Al Madar Finance and Investment Company K.S.C (Public)
and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditors' report
For the year ended 31 December 2015

Al Madar Finance and Investment Company K.S.C (Public) and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditors' report
For the year ended 31 December 2015

Contents

Al Shaheed Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdointernational.com

Rödl Middle East
Burgan– International Accountants

Ali Al Hassawi & Partners
P.O. Box: 22351 Safat 13084 Kuwait
Sharq – Dasman Complex – Block 2 – 9 Floor
Tel: 22464574-6 /22426862-3 Fax: 22414956
Email: info-kuwait@rodlme.com
www.rodlme.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MADAR FINANCE and INVESTMENT K.S.C (PUBLIC)
State of Kuwait

Report on the Consolidated Financial Statements

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

Management's responsibility for the consolidated financial statements

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted in the State of Kuwait. The management is also responsible for the internal control necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MADAR FINANCE and INVESTMENT K.S.C (PUBLIC) (CONTINUED)
State of Kuwait

Report on the consolidated financial statements (continued)

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, 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.

Emphasis of a matter
Without qualifying our opinion, we draw attention to note 29.3 to the consolidated financial statements which indicates that current liabilities of the Group exceeded its current assets by KD 17,214,309 as at 31 December 2015 (31 December 2014: KD 16,205,129).

Report on other legal and regulatory requirements
In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. Also, we have obtained the information and explanations that we deemed necessary for the purpose of our audit, the consolidated financial statements incorporate the information that is required by the Companies' Law No. 1 of year 2016 and Executive Regulation, Law No. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive Regulation, Law No. 32 of year 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations and the Parent Company's Articles and Memorandum of Association, as amended, that an inventory was duly carried out. To the best of our knowledge and belief, no violations of the Companies' Law No. 1 of year 2016 and Executive Regulations and Law No. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive Regulation, Law No. 32 of year 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations or the Parent Company's Articles and Memorandum of Association, as amended, have occurred during the financial year ended 31 December 2015 that might have had a material effect on the Parent Company's business or its consolidated financial position.

Qais M. Al Nisf
Licence No. 38 "A"
BDO Al Nisf & Partners

Ali A. Al- Hasawi
Licence No. 30-A
Rödl Middle East
Burgan – International Accountants

Kuwait: 19 April 2016

Consolidated statement of financial position
As at 31 December 2015

	Notes	2015 KD	2014 KD
Assets			
Bank balances and cash	8	657,800	481,170
Term deposits		-	200,000
Investments at fair value through statement of income	9	1,890,643	3,526,806
Receivables and other debit balances	10	5,708,886	6,885,303
Due from related parties	25	1,020,321	1,004,214
Available for sale investments	11	63,353	80,458
Investment properties	12	25,878,659	29,184,838
Investments in associates	13	1,383,233	1,643,818
Property, plant and equipment	14	7,247,178	7,205,778
Intangible assets	15	379,952	427,446
Total assets		44,230,025	50,639,831
Liabilities and equity			
Liabilities			
Wakala payables	16	23,026,904	24,327,521
Payables and other credit balances	17	1,820,199	2,308,254
Due to related parties	25	1,796,844	1,960,137
Employees' end of service benefits		837,018	648,886
Total liabilities		27,480,965	29,244,798
Equity			
Capital	18	21,386,865	21,386,865
Share premium		4,990,296	4,990,296
Treasury shares	21	(4,573,296)	(4,573,296)
Change in fair value reserve		(15,885)	(30)
Revaluation surplus		147,324	85,479
Foreign currency translation reserve		126,890	(438)
Other reserve		(122,147)	-
Accumulated losses		(7,324,047)	(4,598,217)
Equity attributable to the shareholders of the Parent Company		14,616,000	17,290,659
Non-controlling interests	7	2,133,060	4,104,374
Total equity		16,749,060	21,395,033
Total equity and liabilities		44,230,025	50,639,831

The notes on pages 9 to 52 form an integral part of these consolidated financial statements.

Nabeel Ahmed Mohammed Ameen
Chief Executive Officer

Consolidated statement of income
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
Revenues			
Rental income		1,524,736	1,232,050
Net sales profit		1,050,958	991,180
Investment services revenues		115,381	129,818
Gains on sale of investment properties		265,553	92,928
Finance income/(losses) Murabaha		21,872	(60,714)
Realised gains/(losses) on sale of investments at fair value through statement of income		16,402	(28,964)
Change in fair value for investments at fair value through statement of income		(435,816)	135,753
Write back of provision of finance transactions	10	225,994	172,806
Write back of provision for financial, real estate investments and services receivables	10	-	745,240
Realised gain on sale of available for sale investments		875	-
Change in fair value of investment properties	12	(795,742)	249,330
Gain on sale of investment in an associate	13	589,923	-
Group's share of results from associates	13	(52,244)	(14,545)
Discount granted against settlement of wakala contract		-	160,000
Foreign currency evaluation differences gain		239,464	432,563
Other income		36,505	170,076
Total revenues		2,803,861	4,407,521
Expenses and other charges			
Provision for doubtful debts	10	1,294,462	750,613
General and administrative expenses	22	3,718,149	3,542,880
Wakala finance costs		470,344	919,778
Total expenses and other charges		5,482,955	5,213,271
Loss for the year		(2,679,094)	(805,750)
Attributable to:			
Shareholders of the Parent Company		(2,725,830)	(976,980)
Non-controlling interests		46,736	171,230
Loss for the year		(2,679,094)	(805,750)
Basic and diluted loss per share for the year attributable to shareholders of the Parent Company (fils)	23	(13.17)	(4.72)

The notes on pages 9 to 52 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2015

	2015	2014
	KD	KD
Loss for the year	(2,679,094)	(805,750)
Other comprehensive income items:		
Items that may be classified subsequently in the consolidated statement of income:		
Changes in fair value in available for sale investments	(15,855)	105
Revaluation surplus	70,000	12,500
Foreign currency translation reserve	127,328	9,151
Total other comprehensive income	181,473	21,756
Total comprehensive loss for the year	(2,497,621)	(783,994)
Attributable to:		
Shareholders of the Parent Company	(2,552,512)	(955,224)
Non-controlling interests	54,891	171,230
	(2,497,621)	(783,994)

The notes on pages 9 to 52 form an integral part of these consolidated financial statements.

Al Madar Finance and Investment Company K.S.C (Public) and its subsidiaries
State of Kuwait

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Capital	Share premium	Treasury shares	Change in fair value reserve	Revaluation surplus	Foreign currency translation reserve	Other reserve	Accumulated losses	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
At 1 January 2014 (adjusted)	21,386,865	4,990,296	(4,573,296)	(135)	87,350	(9,589)	-	(3,621,237)	18,260,254	3,929,565	22,189,819
Net (loss)/income for the year	-	-	-	-	-	-	-	(976,980)	(976,980)	171,230	(805,750)
Other comprehensive income	-	-	-	105	12,500	9,151	-	-	21,756	-	21,756
Total comprehensive income / (loss) for the year	-	-	-	105	12,500	9,151	-	(976,980)	(955,224)	171,230	(783,994)
Effect of change in non-controlling interests	-	-	-	-	-	-	-	-	-	(10,792)	(10,792)
Effect of the change from consolidation of a subsidiary	-	-	-	-	(14,371)	-	-	-	(14,371)	14,371	-
At 31 December 2014	21,386,865	4,990,296	(4,573,296)	(30)	85,479	(438)	-	(4,598,217)	17,290,659	4,104,374	21,395,033
At 1 January 2015	21,386,865	4,990,296	(4,573,296)	(30)	85,479	(438)	-	(4,598,217)	17,290,659	4,104,374	21,395,033
Net (loss)/income for the year	-	-	-	-	-	-	-	(2,725,830)	(2,725,830)	46,736	(2,679,094)
Other comprehensive (loss)/income	-	-	-	(15,855)	61,845	127,328	-	-	173,318	8,155	181,473
Total comprehensive (loss)/income for the year	-	-	-	(15,855)	61,845	127,328	-	(2,725,830)	(2,552,512)	54,891	(2,497,621)
Effect of acquisition of an additional shares in a subsidiary (Note 5.1)	-	-	-	-	-	-	(122,147)	-	(122,147)	(2,056,978)	(2,179,125)
Effect of restructuring in non-controlling interests (Note 5.1)	-	-	-	-	-	-	-	-	-	30,773	30,773
At 31 December 2015	21,386,865	4,990,296	(4,573,296)	(15,885)	147,324	126,890	(122,147)	(7,324,047)	14,616,000	2,133,060	16,749,060

