 KD
Investment service income – management fees	Funds and portfolios	**566,235**	519,240

Related parties' transactions are subject to the approval of the Shareholders' Annual General Assembly.

Key management compensation:

	2014 KD	2013 KD
Salaries, benefits and bonus	**871,117**	1,075,000

10. SHARE CAPITAL AND DIVIDENDS

Authorized, issued and paid up capital consists of 151,125,000 shares (2013 – 151,125,000) shares of 100 fils each and all shares are in cash.

The Board of Directors' meeting held on January 15, 2015 recommended a cash dividend of 15 fils per share for the year ended December 31, 2014. This recommendation is subject to the approval of the Ordinary Shareholders' Annual General Assembly.

The Shareholders' General assembly held on May 13, 2014 approved the distribution of cash dividends as 20% of the Company's capital of 20 fils per share with a total amount of KD 3,022,500 for the year ended December 31, 2013.

11. RESERVES

Share premium
This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except under specific circumstances as provided in the Law.

Statutory reserve
As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), 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 in cases stipulated by Law and the Parent Company's Articles of Association.

Voluntary reserve
As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. As per the decision of the Shareholders' General Assembly held on June 3, 2013 it was decided not to transfer to voluntary reserve.

12. INVESTMENT SERVICE INCOME

	2014 *KD*	*2013* *KD*
Management fees	**2,050,701**	1,115,978
Incentive fees	**65,286**	1,082,455
Other fees	**34,236**	70,170
	2,150,223	2,268,603

13. CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting the transfer to statutory reserve.

14. CONTRIBUTION TO ZAKAT

Zakat is calculated at 1% on the consolidated profit of the Company 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.

15. EARNINGS PER SHARE (FILS)

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding during the year is as follows.

	2014 *KD*	*2013* *KD*
Net profit for the year	**2,805,594**	5,750,958
	Shares	Shares
Weighted average of shares outstanding during the year	**151,125,000**	151,125,000
Earnings per share (fils)	**18.56**	38.05

16. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, receivables, investments and accounts payable and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

16.1. 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 group is not currently exposed significantly to such risk.

16.2. 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 short term bank deposits. The Group's deposits 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, short term bank deposits and receivables.

16.3. Foreign currency risk

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 other currencies and Kuwaiti Dinar.

	2014			2013		
Currency	*Change in Currency rate %*	*Effect on the consolidated statement of profit or loss KD*	*Effect on statement of profit or loss and other comprehensive income KD*	*Change in Currency rate %*	*Effect on the consolidated statement of profit or loss KD*	*Effect on statement of profit or loss and other comprehensive income KD*
USD	±5%	144,728	106,808	±5%	93,317	90,885
SAR	±5%	84,207	-	±5%	37,145	-
BHD	±5%	36,388	-	±5%	34,822	-
UAE Dirham	±5%	276,275	-	±5%	387,301	-
QAR	±5%	69,825	-	±5%	-	-

16.4 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 invests in short term bank deposits or other investments that are readily realizable.

The maturity table of financial assets and financial liabilities.

2014	*3 to 12 months KD*	*1 to 5 years KD*	*Total KD*
Liabilities			
Accounts payable and accruals	**966,862**	**-**	**966,862**
Employees' end of service indemnity	**-**	**131,625**	**131,625**
Total liabilities	**966,862**	**131,625**	**1,098,487**

2013	*3 to 12 months KD*	*1 to 5 years KD*	*Total KD*
Liabilities			
Accounts payable and accruals	1,376,104	-	1,376,104
Employees' end of service indemnity	-	106,949	106,949
Total liabilities	1,376,104	106,949	1,483,053

16.5. Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as 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 as disclosed in Note 18, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

16.6. Equity price risk

Equity price risk is the risk that fair values of equities 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 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 investments, to which the Group had significant exposure at December 31.

	2014			2013		
Market Index	*Change in equity Price %*	*Effect on consolidated statement of profit or loss KD*	*Effect on consolidated statement of profit or loss and other comprehensive income KD*	*Change in equity Price %*	*Effect on consolidated statement of profit or loss KD*	*Effect on consolidated statement of profit or loss and other comprehensive income KD*
Kuwait Stock Exchange	±5%	70,040	218,481	±5%	245,295	230,948
Dubai and Abu Dhabi Exchange	±5%	247,626	-	±5%	387,297	-
Saudi Stock Exchange	±5%	44,334	-	±5%	37,144	-
Qatar Stock Exchange	±5%	59,376	-	±5%	-	-

17. FAIR VALUE OF MEASUREMENT

The Group measures financial assets such as investments at fair value through profit or loss and available for sale investments 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.
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 captions recorded at fair value by level of the fair value hierarchy:

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss	**7,026,708**	**2,740,198**	**-**	**9,766,906**
Investments available for sale	**1,491,616**	**4,933,588**	**565,689**	**6,990,893**

2013	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss	11,971,828	1,697,348	-	13,669,176
Investments available for sale	1,422,900	4,867,856	631,007	6,921,763

At December 31, the fair values of financial instruments approximate their carrying amounts.

During the year, there were no transfers between Level 1, Level 2 and Level 3.

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

18. CONCENTRATION

Concentration 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 geographic location.

The distribution of assets by geographic region was as follows:

	2014 *KD*	*2013* *KD*
Geographic region		
State of Kuwait	**10,466,570**	12,496,525
Kingdom of Bahrain	**727,760**	696,437
United States of America	**176,696**	151,080
Cayman Islands	**4,746,276**	3,387,609
Kingdom of Saudi Arabia	**1,684,131**	742,890
Arab Republic of Egypt	**5,000**	5,000
United Arab Emirates	**5,525,509**	7,746,027
State of Qatar	**1,396,496**	-
	24,728,438	25,225,568

19. 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 and benefits for Shareholders 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 cash dividends paid to Shareholders, return paid up capital, issue new shares, sell assets to reduce debt or obtain loans.

20. FIDUICIARY ACCOUNTS

In its capacity as manager of portfolios and funds belonging to third parties and related parties, the Parent Company holds investments and bank accounts amounting to KD 191,925,562 (2013: KD 118,487,084) in its own name as a nominee for the these parties. These assets are not included in the consolidated statement of financial position of the Group.