THARWA INVESTMENT COMPANY - K.S.C (CLOSED)
AND ITS SUBSIDIARY (THE GROUP)
CONSOLIDATED FINANCIAL STATEMENTS
STATE OF KUWAIT

FOR THE YEAR ENDED DECEMBER 31, 2015
WITH
INDEPENDENT AUDITOR'S REPORT

THARWA INVESTMENT COMPANY - K.S.C (CLOSED)
AND ITS SUBSIDIARY (THE GROUP)
STATE OF KUWAIT

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the consolidated 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 of December 31, 2015, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, 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 consolidated financial statements

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

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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, 2015, and of its financial performance and its cash flows for the financial 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.

Also, during the course of our audit of the consolidated financial statements for the financial year ended December 31, 2015, 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. 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 then ended that might have materially affected the Group's financial position or results of its operations.

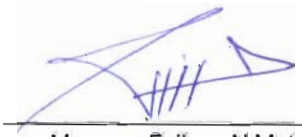
Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazie & Co.

State of Kuwait
March 15, 2016

THARWA INVESTMENT COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARY (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2015
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2015	2014
Cash and cash equivalents	3	**2,169,460**	2,440,501
Financial assets at fair value through profit or loss	4	**15,455,114**	9,766,906
Accounts receivable and other debit balances	5	**639,630**	4,759,782
Financial assets available for sale	6	**6,134,733**	6,990,893
Investment property	7	**730,953**	703,922
Property and equipment		**97,425**	66,434
Total assets		**25,227,315**	24,728,438
LIABILITIES AND EQUITY			
Liabilities:			
Term loan	8	**2,936,399**	-
Accounts payable and other credit balances	9	**766,496**	966,862
Provision for end of service indemnity	10	**164,761**	131,625
Total liabilities		**3,867,656**	1,098,487
Equity:			
Share capital	11	**15,112,500**	15,112,500
Share premium		**18,000**	18,000
Statutory reserve	12	**1,941,169**	1,794,267
Cumulative changes in fair value		**259,583**	1,682,186
Foreign currency translation reserve		**164,707**	136,796
Retained earnings		**3,863,700**	4,886,202
Total equity		**21,359,659**	23,629,951
Total liabilities and equity		**25,227,315**	24,728,438

The accompanying notes (1) to (23) form an integral part of the consolidated financial statements.



Marzouq Fajhan Al Mutairi
Chairman

THARWA INVESTMENT COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARY (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Revenue:			
Net investment income	14	**134,082**	2,093,888
Investment service income	15	**2,226,532**	2,150,223
Interest income		**109,608**	10,652
Foreign exchange gain		**554,939**	422,525
Other income		**4,165**	224
Total revenue		**3,029,326**	4,677,512
Expenses:			
Staff costs		**1,109,076**	1,376,507
General and administrative		**326,343**	361,423
Impairment loss for financial assets available for sale	6	**47,500**	-
Depreciation		**51,529**	14,621
Finance charges		**25,861**	5,739
Total expenses		**1,560,309**	1,758,290
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat and Board of Directors' remuneration		**1,469,017**	2,919,222
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(13,221)**	(26,273)
Contribution to Zakat		**(14,521)**	(28,355)
Board of Directors' remuneration		**(50,000)**	(59,000)
Net profit for the year		**1,391,275**	2,805,594
Earnings per share (fils)	16	**9.21**	18.56

The accompanying notes (1) to (23) form an integral part of the consolidated financial statements.

THARWA INVESTMENT COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARY (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Net profit for the year		1,391,275	2,805,594
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to statement of profit or loss			
Changes in fair value of financial assets available for sale	6	**(1,422,603)**	77,914
Exchange differences on translating foreign operations		27,911	26,428
Other comprehensive (loss) income		(1,394,692)	104,342
Total (comprehensive loss) income for the year		(3,417)	2,909,936

The accompanying notes (1) to (23) form an integral part of the consolidated financial statements.