The notes on pages 9 to 52 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
OPERATING ACTIVITIES			
Net loss for the year		(2,679,094)	(805,750)
Adjustment for:			
Depreciation and amortization	14 & 15	243,125	212,041
Wakala finance costs		470,344	919,778
Change in fair value for investments at fair value through statement of income		435,816	(135,753)
Realized gains/(losses) on sale of investments at fair value through statement of income		(16,402)	28,964
Realized gains on sale of available for sale investments		(875)	-
Gains on sale of investment properties		(265,553)	(92,928)
Change in fair value of investment properties	12	795,742	(249,330)
Provision for doubtful debts	10	1,294,462	750,613
Write back of provision of finance transactions	10	(225,994)	(172,806)
Write back of provision for financial, real estate investments and services receivables	10	-	(745,240)
Discount granted against settlement of wakala contract		-	(160,000)
Group's share of results from associates	13	52,244	14,545
Gain on sale of investment in an associate	13	(589,923)	-
Employees' end of service benefits		256,408	233,328
Operating loss before calculating effect of changes in working capital items		(229,700)	(202,538)
Investments at fair value through statement of income		23,088	(493,553)
Receivables and other debit balances		107,949	1,876,754
Due from related parties		(256,095)	2,177,612
Payables and other credit balances		(508,358)	286,316
Due to related parties		(163,293)	(502,585)
Cash flows (used in) / generated from operations		(1,026,409)	3,142,006
Employees' end of service benefits paid		(68,276)	(63,025)
Net cash flows (used in)/generated from operating activities		(1,094,685)	3,078,981
Investing activities			
Maturity of term deposits		200,000	-
Proceeds from sale of investments at fair value through statement of income		1,193,661	-
Proceeds from sale of available for sale investments		2,125	-
Paid for purchase of investment properties		(640,622)	(2,415,288)
Proceeds from disposal of investment properties		853,053	887,907
Investments in associates		-	82,892
Paid for purchase of property, plant and equipment	14	(167,031)	(378,541)
Proceeds from sale of property, plant and equipment		-	30,246
Paid for purchase of intangible assets	15	-	(474,940)
Dividends received		26,090	-
Net cash flows generated from/(used in) investing activities		1,467,276	(2,267,724)
Financing activities			
Wakala payables		(586)	(1,285,302)
Wakala costs paid		(105,375)	(36,375)
Effect of change in non-controlling interests		(90,000)	(10,792)
Net cash flows used in financing activities		(195,961)	(1,332,469)
Net increase/(decrease) in bank balances and cash		176,630	(521,212)
Foreign currency translation differences		-	9,151
Bank balances and cash at the beginning of the year		481,170	993,231
Bank balances and cash at the end of the year	8	657,800	481,170

The notes on pages 9 to 52 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2015

The Group had the following significant non-cash transactions during the year, which are not reflected in the consolidated statement of cash flows.

	Note	2015 KD	2014 KD
Non-cash transactions:			
Transferred from investment in associate with wakala		984,000	-
Write-off of accumulated losses in a subsidiary through a related party	10	239,988	440,000
Transferred from Wakala payables to payables		681,000	1,111,217
Transfer of investment properties against share in subsidiary		2,089,125	-

The notes on pages 9 to 52 form an integral part of these consolidated financial statements.

1. General information

Al Madar Finance and Investment Company K.S.C. (Public) ("the Parent Company") is a Kuwaiti Shareholding Company incorporated on 23 November 1998. The Company is registered with the Central Bank of Kuwait and Capital Markets Authority as an investment company and is listed in the Kuwait Stock Exchange on 20 June 2005.

The Parent Company is principally engaged in the following activities in compliance with the Islamic Sharia as follows:

- Promoting and marketing shares and bonds of all types for the the Company's account in accordance with the Islamic Shari'aa.

- Investment in all types of movable funds whether for its own favor or for others by way of agency or brokerage except trading in commodities for its favor.

- Lending, borrowing and financing international trading transactions as well as issue and exchange of Islamic bonds of all kinds and forms for its clients.

- Management of portfolio and third party funds as per relevant laws and according to Islamic Shari'aa.

- Purchase, lease, acquisition, rent, licensing of all kinds of investment equipment and subsequently sale or disposal thereof in any other way.

- Real estate investment for its own account or for third parties.

- Providing research and studies and other technical services related to investment and employing funds for others.

- Establishing and managing investment funds as per relevant laws and regulations and after approval of concerned parties.

The Parent Company may have interest or participate in any suitable way with entities that engage in similar business activities or that may help the Company achieve its objectives inside Kuwait and abroad. The Company may also incorporate, purchase or participate in incorporation of such entities or affiliate them.

The head office of the Parent Company is in Kuwait and its registered office is P.O. Box 1376, Al Safat 13014, Kuwait.

The Parent Company is a subsidiary of Istihwaz Holding Company K.S.C. (Closed) ("the Ultimate Parent Company").

The Companies Law was issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the official gazette on 1 February 2016, and cancelled Decree Companies Law No. 25 of 2012. This Law shall be applicable as of 26 November 2012.

1. General information (Continued)

Minister of Commerce and Industry shall issue the executive regulations of this law, along with the required resolutions for its implementation within two months as of the date of its publication in the official gazette. Other regulatory bodies shall issue, during the mentioned period, their resolutions required to be issued by them, in accordance with the provisions of this law. Effectiveness of the executive regulations of Decree Law No. 25 of 2012, as amended, shall be continued until commencement of this Law executive regulations effectiveness. The executive regulations shall specify rules and controls of regularizing companies' current affairs in accordance with provisions of the new law.

The consolidated financial statements of Al Madar Finance and Investment Company K.S.C. (Public) and its subsidiaries ("the Group") for the financial year ended 31 December 2015 was authorized for issue by the Board of Directors on 19 April 2016, and they are subject to the approval of the annual general assembly of the shareholders. The Parent Company's shareholders have the right to amend these consolidated financial statements in the Annual General Assembly.

2. Basis of preparation

The consolidated financial statements have been prepared under historical cost convention except for investment properties, certain right of utilization, certain available for sale investments and investments at fair value through statement of income that are measured at fair value.

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

3. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the IFRS interpretations Committee applicable to companies reporting under IFRS as issued by the International Accounting Standards Board ("IASB"), and applicable requirements of the Companies Law.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of significant judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in note 6.

4. Adoption of new and Revised International Financial Reporting Standards ("IFRSs")

a) New standards, interpretations and amendments effective from 1 January 2015

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:

4. Adoption of new and Revised International Financial Reporting Standards ("IFRSs") (Continued)

a) New standards, interpretations and amendments effective from 1 January 2015 (continued)

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the related service is rendered. But if those contributions depend on the number of years of service, those contributions must be allocated to the periods of service using the same attribution method as used for the gross benefit.

These amendments became effective on 1 July 2014. These amendments had no impact on the Group.

Annual improvements to IFRS 2010 – 2012 Cycle:

Amendments to IFRS 2 Share–based Payment
The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify the definition of 'vesting conditions' by separately defining a 'performance condition' and a 'service condition'. Those clarifications include the following:
- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same Group.
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

Amendments to IFRS 3 Business Combinations
The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

Amendments to IFRS 8: Operating Segments
The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify that:
- An entity must disclose the judgments made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

4. Adoption of new and Revised International Financial Reporting Standards ("IFRSs") (Continued)

a) New standards, interpretations and amendments effective from 1 January 2015 (continued)

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

Amendments to IAS 24 Related Party Disclosures
The amendments to this standard which are effective for annual periods beginning on or after 1 July 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 3 Business Combinations
The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception only applies to the financial statements of the joint venture or the joint operation itself.

Amendments to IFRS 13 Fair Value Measurement
The amendments to this standard which are effective for annual periods beginning on or after 1 July 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 1 July 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 improvements are effective from 1 July 2014 and did not have a material impact on the Group.

b) 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:

4. Adoption of new and Revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

IFRS 9 - Financial Instruments
The standard, effective for annual periods beginning on or after 1 January 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.

The Directors of the Company anticipate that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations
The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business requiring the acquirer to apply all the principles on business combinations accounting in IFRS 3 and other IFRSs. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with earlier application being permitted. These amendments are not expected to have any material impact to the Group.

IFRS 14 – Regulatory Deferral Accounts
This standard, effective for an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016, permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous accounting standards, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. Since the group is an existing IFRS preparer, this standard would not apply.

IFRS 15 - Revenue from contracts with customers
The standard, effective for annual periods beginning on or after 1 January 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.
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

4. Adoption of new and Revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

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

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

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

These amendments are not expected to have any material impact to the Group.

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 1 January 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 to the Group.

Amendments to IAS 16 & IAS 41 – Agriculture: Bearer Plants
The amendments to these standards which are effective for annual periods beginning on or after 1 January 2016 require that bearer plants (a subset of biological assets used solely to grow produce over several periods) should be accounted for in the same way as property, plant and equipment in IAS 16 because their operation is similar to that of manufacturing, unlike all other biological assets related to agricultural activity which are measured at fair value less costs to sell. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41, and the produce growing on bearer plants will remain within the scope of IAS 41. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

4. Adoption of new and Revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

Amendments to IAS 27 – Equity method in separate financial statements
The amendment, effective for annual periods beginning on or after 1 January 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments are not expected to have any material impact to the Group.

Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. These amendments are not expected to have any material impact to the Group.

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. These amendments are not expected to have any material impact to the Group.

Annual Improvements to IFRS – 2012 – 2014 Cycle:
These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Group. They include:

4. Adoption of new and Revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

Amendments to IFRS 5 – Non Current Assets Held for Sale & Discounted Operations
When an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

Amendments to IFRS 7 – Financial Instruments: Disclosures
Specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. Additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. .

Amendments to IAS 19 – Employee Benefits
When determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

Amendment to IAS 34 – Interim Financial Reporting
What is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

5. Summary of significant accounting policies

5.1 Basis of consolidation

Subsidiaries
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (including structured entities) that are subject to control of the Parent Company and its subsidiary. Control is achieved when the Parent Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the Parent Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

5. Summary of significant accounting policies (Continued)

5.1 Basis of consolidation (continued)

The Parent Company revaluates whether it has a control over the investee or not, if the events and circumstances refer to existence of changes in one of the three elements of control mentioned above. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses such control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are distributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of the subsidiary is attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Changes in the Parent Company's ownership interests in subsidiaries that do not result in the Parent Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Parent Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Parent Company loses control over a subsidiary; profits and losses are recognized in the statement of profit or loss, and is accounted for by difference between (a) aggregate of the fair value of the consideration received and the fair value of any retained interests, and (b) previous carrying value of assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the Parent Company had directly disposed of the related assets or liabilities related to the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / allowed by relevant IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost, is the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, and the cost on initial recognition of an investment in an associate or a joint venture.

5. Summary of significant accounting policies (Continued)

5.1 Basis of consolidation (continued)

Subsidiaries

The consolidated financial statements comprise the financial statements of the Al Madar Finance and Investment Company K.P.S.C and its following subsidiaries:

Name of subsidiary	Country of incorporation	Activity	Voting rights and equity interest % 2015	2014
Kuwait Buildings Real Estate Company K.S.C.(Closed) (a)	Kuwait	Real estate	-	96%
Dar Al-Thuraya Real Estate Co. K.S.C.(Public)	Kuwait	Real estate	88.35%	88.35%
Golden Madar Real Estate Company W.L.L. (a)	Kuwait	Real estate	-	%98
Fiduciary International For Programming and Printing Software Company W.L.L.	Kuwait	Programming and operating computer, printing and distribution of software and computers	99%	99%
Al Madar Real Estate Development K.S.C (Closed) (b)	Kuwait	Real estate	59.28%	59.28%
Murooj Gulf Company L.L.C (c)	Oman	Real estate	-	75%
Al Thuraya for Warehousing and Cold Storage K.S.C. (Closed) (a)	Kuwait	Warehousing	96%	-

(a) During the year, the Parent Company restructured its owned shares in its subsidiaries, therefore it has entered into sale and exit contracts and under which the Parent Company share in its subsidiaries Kuwait Buildings Real Estate Company K.S.C (Closed) of 96% and Golden Madar Real Estate Company W.L.L. of 98% transferred to Dar Al-Thuraya Real Estate Co. K.S.C. (Public). Further, the Parent Company received a share of 96% from shares of Althuraya for Warehousing and Cold Storage K.S.C. (Closed) which is a subsidiary of Kuwait Buildings Real Estate Company K.S.C (Closed). The restructure and assignment transactions had no impact on the consolidated statement of income or consolidated statement of cash flow.

(b) As at 7 October 2015, the Group purchased an additional share of 39.22% from shares of Al Madar Real Estate Development Company K.S.C. (Closed) against KD 90,000 in cash, and properties owned by the Group with a carrying value of KD 2,089,125 as at the acquisition date. This transaction resulted in an increase of the ownership share of the company from 59.28% to 98.5%. On this date, the carrying value of the acquired percentage from the non-controlling shares reached KD 2,056,978. The difference amounted to KD 122,147 between the amount paid and the carrying value of the non-controlling interest as at the acquisition date was recorded in other reserve item within the consolidated statement of changes in equity. This transaction did not result in any effect on the consolidated statement of income or consolidated statement of cash flows.

5. Summary of significant accounting policies (Continued)

5.1 Basis of consolidation (continued)

(c) During the year, the Parent Company restructured its owned shares in its subsidiaries, therefore it has entered into sale and exit contracts and under which the Parent Company's share in its subsidiary Murooj Gulf Company L.L.C of 75% was transferred to Al Madar Real Estate Development Company K.S.C. (Closed). The restructure and assignment transactions had no impact on the consolidated statement of income or consolidated statement of cash flows.

The Group's share in subsidiary companies were recognised based on audited financial statements as at 31 December 2015.

The consolidated financial statements include the financial statements of Dar Al-Thuraya K.S.C (Public) and its following subsidiaries:

Name of subsidiary	Country of incorporation	Legal entity	Voting rights and equity interest % 2015	2014	Activity
Al-Thuraya Star Company	Kuwait	W.L.L.	99%	99%	General trading and contracting
Kuwait Buildings Real Estate Company	Kuwait	K.S.C.C	96%	-	Real estate
Pack & Move Holding	Kuwait	K.S.C.(Holding)	99.88%	99.88%	Holding
Golden Madar Real Estate Company	Kuwait	W.L.L.	98%	-	Real estate

5.2 Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

5. Summary of significant accounting policies (Continued)

5.2 Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquired (if any), the excess is recognised immediately in statement of income as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in statements of other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

5.3 Financial assets

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 recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

Classification, initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as "loans and receivables", "financial assets at fair value through statement of income", "investments held to maturity" and "available for sale financial assets". The classification depends on the purpose for which financial assets were acquired and it is determined at initial recognition.

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. Financial assets carried at fair value through statement of income are initially recognized at fair value and transaction costs are expensed in the statement of income.

A "regular way" purchase of financial assets is recognised using the trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

5. Summary of significant accounting policies (Continued)

5.3 Financial assets (continued)

The Group's financial assets include bank balances and cash, term deposits, financial assets at fair value through statement of income, receivables and other debit balances, due from related parties and available for sale investments.

The Group didn't classify any of its financial assets as held to maturity.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Bank balances and cash
Bank balances and cash comprises of current accounts, savings accounts at banks and cash on hand.

Investments at fair value through statement of income
Financial assets at fair value through statement of income include financial assets held for trading and financial assets designated upon initial recognition at fair value through statement of income. Financial assets are classified as financial assets held for trading if they are acquired for the purpose of selling in the near term. Financial assets, which are classified upon initial recognition as at fair value through statement of income, are classified at its initial recognition, and this is only in case of meeting IAS 39. Financial assets are carried at fair value through statement of income in the consolidated statement of financial position at fair value, and changes in fair value are recognized in the consolidated statement of income.