THARWA INVESTMENT COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARY (THE GROUP)
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:		
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Contribution to Zakat and Board of Directors' remuneration	**1,469,017**	2,919,222
Adjustments:		
Net investment income	**(134,082)**	(2,093,888)
Investment service income	**(2,226,532)**	(2,150,223)
Interest income	**(109,608)**	(10,652)
Impairment loss for financial assets available for sale	**47,500**	-
Depreciation	**51,529**	14,621
Finance charges	**25,861**	5,739
Gain from sale of property and equipment	**-**	(424)
Provision for end of service indemnity	**33,136**	25,007
	(843,179)	(1,290,598)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	**(3,989,621)**	5,428,283
Accounts receivable and other debit balances	**1,399,771**	(3,227,649)
Accounts payable and other credit balances	**(327,304)**	(365,380)
Cash (used in) generated from operations	**(3,760,333)**	544,656
Payment to Kuwait Foundation for the Advancement of Sciences	**(26,273)**	(53,170)
Payment of Zakat	**(28,355)**	(57,157)
Payment of Board of Directors' remuneration	**(59,000)**	(46,500)
Payment for end of service indemnity	**-**	(331)
Net cash (used in) generated from operating activities	**(3,873,961)**	387,498
Cash flows from investing activities:		
Paid for purchase of financial assets available for sale	**(988,042)**	-
Proceeds from sale of financial assets available for sale	**905,023**	24,087
Paid for purchase property and equipment	**(82,520)**	(64,203)
Proceeds from sale of property and equipment		780
Investment service income received	**2,447,081**	2,300,027
Dividend income received	**404,403**	552,572
Interest income received	**109,608**	10,652
Net cash generated from investing activities	**2,795,553**	2,823,915
Cash flows from financing activities:		
Term loan	**2,936,399**	-
Dividends paid	**(2,114,902)**	(3,022,500)
Finance charges paid	**(14,130)**	(5,739)
Net cash generated from (used in) financing activities	**807,367**	(3,028,239)
Net (decrease) increase in cash and cash equivalents	**(271,041)**	183,174
Cash and cash equivalents at the beginning of the year	**2,440,501**	2,257,327
Cash and cash equivalents at the end of the year (Note 3)	**2,169,460**	2,440,501

The accompanying notes (1) to (23) form an integral part of the consolidated financial statements.

1. Incorporation and activities

Tharwa Investment Company - K.S.C (Closed) "the Parent Company" is a Kuwaiti Shareholding Company registered in State of Kuwait, and was incorporated based on Article of Association Ref. No.6156 / Volume 1 dated on August 28, 2006 and its subsequent amendments, the latest of which was notarized in the commercial register under Ref. No. 116195 dated October 20, 2014.

The main objectives, for which the parent company is incorporated, are as follows:

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 companies in the different sectors within and outside Kuwait.
2. Taking a stake during incorporation or partial ownership of companies 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 companies 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 Company may conduct the above mentioned business in the State of Kuwait or abroad by its own or as an agent. The Company may have an interest or to participate in any way with institutions practicing activities similar to its activities or which may assist the 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 address of the parent company is P.O. Box: 811 Safat, 13009, State of Kuwait

The Parent Company's principal place of business and registered address is Arraya Tower 2, Floors 21, 22, Abdulaziz Hamad Al-Saqer Street, Sharq.

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 Board of Directors of the Parent Company on March 15, 2016. 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.

2. Significant accounting policies

The 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 for financial assets at fair value through profit or loss, certain financial assets available for sale and investment properties which are stated at 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 (r).

Standards and Interpretations 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 new and amended International Financial Reporting Standards as of January 1, 2015:

Annual Improvements to IFRS – 2010 – 2012 Cycle:

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.

Annual Improvements to IFRS – 2011 – 2013 Cycle:

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 IFRS 9 (or IAS 39, as applicable), regardless of whether they meet the definitions of financial assets or financial liabilities.

Amendments to IAS 40 Investment Property

The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarifies that IFRS 3, and not the description of ancillary services in IAS 40 (which differentiates between investment property and owner-occupied property (i.e., property, plant and equipment)), is used to determine if the transaction is the purchase of an asset or a business combination.

These amendments are not expected to have any material impact on the consolidated 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 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, 2018, 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 1 – Disclosure Initiative

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

- Materiality, where it clarifies that, information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the consolidated financial statements, and 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 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,
- 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 1 January 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

Annual Improvements to IFRS – 2012 – 2014 Cycle:

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.

These amendments and standards are not expected to have any 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 subsidiary (together the "Group"):

Name of subsidiary	Country of Incorporation	Principal activities	Percentage of holding 2015	Percentage of holding 2014
TIC Real Estate Company B.S.C. (Closed)	Kingdom of Bahrain	Real estate	**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 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 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 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 company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company 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 consolidated 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.
- 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 and cash equivalents, receivables, financial assets at fair value through profit or loss, financial assets available for sale, term loan and payables.

- **Financial assets**

1) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments 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 of changes in value.

2) Accounts receivable

Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and is 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.

3) 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 financial 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 asset 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 instruments 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 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. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months from the end of the reporting period.