Receivables and other debit balances
Trade receivables and other debit balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables and other debit balances are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. A provision for impairment of account receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy of financial reorganization, and default or delinquency in payments are considered indicators that the receivables are impaired. The Company's accrued interest income and most of other receivables fall into this category of financial instruments.

Effective return rate method
The effective return rate is a method of calculating the amortized cost of a financial asset and of allocating return over the relevant period. The effective return rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available for sale investments
Available for sale investments include equity investments. Equity investments that are classified as available for sale are not classified as investments held for trading or investments classified at fair value through statement of income.

Investments in available for sale financial assets are initially measured at cost which is the fair value of consideration given. Subsequent to initial recognition, available for sale financial assets are measured at fair value. For investments traded in organized financial markets, fair value is determined by reference to the last quoted bid price at the close of business on the consolidated statement of financial position date.

5. Summary of significant accounting policies (Continued)

5.3 Financial assets (continued)

Available for sale investments (continued)
For investments where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same or is based on the expected cash flows or the underlying net asset base of the investment. Investments whose fair value cannot be reliably measured are carried at cost less any impairment loss.

Gains or losses arising from changes in fair value of available for sale financial assets are recognised in other comprehensive income and accumulated in the fair value reserve until the investment is sold, collected, or otherwise disposed of, or until the investment is determined to be impaired at which time the cumulative gain or loss previously recognised in the fair value reserve is reclassified to the statement of income for the period in which they arise.

Dividends on AFS equity instruments are recognized in consolidated statement of income when the Group's right to receive the dividends is established.

Impairment of financial assets
Financial assets, other than those at FVTSI, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets classified as available for sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For receivables and loans and advances, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in yield or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as loans and advances and trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective return rate.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly by impairment losses of financial assets.

When an AFS financial assets are considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statement of income for the year.

5. Summary of significant accounting policies (Continued)

5.3 Financial assets (continued)

Impairment of financial assets (continued)
With the exception of available for sale financial asset, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment recognition, the previously recognised impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment does not exceed the amortised cost that would have been determined if the impairment have not been recognised at that date.

In respect of available for sale financial asset, impairment losses previously recognised through the consolidated statement of income are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

5.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties also includes property that is being constructed or developed for future use as investment properties.

Investment properties are measured initially at their cost, including related transaction costs and borrowing costs, when necessary.

Subsequent to initial recognition, investment properties are remeasured at fair value.

The fair value of investment property reflects, among others, the rental income from current lease contracts and other assumptions made by the participants in the market when liquidating the property as per the current conditions of the market.

Subsequent costs are capitalized to carrying amount of assets only when it is probable that economic benefits associated with such costs will flow to the Group and the cost of the item can be measured reliably. All maintenance and other repair works are expensed as incurred. When replacing part of the investment property, the carrying amount of the replaced part is derecognized.

Changes in fair value are included in the consolidated statement of profit or loss. Investment properties are derecognised when disposed of.

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

5. Summary of significant accounting policies (Continued)

5.5 Properties under development

Incurred costs are charged to construction or production of capital assets under properties in progress till construction or production of these assets is complete, at which time it is reclassified as plant, equipment and investment property, or trading properties. Costs include all direct costs and other costs attributable on reasonable basis.

5.6 Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee companies, but is not control or joint control over those policies.

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

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of income.

All subsequent changes to the Group's share of interest in the equity of the associates are recognised in the carrying amount of the investment. Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associates arising from changes resulting from other comprehensive income of the associates or items recognised directly in equity of the associates' or the Group, as applicable.

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

Unrealized gains on transactions with associates are eliminated to the extent of the Group's share in the associates. Unrealized losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.

The associates' financial statements are prepared either to the Parent Company's reporting date or to a date not earlier than three months from date of the consolidated financial statements of the Group. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and date of the consolidated financial statements of the Group.

5. Summary of significant accounting policies (Continued)

5.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Such expenditure is capitalized in situations where it is clearly demonstrated that it has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance.

Depreciation is calculated based on estimated useful life of the applicable assets on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each financial statements period end, with the effect of any changes in estimate accounted for on prospective basis. Gains or losses on disposals are determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Right of utilization
This represents utilization of two industrial plots leased from the State properties for five years and renewable for similar periods. The Group's buildings are erected on the plots. Right of utilization is valued by a specific specialized body on a regular basis including the difference of change between the fair value and carrying value within revaluation surplus in consolidated statement of comprehensive income and consolidated statement of changes in equity.

Works in progress for purposes of production works or administrative usage are stated at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalized on assets that meet the conditions of capitalizing the borrowing costs in accordance with the Group's accounting policy. These properties are classified within the appropriate categories of items of property, plant and equipment when finished and being considered ready for use. Depreciation of such assets commences when they are ready for use for their intended purpose in the same way as other items of property, plant and equipment.

5.8 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

5. Summary of significant accounting policies (Continued)

5.8 Intangible assets (continued)

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Finite
Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Indefinite
Intangible assets with indefinite useful lives are not amortized. They are tested for impairment annually, either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable, otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Intangible assets are amortized on a straight line basis over 10 years.

5.9 Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any 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. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

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 recognised immediately in the consolidated statement of income.

5. Summary of significant accounting policies (Continued)

5.10 Financial liabilities

Initial Recognition and Measurement
On initial recognition, financial liabilities are classified within IAS 39 as financial liabilities at fair value through statement of income, loans or trade payables or derivatives classified as hedging instruments in an active hedging as appropriate.

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, as for loans and trade payables, less directly attributable transaction costs.

The Group financial liabilities include wakala payables, payables and other credit balances and due to related parties.

Subsequent measurement

Wakala payables
Wakala payables arise when the Group receives funds from other parties under an authorization from these parties for the Group to reinvest them in specific forms or in specific Islamic financial instruments in return for the group's commitment to pay to the holders of wakala payables a yield set at date of wakala. The group recognizes the yield paid to holders of wakala payables as finance costs in the consolidated statement of income when the wakala accrues or when the holders of wakala payables liquidate these wakala payables before their due date.

Received wakala contracts do not include any conditions that give their holders any rights secured against the other assets of the Group or any other entities in the Group.

Wakala payables are initially recognized at cost and they are later measured at amortized cost.

Payables and other credit balances
Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed or not. Payables and other credit balances are subsequently measured at amortised cost using the effective yield method.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

5.11 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5. Summary of significant accounting policies (Continued)

5.12 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued, sold or cancelled. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is directly recognized in equity. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings and then to reserves.

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

5.13 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.14 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. This liability which is unfunded represents the amount payable to each employee as a result of the company's termination of their services at the date of the consolidated financial position.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.15 Contingent liabilities and assets

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5. Summary of significant accounting policies (Continued)

5.16 Revenue recognition

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

Gains from sale of investment properties are measured by the difference between the sale proceeds and the carrying value of the investment at the date of sale, and are recognized at the date of sale.
- Return income is recognised on a time proportion basis using the effective interest method.
- Rental income is recognized on a straight-line basis over the term of the relevant lease, and in accordance with the nature of related agreements.
- Other income and expenses are recognized on accrual basis.
- Dividend income from investments is recognised when the shareholders right to receive payment has been established.

5.17 Translation of foreign currencies

Functional and presentation currency
The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the Group's functional currency. Items included in the consolidated financial statements of each of the Group's entitles are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances
Foreign currency transactions are translated into the functional currency of the Group at rates of exchange prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in consolidated statement of income. Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except those companies that operate in countries with high inflation rate) are translated into the presentation currency as follows:
- Assets and liabilities at each reporting date presented are translated at the closing rate at the date of the consolidated financial statements.
- Revenues and expenses in each statement of income are translated at average exchange rates; and
- All resulting exchange differences are recognized as a separate component in the consolidated statement of other comprehensive income.

5. Summary of significant accounting policies (Continued)

5.18 Finance costs

Finance costs on borrowings and facilitates are calculated on the accrual basis and is recognized in the consolidated statement of income in the period in which it is incurred.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of this asset are capitalized. Capitalization of these costs commences when expenses on the asset and finance costs are incurred, and the activities necessary to prepare the asset are under implementation. Capitalization shall be ceased upon the significant completion of all the activities necessary to prepare the qualifying asset for its intended use or sale.

Finance costs that are not directly attributable to the acquisition, construction or production of qualifying asset as expense are recognized during the period in which they are incurred.

5.19 Taxation

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat represent levies/taxes imposed on the Parent Company at the flat percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Tax/statutory levy	*Percentage*
Contribution to KFAS	1% of net profit less permitted deductions
Zakat	1% of net profit less permitted deductions

5.20 National Labor Support Tax

The Group calculates NLST in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of the net profit attributable to shareholders of the Parent Company less allowed deductions.

5.21 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other lease contracts are classified as operating leases.

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee
Assets held under finance leases are initially recognised as assets in the consolidated statement of financial position at the current value estimated for the minimum of amounts paid for lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

6. Significant accounting judgments and estimation uncertainty

In the process of applying the Group's accounting policies, management has to use judgements and made estimates in determining the amounts recognised in the consolidated financial statements that are not readily apparent from other sources. The estimations and assumptions are based on the management's pervious experiences and other relevant internal and external factors. Actual results may vary from these estimations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recorded in the periods in which the review and adjustment of the estimates are made if the adjustment related to this particular period. Adjustments in the review period and future periods if these adjustments to estimates will impact the current period and future financial periods.

Significant accounting judgments

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

Classification of financial instruments
Management classifies on acquisition of any investment as financial assets at fair value through statement of income or as financial assets available for sale.

Classification of financial assets at fair value through income statement depends on how management monitors the performance of these financial assets. The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of income in the management accounts, they are classified as designated at fair value through statement of income. All other financial assets are classified as available for sale.

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

Impairment of financial assets available for sale
The Group treats available for sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

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

The Group classifies properties as trading properties if it is acquired principally for sale in the ordinary course of business.

6. Significant accounting judgments and estimation uncertainty (Continued)

Significant accounting judgments (continued)

Classification of real estate (continued)
The Group classifies property as property under development if it is acquired with the intention of development.

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies properties as investment properties if they are acquired to generate rental income or for capital appreciation, or for indefinite future use.

Group of properties are classified as property, plant and equipment if they are purchased to be used in production, services, for leasing them to others or for administrative purposes and they are expected to be used during more than one period.

Useful lives of tangible assets
The Group reviews the estimated useful lives over which its tangible assets are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

Key sources of estimation uncertainty

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

Provision for impairment of receivables and other debit balances
Impairment cost reflects estimations of losses resulted from failure or inability of the concerned parties to settle the required amounts. The cost is based on the life of the party's accounts and credit worthy of the client as well as historical write off experience. Any difference between the amounts actually collected in the future period and the amount expected will be recognised in the consolidated statement of income.

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

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

6. Significant accounting judgments and estimation uncertainty (Continued)

Key sources of estimation uncertainty (continued)

Valuation of investment properties
The Group records investment properties at fair value where changes in the fair value are recognized in the consolidated statement of income, three basic methods are used for determining the fair value of the investment properties.

a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.

b) Income capitalization: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of return from the property as per market inputs, which is known as capitalization rate.

Comparative analysis: which base on estimations made by an independent real estate assessor by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate assessor.

Impairment of non-financial assets
The Group reviews the value of the tangible assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

7. Non-controlling interests

The details of the subsidiary with material non-controlling interests to the Group are as below:

Name of subsidiary	Country of incorporation	Voting rights and equity interest %		Carrying value of non-controlling interests in the subsidiary	
		2015	2014	2015	2014
				KD	KD
Dar Al-Thuraya Real Estate Company K.S.C. (Public) ("Dar Al-Thuraya")	State of Kuwait	11.65%	11.65%	2,023,274	2,085,804

7. Non-controlling interests (Continued)

The summary of the financial statements of the subsidiary ("Dar Al-Thuraya") with non-controlling interests at material percentage to the Group before eliminating the intra-group transactions:

Dar Al-Thuraya Real Estate Co. K. S.C. (Public)

Summary of consolidated statement of financial position:

	2015	2014
	KD	KD
Assets		
Current assets	3,025,152	1,200,921
Non-current assets	24,106,146	22,160,711
Liabilities		
Current liabilities	371,078	263,387
Non-current liabilities	9,355,715	5,164,046
Equity attributable to shareholders of Dar Al-Thuraya	17,367,161	17,903,894
Voting rights and equity interest for the non-controlling interests in Dar Al-Thuraya	11.65%	11.65%
Carrying value of non-controlling interests	2,023,274	2,085,804

Summary of consolidated statement of comprehensive income:

	2015	2014
	KD	KD
Revenues	2,429,848	1,413,767
Losses	(3,036,570)	(1,396,704)
(Loss)/profit for the year attributable to shareholders of Dar Al-Thuraya	(606,722)	17,063
Other comprehensive income attributable to shareholders of Dar Al-Thuraya	69,989	100,239
Total comprehensive (loss)/income attributable to shareholders of Dar Al-Thuraya	(536,733)	117,302
(Loss) / profit related to the non-controlling interests	(62,529)	13,666

Total non-controlling interests for other subsidiaries are not material to the Group.

Summary of consolidated statement of cash flows:

	2015	2014
	KD	KD
Net cash (used in)/generate from operating activities	(950,337)	861,356
Net cash generated from/(used in) investing activities	916,503	(1,159,255)
Net decrease in bank balances and cash	(33,834)	(297,899)
Cash generated from acquisition of subsidiaries	37,420	218,559
Bank balances and cash at the beginning of the year	143,768	223,108
Bank balances and cash at the end of the year	147,354	143,768

8. Bank balances and cash

	2015	2014
	KD	KD
Bank balances	618,817	447,595
Cash on hand	38,983	33,575
	657,800	481,170

Cash at banks includes unrestricted current and saving accounts with local banks.

The average annual effective return rate on saving accounts was 0.73 % as at 31 December 2015 (2014: 0.94%).

9. Investments at fair value through statement of income

	2015	2014
	KD	KD
Investments in unquoted local shares	173,441	264,388
Investments in portfolio - local funds	41,147	252,158
Investments in portfolio – foreign funds	1,676,055	3,010,260
	1,890,643	3,526,806

- Valuation techniques for financial assets as fair value through statement of income disclosed in note 31.

- Management estimated the fair value of certain unquoted local shares and foreign funds at KD 66,068 (31 December 2014: KD 216,068), accordingly unrealized loss of KD 150,000 (2014: Nil) was recorded in the consolidated statement of income. Management does not consider any other unrealized indicators on the consolidated financial statements date.

- Investments in unquoted shares are valuated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies.

10. Receivables and other debit balances

	2015	2014
	KD	KD
Trade receivables	9,526,976	9,779,778
Less: provision for doubtful debts	(7,422,397)	(6,402,989)
	2,104,579	3,376,789
Receivable for financial and real estate investments and services	980,004	1,143,688
Accrued revenues	509,859	505,424
Staff receivables	16,247	22,500
Prepaid expenses	901,118	872,937
Other receivables	1,197,079	963,965
	5,708,886	6,885,303

10. Receivables and other debit balances (Continued)

- Receivable for financial and real estate investments and services have been presented after deducting doubtful provision of KD 748,480 (2014: KD 699,420).

- Other receivables have been presented after deducting doubtful provision of KD 122,057 (2014: KD 122,057).

- The Group holds guarantees of KD 4,205,884 for trade receivables as at 31 December 2015 (31 December 2014: KD 4,400,349).

- The Group does not charge any financial charges on the overdue receivables.

An analysis of provision for doubtful debts is as follows:

	2015	**2014**
	KD	KD
Specific provision	8,292,934	7,224,466

The movement on provision for doubtful debts is as follows:

	2015	**2014**
	KD	KD
At 1 January	7,224,466	7,391,899
Charged during the year	1,294,462	750,613
Write back of provision of finance transactions	(225,994)	(172,806)
Write back of provision for financial, real estate investments and services receivables	-	(745,240)
At 31 December	8,292,934	7,224,466

11. Available for sale investments

	2015	**2014**
	KD	KD
Investment in quoted local shares	1,408	1,513
Investment in unquoted local shares	20,751	37,751
Investment in unquoted foreign shares	41,194	41,194
	63,353	80,458

Investments in local and foreign shares of include unquoted shares of KD 61,945 (2014: KD 78,945) carried at cost due to non availability of a basis to be based upon to measure its fair value at the date of the consolidated financial position. Management does not have indicators that the investments are impaired.