Purchases and sales of those financial assets are recognized on trade date - the date on which the Group commits to purchase or sell the assets. 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 asset 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 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:

a) the contractual rights to receive the cash flows from the financial asset have expired; or
b) the Group has transferred its rights to receive cash flows from the financial asset and either
   1) has transferred substantially all the risks and rewards of ownership of the financial asset, or
   2) Has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. 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 an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as financial assets 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 that financial asset 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 profit or loss on available for sale equity instruments are not reversed through the consolidated statement of profit or loss.

- **Financial liabilities**

1) Accounts payable

Accounts payable 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.

2) 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.

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.

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 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 and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property 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:

	Years
Furniture	4
Office equipment	3
Computers	3

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 and equipment.

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

f) 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.

g) End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employees' 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.

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) 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 in cases stipulated by law.

j) 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 Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest income

Interest income is recognized using the effective interest method.

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.

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.

Other income

Other income is recognized on accrual basis.

k) 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.

l) 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 consolidated profit of the Company before contribution to KFAS, Zakat, and Board of Directors' remuneration and the transfer to statutory reserve.

m) Contribution to Zakat

Zakat is calculated at 1% on the consolidated profit of the Company before contribution to KFAS, Zakat, and Board of Directors' remuneration 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.

n) 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 period. Translation differences on non-monetary items such as equity financial assets 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 instruments 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 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 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.

o) 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.

p) 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.

q) 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.

r) Critical accounting 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.

a) 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 judgement.

(ii) 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.

(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", "available for sale" or "held to maturity". 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. The Group classifies financial assets as "held to maturity" if the Group has the positive intention and ability to hold to maturity. All other financial assets are classified as "available for sale".

(iiii) Impairment of financial assets

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

b) 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

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) Valuation of investment properties

The Group carries its investment properties at fair value, with change in fair values being recognized in the statement of profit or loss.

These main three methods were used to determine the fair value of the investment properties:

(a) Formula based discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

(b) Income approach, where the property's value is estimated based on the income produced, and is computed by dividing the property's net operating income by the expected rate of return on the property in the market, known as 'Capitalization Rate'.

(c) Comparative analysis is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, and based on the knowledge and experience of the real estate appraiser.

(iv) 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. Cash and cash equivalents

	2015	2014
Cash on hand and at banks	**1,469,460**	1,740,501
Short term bank deposits	**700,000**	700,000
	2,169,460	2,440,501

The average effective interest rate on short term bank deposits is 1.027% per annum (2014: 1.125% per annum) with an average maturity of 73 days (2014: 73 days).

4. Financial assets at fair value through profit or loss

	2015	2014
Held for trading		
Financial portfolios– foreign	**7,782,094**	7,026,708
Managed funds	**3,881,902**	2,740,198
Quoted Bonds– foreign	**3,791,118**	-
	15,455,114	9,766,906

Financial assets at fair value through profit or loss include certain quoted bonds - foreign amounting to KD 3,791,118 (2014: Nil) that are pledged to a foreign bank as collateral for a term loan provided to the Group (Note 8).

The bonds classified as financial assets at fair value through profit or loss carry interest rate of 4.046 % to 7.875% (2014 : Nil)

5. Accounts receivable and other debit balances

	2015	2014
Accrued income	**402,750**	623,299
Due from clearing and brokerage companies	**169,920**	1,582,427
Advance payment for purchase of investment (a)	**-**	2,499,832
Prepaid expenses and other debit balances	**66,960**	54,224
	639,630	4,759,782

(a) During the year ended December 31, 2015, the Group transferred advance payment for purchase of investment to financial assets at fair value through profit or loss which represents amounts paid to subscribe units in an investment fund.

6. Financial assets available for sale

Quoted:	2015	2014
Local quoted securities	**1,146,821**	1,400,805
Foreign quoted securities	**953,053**	90,810
Local funds	**2,520,056**	2,973,930
Foreign funds	**1,022,361**	1,959,659
Unquoted:		
Local unquoted securities	**427,500**	475,000
Foreign unquoted securities	**64,942**	90,689
	6,134,733	6,990,893

The movement during the year is as follows:

	2015	2014
Balance at the beginning of the year	**6,990,893**	6,921,763
Additions	**988,042**	-
Disposals	**(374,099)**	(8,784)
Changes in fair value	**(1,422,603)**	77,914
Impairment losses	**(47,500)**	-
Balance at the end of the year	**6,134,733**	6,990,893

It was not possible to reliably measure the fair value of unquoted securities amounting to KD 492,442 (2014: KD 565,689) due to non-availability of a reliable method that could be used to determine the fair value of such financial assets. Accordingly, they were stated at their cost less impairment losses.