Available for sale financial investments include unquoted foreign shares at an actual cost of KD 3,698,839 (2014: KD 3,698,839) in year 2009. Since these investments are the subject of a legal dispute, management decided to reduce the cost of this investment in full from previous years until it is finally resolved.

Valuation techniques of available for sale investments disclosed in note 31.

12. Investment properties

	2015	2014
	KD	KD
Completed investment properties		
At 1 January	15,753,165	11,395,560
Additions	124,592	37,051
Disposals	(1,439,940)	(152,000)
Transfer from properties under development	2,010,588	4,600,000
Change in fair value	(483,234)	(229,454)
Foreign currency translation differences	60,181	102,008
At 31 December	16,025,352	15,753,165

	2015	2014
	KD	KD
Properties under development		
At 1 January	13,431,673	15,919,639
Additions	516,030	2,014,783
Disposals	(1,840,824)	(642,979)
Transferred to completed investment properties	(2,010,588)	(4,600,000)
Change in fair value	(312,508)	478,784
Foreign currency translation differences	69,524	261,446
At 31 December	9,853,307	13,431,673
	25,878,659	29,184,838

- During the year, properties under development comprising of land and a building of KD 2,010,588 (2014: KD 4,600,000) has been transferred to completed investment properties after finalizing the development and construction works.

- The fair value of the Group's investment properties as at 31 December has been arrived at on the basis of a valuation carried out at the consolidated financial statements date by two independent valuers one of them is a local bank. Management has adopted the lower valuation in the consolidated financial statements. The fair value was determined under level 2 based on the market comparable approach that reflects recent transaction priced for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

13. Investments in associates

Name of associate	Country of incorporation	Measurement method	Voting rights and equity interest 2015	2014	Activity	Carrying value 2015	2014
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	State of Kuwait	Equity method of accounting	40%	40%	General trading and contracting	1,000,000	876,631
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	Arab Republic of Egypt	Equity method of accounting	22.5%	22.5%	Medical equipment and devices	383,233	373,110
Foodna United Company W.L.L	State of Kuwait	Equity method of accounting	-	49%	General trading and contracting	-	394,077
						1,383,233	1,643,818

13. Investments in associates (Continued)

The following table summarises the financial statements relating to the group's investment in its associates:

	2015					
	Total assets	**Total liabilities**	**Revenues**	**Expenses**	**Group's share of results**	**Latest available financial statements**
Interpack Kuwait Limited for General Trading & Contracting Co. W.L.L. - Kuwait	5,076,711	(2,576,711)	415,346	(706,894)	(116,619)	31 December 2015
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	2,392,504	(689,246)	2,241,763	(1,955,652)	64,375	31 December 2015
					(52,244)	

	2014					
	Total assets	**Total liabilities**	**Revenues**	**Expenses**	**Group's share of results**	**Latest available financial statements**
Interpack Kuwait Limited for General Trading & Contracting Co. W.L.L. – Kuwait	5,484,771	(2,984,771)	383,429	(691,850)	(123,369)	31 December 2014
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	2,310,249	(653,565)	2,249,128	(1,997,082)	60,277	31 December 2014
Foodna United Company W.L.L Kuwait	694,242	300,165	2,913,278	(2,814,202)	48,547	31 December 2014
					(14,545)	

- The Group's share in the associates' results for Interpack Kuwait Limited for General Trading and Contracting Co. W.L.L and Egyptian Saudi Company for Medical Equipment – MASCOMED - S.A.E are based on audited financial statements as at 31 December 2015.

- During the year, the Parent Company settled one of the debts with one of the wakala payables (note 16) of KD 984,000 in return for the Parent Company's transfer of 49% from its subsidiary (Foodna United Company W.L.L). The transfer and debt settlement transaction resulted in profits of KD 589,923 recorded in the consolidated statement of income.

- During the year, the Partners of Interpack Kuwait Limited for General Trading and Contracting Co. W.L.L agreed to write off its accumulated losses through account of the receivable related parties. Consequently, the Parent Company participated with an amount of KD 116,619 (31 December 2014: KD 123,369) as a share to the Group.

13. Investments in associates (Continued)

The movement on investment in associates is as follows:

	2015	2014
	KD	KD
At 1 January	1,643,818	1,301,255
Transferred from a related party	-	440,000
Additions	239,988	37,813
Disposals	(394,077)	(94,529)
Dividends	(26,090)	-
Foreign currency translation differences	(28,162)	(26,176)
Group's share of results from associates	(52,244)	(14,545)
At 31 December	1,383,233	1,643,818

14. Property, plant and equipment

	Right of utilization	Buildings	Containers	Motor vehicles	Equipments	Works in process	Total
	KD	KD	KD	KD	KD	KD	KD
Cost or valuation							
At 1 January 2015	5,048,236	2,300,070	169,853	167,528	965,597	73,415	8,724,699
Additions	-	-	-	16,434	33,660	116,937	167,031
Disposals	-	-	-	(24,524)	-	-	(24,524)
Revaluation surplus	70,000	-	-	-	-	-	70,000
At 31 December 2015	5,118,236	2,300,070	169,853	159,438	999,257	190,352	8,937,206
Accumulated depreciation							
At 1 January 2015	-	558,993	83,605	76,936	799,387	-	1,518,921
Charged during the year	-	117,761	18,887	24,829	34,154	-	195,631
Related to disposals	-	-	-	(24,524)	-	-	(24,524)
At 31 December 2015	-	676,754	102,492	77,241	833,541	-	1,690,028
Net book value							
At 31 December 2015	5,118,236	1,623,316	67,361	82,197	165,716	190,352	7,247,178
At 31 December 2014	5,048,236	1,741,077	86,248	90,592	166,210	73,415	7,205,778

Rights of utilization totaling KD 5,118,236 (2014: KD 5,048,236) comprise of what follows:

- Purchasing right of utilization of a plot in Shuwaikh of KD 4,948,236 (2014: KD 4,948,236) to be used in establishing garages, warehouses and showrooms. The term of the contract is 5 years, starts from 12 May 2012 and renewable. The right of utilization was assessed by two independent valuers one of them is a local bank as at 31 December 2015, there is no impairment on the date of the consolidated financial statements.

- Purchasing right of use of the food security plot No. 56, block 6 at Al Abdali Agricultural Area for one of the subsidiaries with a cost amounted KD 100,000. The subsidiary acquired the same under administrative license from Ministry of Finance, State Properties. As at 31 December 2015, the right of utilization was recorded at fair value based on valuation by external valuers.

15. Intangible assets

This item represents ready programs and programs are being developed by one of the Group's subsidiaries. Below is the movement on this account:

	Software
	KD
Cost	
As at 1 January 2015 and 31 December 2015	474,940
Accumulated amortization	
At 1 January 2015	47,494
Charge for the year	47,494
At 31 December 2015	94,988
Net book value	
At 31 January 2015	379,952
At 31 January 2014	427,446
Annual amortization rate	10%

16. Wakala payables

	2015	2014
	KD	KD
Current portion	22,874,916	24,034,231
Non-current portion	151,988	293,290
	23,026,904	24,327,521

The actual average cost for these wakalas as at 31 December 2015 was 4% (2014: 4%) per annum.

- Wakala payables includes past due wakala payables of KD 4,887,212 (note 28). The Parent Company was obliged in accordance with a legal judgment against the Parent Company (note 28).

- During the year, the Parent Company settled an amount of KD 984,000 with one of the wakala payables in return for transferring the Parent Company's share in the associate (note 13).

17. Payables and other credit balances

	2015	2014
	KD	KD
Trade payables	1,461,086	837,895
Accrued expenses	73,733	69,705
Purchase of land and financial investments payables	285,380	1,400,654
	1,820,199	2,308,254

18. Capital

The Parent Company's authorized, issued, and fully paid up capital is KD 21,386,865 (2014: KD 21,386,865) divided into 213,868,650 shares (2014: 213,868,650 shares), each of 100 fils and all shares are in cash.