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

Currency:	2015	2014
KD	**4,094,377**	4,849,735
USD	**1,107,912**	2,141,158
UAE Dirham	**932,444**	-
	6,134,733	6,990,893

7. Investment property

Investment property is owned by the subsidiary and located in Al Seef area in the Kingdom of Bahrain which represents a land. The fair value as of December 31, 2015 was determined based on valuation carried out by independent valuers based on market sales method and did not result in any gain or loss from change in fair value (2014 – Nil), and the investment is considered in level two according to the level of the fair value hierarchy.

There were no transfers between the levels during the year.

8. Term loan

Term loan represents loan granted from a foreign bank and carries interest rate of 1.821% annually and is secured against quoted foreign bonds (Note 4). The loan is due in three months and is renewable.

9. Accounts payable and other credit balances

	2015	2014
Accrued expenses and bonus	**484,220**	832,020
KFAS payable	**13,221**	26,273
Zakat payable	**14,521**	28,355
Board of Directors' remuneration	**50,000**	59,000
Dividends payable	**160,583**	8,610
Others	**43,951**	12,604
	766,496	966,862

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

10. Provision for end of service indemnity

	2015	2014
Balance at beginning of the year	**131,625**	106,949
Charge for the year	**33,136**	25,007
Paid during the year	**-**	(331)
Balance at end of the year	**164,761**	131,625

11. Share capital

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

12. 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.

13. 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 Kuwait Foundation for the Advancement of Sciences (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.

14. Net investment income

	2015	2014
Realized (loss) gain on sale of financial assets at fair value through profit or loss	**(268,462)**	1,495,625
Unrealized (loss) gain from financial assets at fair value through profit or loss	**(532,783)**	30,388
Realized gain on sale of financial assets available for sale	**530,924**	15,303
Dividend income	**404,403**	552,572
	134,082	2,093,888

15. Investment service income

	2015	2014
Management fees	**2,103,539**	2,050,701
Incentive fees	**21,470**	65,286
Other fees	**101,523**	34,236
	2,226,532	2,150,223

16. Earnings per share

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:

	2015	2014
Net profit for the year	**1,391,275**	2,805,594
	Shares	Shares
Weighted average of shares outstanding	**151,125,000**	151,125,000
	Fils	Fils
Earnings per share	**9.21**	18.56

17. Related party disclosures

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 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:	Nature of the related party	**2015**	2014
Accounts receivable and other debit balances	Funds and portfolios	**90,787**	104,912
Financial assets at fair value through profit or loss	Funds and portfolios	**3,881,902**	2,740,198
Financial assets available for sale	Funds and portfolios	**3,537,309**	4,928,481

Transactions included in the consolidated statement of profit or loss:	Nature of the related party	2015	2014
Investment service income – management fees	Funds and portfolios	**524,034**	566,235

Key management compensation:

	2015	2014
Salaries, benefits and bonus	**558,804**	871,117

18. Shareholders General assembly meeting and proposed dividends

The Board of Directors' meeting held on January 25, 2016 recommend cash dividends of 7 fils per share for the year ended December 31, 2015 and Board of director's remurinations amounting to KD 50,000. This recommendation is subject to the approval of the Parent Company's Shareholders' Ordinary Annual General Assembly.

The Parent Company's Shareholders' Ordinary Annual General Assembly meeting held on April 22, 2015 had approved the distribution of cash dividends of 15 fils per share amounting to KD 2,266,875 and Board of Directors' remuneration amounting to KD 59,000 for the year ended December 31, 2014.

The Parent Company's Shareholders' Ordinary Annual General Assembly meeting held on May 13, 2014 had approved the distribution of cash dividends of 20 fils per share amounting to KD 3,022,500 and Board of Directors' remuneration amounting to KD 46,500 for the year ended December 31, 2013.

19. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, receivables, financial assets at fair value through profit or loss, financial assets available for sale, term loan and payables 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.

a) **Interest rate risk**

Financial instruments are subject to the risk of changes in value due to changes in the level of interest for its financial assets liabilities carrying floating interest rates. 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.

	2015		
	Increase (Decrease) in interest rate	**Deposits Balance on December 31 (KD)**	**Effect on consolidated statement of profit or loss and other comprehensive income (KD)**
Short term Deposits	**± 0.5%**	**700,000**	**± 3,500**
Term loan	**± 0.5%**	**2,936,399**	**± 14,682**

	2014		
	Increase (Decrease) in interest rate	Deposits Balance on December 31 (KD)	Effect on consolidated statement of profit or loss and other comprehensive income (KD)
Short term Deposits	± 0.5%	± 700,000	±3,500

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, short term bank deposits and receivables. The Group's cash and deposits are placed with high credit rating financial institutions. Receivables are presented net of allowance for doubtful debts.

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.

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 other currencies and Kuwaiti Dinar.

	2015			2014		
Currency	Increase (Decrease) against KD	Effect on the consolidated statement of profit or loss	Effect on consolidated statement of profit or loss and other comprehensive income	Increase (Decrease) against KD	Effect on the consolidated statement of profit or loss	Effect on statement of profit or loss and other comprehensive income
USD	±5%	±410,529	±55,146	±5%	±144,728	±106,808
SAR	±5%	-	-	±5%	±84,207	-
BHD	±5%	±38,134	-	±5%	±36,388	-
UAE Dirham	±5%	±369,872	±46,622	±5%	±276,275	-
QAR	±5%	-	-	±5%	±69,825	-
EURO	±5%	±18,958	-	±5%	-	-

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

The following table shows the analysis of maturities for the financial assets and liabilities of the Group:

As of December 31, 2015

	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Total
Assets					
Cash and cash equivalents	2,164,460	-	-	5,000	2,169,460
Financial assets at fair value through profit or loss	-	11,663,996	3,791,118	-	15,455,114
Accounts receivable and other debit balances	639,630	-	-	-	639,630
Financial assets available for sale	-	-	-	6,134,733	6,134,733
Investment property	-	-	-	730,953	730,953
Property and equipment	-	-	-	97,425	97,425
Total assets	2,804,090	11,663,996	3,791,118	6,968,111	25,227,315
Liabilities					
Term loan	-	2,936,399	-	-	2,936,399
Accounts payable and other credit balances	766,496	-	-	-	766,496
Provision for end of service indemnity	-	-	-	164,761	164,761
Total liabilities	766,496	2,936,399	-	164,761	3,867,656

As of December 31, 2014

	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Total
Assets					
Cash and cash equivalents	1,735,501	700,000	-	5,000	2,440,501
Financial assets at fair value through profit or loss	-	9,766,906	-	-	9,766,906
Accounts receivable and other debit balances	4,759,782	-	-	-	4,759,782
Financial assets available for sale	-	-	-	6,990,893	6,990,893
Investment property	-	-	-	703,922	703,922
Property and equipment	-	-	-	66,434	66,434
Total assets	6,495,283	10,466,906	-	7,766,249	24,728,438
Liabilities					
Accounts payable and other credit balances	966,862	-	-	-	966,862
Provision for end of service indemnity	-	-	-	131,625	131,625
Total liabilities	966,862	-	-	131,625	1,098,487

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 "at fair value through profit or loss" and "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 as the date of the consolidated financial statement:

	2015			2014		
Market Index	Increase (Decrease) against KD	Effect on consolidated statement of profit or loss KD	Effect on consolidated statement of profit or loss and other comprehensive income KD	Increase (Decrease) against KD	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%	-	±57,341	±5%	-	±70,040
Dubai and Abu Dhabi Exchange	±5%	±369,577	±46,622	±5%	±247,626	-
Saudi Stock Exchange	±5%	-	-	±5%	±44,334	-
Qatar Stock Exchange	±5%	-	-	±5%	±59,376	-
Foreign quoted securities	±5%	±189,556	-	±5%	-	-

20. Fair value measurement

The Group measures financial assets such as financial assets at fair value through profit or loss and 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.
- 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 consolidated 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:

2015	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	**11,573,212**	**3,881,902**	**15,455,114**
Financial assets available for sale	**2,099,874**	**3,542,417**	**5,642,291**
	13,673,086	**7,424,319**	**21,097,405**

2014	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	7,026,708	2,740,198	9,766,906
Financial assets available for sale	1,491,615	4,933,589	6,425,204
	8,518,323	7,673,787	16,192,110

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 No. (6). The management of the Group has assessed that fair value of its financial assets and liabilities 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 recognized in the consolidated 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.

21. Fiduciary 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 144,242,403 (2014: KD 191,925,562) 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.

22. 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:

	2015	2014
Geographic region		
State of Kuwait	**9,139,877**	10,466,570
Kingdom of Bahrain	**762,674**	727,760
United States of America	**391,644**	176,696
Cayman Islands	**2,695,287**	4,746,276
Kingdom of Saudi Arabia	**-**	1,684,131
Arab Republic of Egypt	**5,000**	5,000
United Arab Emirates	**12,232,833**	5,525,509
State of Qatar	**-**	1,396,496
	25,227,315	24,728,438

23. 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 additional loans.