19. 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 shareholders of the Parent Company before calculating contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the 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.

No transfer to the reserve account was made as there are accumulated losses.

20. Voluntary reserve

In accordance the Parent Company's articles of association, 10% of the profit for the year, attributable to sharesholders of the Parent Company, before KFAS contribution, NLST, Zakat, and Board of Directors' remuneration, is transferred to the voluntary reserve. Such transfers can be discontinued by a resolution of the general assembly of the shareholders upon recommendation by the Parent Company's Board of Directors.

No transfer to the reserve account was made as there are accumulated losses.

21. Treasury shares

	2015 KD	2014 KD
Number of shares purchased (shares)	6,845,096	6,845,096
Ownership percentage (percentage to total capital)	3.2%	3.2%
Cost (KD)	4,573,296	4,573,296
Market value (KD)	130,056	243,001

The Parent Company is committed to retain reserves and share premium equal to the purchased treasury shares cost which are deemed as non-distributable along acquisition period by the Parent Company in accordance with instructions of the concerned regulatory authorities.

22. General and administrative expenses

	2015 KD	2014 KD
Staff cost	2,219,283	2,073,008
Depreciation and amortization (note 14 & 15)	243,125	212,041
Other expenses	1,255,741	1,257,831
	3,718,149	3,542,880

23. Basic and diluted loss per share for the year attributable to shareholders of the Parent Company (fils)

Basic and diluted loss per share is computed by dividing the loss for the year attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding for the year excluding treasury shares.

	2015	2014
	KD	KD
Net loss for the year attributable to shareholders of the Parent Company	(2,725,830)	(976,980)
Weighted average number of outstanding ordinary shares during the year (share)	213,868,650	213,868,650
Weighted average number of treasury shares (share)	(6,845,096)	(6,845,096)
Weighted average number of outstanding shares during the year (share)	207,023,554	207,023,554
Basic loss per share attributable to the shareholders Parent Company /(fils)	(13.17)	(4.72)

24. Fiduciary assets

Fiduciary assets comprise of investments and funds managed on behalf of clients. These are not assets of the Group and accordingly, they are not included in the Group's consolidated financial statements. Total fiduciary assets managed on behalf of clients amounted to KD 9,086,000 as at 31 December 2015 (2014: KD 11,118,000) including a portfolio managed on behalf of the Ultimate Parent Company amounting to KD 137,820 as at 31 December 2015 (2014: KD 196,905).

25. Related parties transactions

Related parties comprise of the Group's major shareholders who are members of the board of directors, members of Board of Directors, key management personnel, and subsidiaries in which the Company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the year ended 31 December 2015. Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Balances due from/to related parties and related parties transaction are as follows:

	2015	2014
	KD	KD
Consolidated statement of financial position		
Investments at fair value through statement of income	920	84,534
Due from related parties	1,020,321	1,004,214
Wakala payables	-	17,227,627
Due to related parties	1,796,844	1,960,137

25. Related parties transactions (Continued)

	2015	2014
	KD	KD
Consolidated statement of income		
Loss on sale of investments at fair value through statement of income	(184)	17,420
Discount granted against settlement of wakala contract	-	160,000
Key management's salaries and benefits	311,850	296,589
Provision for end of service indemnity	27,998	27,998

26. Segment information

Operating segments are identified based on the internal reports of Group segments which are regularly reviewed by the Chairman and general manager as the principal decisions makers in the Group so as to allocate resources to and evaluate performance of these segments on an ongoing basis.

The operating segments that meet the conditions and criteria for reporting them in the consolidated financial statements and are used in the internal reports regularly submitted to decision makers are as follows:

a) **Real estates:**
This segment represents investing in investment properties to generate rental income, for capital appreciation, or for trading purposes.

b) **Financial investments:**
This segment represents investment in short term money market instruments, investment in shares of listed and unlisted companies whose articles of association and activities comply with the rules of noble Islamic Shari`aa.

c) **Corporate finance:**
The activity of this segment is to provide finance to companies by using the different Islamic financing instruments, i.e. Murabaha, Wakala, future sales, and other contracts compliant with the rules of noble Islamic Shari`aa.

d) **Other:**
This includes the revenues and expenses that do not lie under the above segment.

Summarized information in respect of the "Group's segment information" is given below:

e) **Segment revenues and results:**

	Segment revenue		Segment profit	
	Year ended 31 December		Year ended 31 December	
	2015	2014	2015	2014
	KD	KD	KD	KD
Investment properties	994,547	1,574,308	994,547	1,574,308
Financial investments	119,140	92,244	119,140	92,244
Corporate finance	21,872	(60,714)	(448,472)	(980,492)
Other	1,668,302	2,801,683	1,668,302	2,801,683
Total	2,803,861	4,407,521	2,333,517	3,487,743
General and administrative expenses			(3,718,149)	(3,542,880)
Provision for doubtful debts			(1,294,462)	(750,613)
Loss for the year			(2,679,094)	(805,750)

26. Segment information (Continued)

f) Segment assets and liabilities:

For the purposes of monitoring segment performance and allocating resources between segments, the segment assets and liabilities are as follows:

	2015	2014
	KD	KD
Segment assets		
Investment properties	25,878,659	29,184,838
Financial investments	3,337,229	5,451,082
Corporate finance	2,104,579	3,376,789
Other	12,909,558	12,627,122
Total segment assets	44,230,025	50,639,831

	2015	2014
	KD	KD
Segment liabilities		
Investment properties	245,225	979,963
Corporate finance	23,026,904	24,327,521
Other	4,208,836	3,937,314
Total segment liabilities	27,480,965	29,244,798

27. Shareholders General Assembly

The shareholders' Annual General Assembly was held on 14 December 2015 and approved the consolidated financial statements of the Group for the financial year ended 31 December 2014, and approved recommendations of the Board of Directors not to distribute dividends for the financial year ended 31 December 2014 and not to distribute Board of Directors' remuneration for the financial year ended 31 December 2014.

The Board of Directors in their meeting held on 19 April 2016 have recommend not to distribute dividends for the financial year ended 31 December 2015 and not to distribute Board of Directors' remuneration for the financial year ended 31 December 2015. This recommendation subject to the approval of the Shareholder's Annual General Assembly

28. Lawsuits and Claims

On 28 December 2015, a legal judgment was issued against the Parent Company obliging it to settle an amount of KD 4,887,212 plus fees and expenses to one of the creditors (Note 16). Subsequent to the consolidated statements of the financial position date, the Parent Company appealed against the creditors. During the year, a resolution was issued refusing the appeal by cassation, and it was judged to oblige the Parent Company to pay. Amicable settlement is currently in process with the prevailing party.

29. Financial Risk and Capital Management

a) Capital risk management

The Group's activities expose it to variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. Policies of the Parent Company's management to mitigate the risks are set out below. The Parent Company does not use derivative financial instruments based on future speculations.

29. Financial Risk and Capital Management (continued)

a) Capital risk management (continued)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in note 5 to the consolidated financial statements.

29.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market prices. Market risks include foreign currency risks, profit rate risks and equity price risks.

a) Foreign currency risk

Foreign exchange risk is the risk of fluctuations in fair value or future cash flows of a financial instrument as a result of changes in the exchange rates of foreign currencies affecting the Group's cash flows or valuation of monetary assets and liabilities in foreign currencies.

The Group has set policies to manage foreign exchange risks, which require from all companies of the Group to manage the foreign exchange risk against their operational currency. The Group follows and manages such risks through:
- Follow up changes in foreign exchange rates regularly.
- Set limits for dealing in foreign currencies, and for purposes of the Group's main activity.

The following are the net positions of foreign currencies as at the consolidated financial statements date:

	2015	2014
	KD	KD
US Dollar	1,625,262	-
Omani Riyals	1,495,065	2,615,249
UAE Dirham	1,944,131	2,458,581
Egyptian Pound	383,233	373,110
	5,447,691	5,446,940

The tables below analyzes the effect of a 5% strengthening in value of the currency rate against the Kuwaiti Dinar from levels applicable at 31 December 2015 and 31 December 2014, with all other variables held constant on the consolidated statement of comprehensive income. The effect of decreases in foreign currency is expected to be equal and opposite to the effect of the increases shown.

	Change percentage in currency exchange rate	Effect on profit for the period and equity	
		2015	2014
		KD	KD
US Dollar	+5%	81,263	-
Omani Riyals	+5%	74,753	130,762
UAE Dirham	+5%	97,207	122,929
Egyptian Pound	+5%	19,162	18,656

29. Financial risk and capital management (Continued)

29.1 Market risks (continued)

b) Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rate. The Group is not exposed to significant risks as it has no floating interest assets or liabilities as on the consolidated financial statements date.

c) Equity price risk

Equity price risk is the risk that the fair values of equities fluctuates as the result of changes in the levels of equity indices and the value of individual stocks. Equity risk arises from changes in fair value of equity investments.
The Group is not significantly exposed to equity price risk.

29.2 Credit risk

Credit risk represents the inability of one party to the financial instrument to meet its liabilities on maturity date, resulting into financial losses to the other party. Financial assets that are likely to expose the Group to credit losses are mainly composed of "due from related parties", “receivables and other debit balances” and “bank balances” and “term deposits”. The Group’s bank balances are deposited with high credit quality financial institutions Receivables are presented at net of provision for doubtful debts. Credit risks related to receivables are limited due to the large number of clients of the Group and its diversification in various segments.

Credit risk exposure

The carrying values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets category on 31 December 2015 and 2014 was as follows:

	2015	2014
	KD	KD
Bank balances	618,817	447,595
Term deposits	-	200,000
Receivables and other debit balances (excluding prepaid expenses)	4,807,768	6,012,366
Due from related parties	1,020,321	1,004,214
	6,446,906	7,664,175

Geographic concentration of maximum exposure to credit risk

The maximum exposure to credit risk for financial assets at the reporting date by geographic region and segment were:

	GCC	Other	Total
	KD	KD	KD
2015			
Bank balances	618,817	-	618,817
Receivables and other debit balances (excluding prepaid expenses)	4,807,768	-	4,807,768
Due from related parties	1,020,321	-	1,020,321
	6,446,906	-	6,446,906

29. Financial risk and capital management (Continued)

29.2 Credit risk (continued)

Geographic concentration of maximum exposure to credit risk (continued)

	GCC	Other	Total
	KD	KD	KD
2014			
Bank balances	447,595	-	447,595
Term deposits	200,000	-	200,000
Receivables and other debit balances (excluding prepaid expenses)	6,012,366	-	6,012,366
Due from related parties	1,004,214	-	1,004,214
	7,664,175	-	7,664,175

	2015	2014
	KD	KD
Segment:		
Real Estate and Commercial	5,828,089	7,016,580
Banks and financial institutions	618,817	647,595
	6,446,906	7,664,175

29.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

Ultimate responsibility for liquidity risk management rests with Parent Company's management, who have built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the consolidated financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2015 and 2014, the carrying amounts of the Group's liabilities with maturity less than 12 months are not materially different from their contractual undiscounted values.

2015	Within 1 month	1 to 3 months	3 to 12 Months	1 to5 years	Over 5 Years	Total
	KD	KD	KD	KD	KD	KD
Wakala payables	22,078,902	644,026	151,988	151,988	-	23,026,904
Payables and other credit balances	-	-	1,820,199	-	-	1,820,199
Due to related parties	-	-	1,796,844	-	-	1,796,844
	22,078,902	644,026	3,769,031	151,988	-	26,643,947

29. Financial risk and capital management (Continued)

29.3 Liquidity risk (continued)

2014	Within 1 month KD	1 to 3 months KD	3 to 12 Months KD	1 to 5 years KD	Over 5 Years KD	Total KD
Wakala payables	5,870,954	-	18,163,277	293,290	-	24,327,521
Payables and other credit balances	-	-	2,308,254	-	-	2,308,254
Due to related parties	-	-	1,960,137	-	-	1,960,137
	5,870,954	-	22,431,668	293,290	-	28,595,912

As at 31 December 2015, the current liabilities of the Group exceeded its current assets by KD 17,214,309 (31 December 2014: KD 16,205,129). Whereas the Group maintains adequate cash reserves and owns investment properties of KD 25,878,659 as at 31 December 2015 (31 December 2014: KD 29,184,838) which the Group intends to sell or utilize them in settlement of its debt with debtors related to wakala payables of KD 23,026,904 as at 31 December 2015 (31 December 2014: KD 24,327,521). In addition, the Group maintains guarantees of KD 4,205,884 as at 31 December 2015 (31 December 2014: KD 4,400,349) against receivables from customers. This indicates that the Group will be able to meet its short-term liabilities.

30. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio, which is net debt divided by total invested capital. The Group records wakala payables less bank balances, cash and term deposits within net debt. Capital represents total equity of the Group.

	2015 KD	2014 KD
Wakala payables	23,026,904	24,327,521
Less: bank balances, cash and term deposits	(657,800)	(681,170)
Net debts	22,369,104	23,646,351
Equity attributable to the shareholders of the Parent Company	14,616,000	17,290,659
Total invested capital	36,985,104	40,937,010
Debt to capital ratio	% 60.48	% 57.76

31. Fair value of financial assets and liabilities

The fair value represents the price that would be received sell as assets or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December 2015 and 2014 are not materially different than its fair value.

The carrying value of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2015				
Financial assets:				
Bank balances and cash	-	-	657,800	657,800
Investments at fair value through statement of income	1,824,575	66,068	-	1,890,643
Receivables and other debit balances (excluding prepaid expenses)	-	-	4,707,768	4,707,768
Due from related parties	-	-	1,020,321	1,020,321
	1,824,575	66,068	6,385,889	8,276,532
Financial liabilities:				
Wakala payables	-	-	23,026,904	23,026,904
Payables and other credit balances	-	-	1,820,199	1,820,199
Due to related parties	-	-	1,796,844	1,796,844
	-	-	26,643,947	26,643,947

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2014				
Financial assets:				
Bank balances and cash	-	-	481,170	481,170
Term deposits	-	-	200,000	200,000
Investments at fair value through statement of income	3,310,738	216,068	-	3,526,806
Receivables and other debit balances (excluding expenses and prepayments)	-	-	6,012,366	6,012,366
Due from related parties	-	-	1,004,214	1,004,214
	3,310,738	216,068	7,697,750	11,224,556
Financial liabilities:				
Wakala payables	-	-	24,327,521	24,327,521
Payables and other credit balances	-	-	2,308,254	2,308,254
Due to related parties	-	-	1,960,137	1,960,137
	-	-	28,595,912	28,595,912

30. Fair value of financial assets and liabilities (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1: Quoted prices (unadjusted) in active markets of identical assets or liabilities that the company can peruse the same at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (such as inputs relating to prices).
- Level 3: Inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Total
	KD	KD	KD
2015			
Financial assets:			
Investments at fair value through statement of income	-	1,824,575	1,824,575
Available for sale investments	1,408	-	1,408
Non-financial assets:			
Investment properties	-	25,878,659	25,878,659
Total	1,408	27,703,234	27,704,642

	Level 1	Level 2	Total
	KD	KD	KD
2014			
Financial assets:			
Investments at fair value through statement of income	-	3,310,738	3,310,738
Available for sale investments	1,513	-	1,513
Non-financial assets:			
Investment properties	-	29,184,838	29,184,838
	1,513	32,495,576	32,497,089

There have been no transfers between levels 1 & 2 during the reporting period.

The fair values of financial instruments have been determined within level 1 and 2 based on the following:

Investments:
The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

31. Fair value of financial assets and liabilities (continued)

Investments (continued)
The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Investment properties:
The fair value of non financial assets that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

32. Commitments and contingencies

Operating lease commitments
The minimum operating lease commitments under non-cancellable operating leases are as follows:

	2015	2014
	KD	KD
Not later than one year	115,661	89,712
After one year but not more than five years	578,305	448,560

Capital costs contracted for at the date of the consolidated financial statements but not yet incurred are as follows:

	2015	2014
	KD	KD
Capital commitments	470,000	400,000

33. Comparative figures

Certain comparative figures of the prior financial year have been re-classified to conform to current financial year's presentation of figures, but it does not affect the previously disclosed loss for the year or equity.