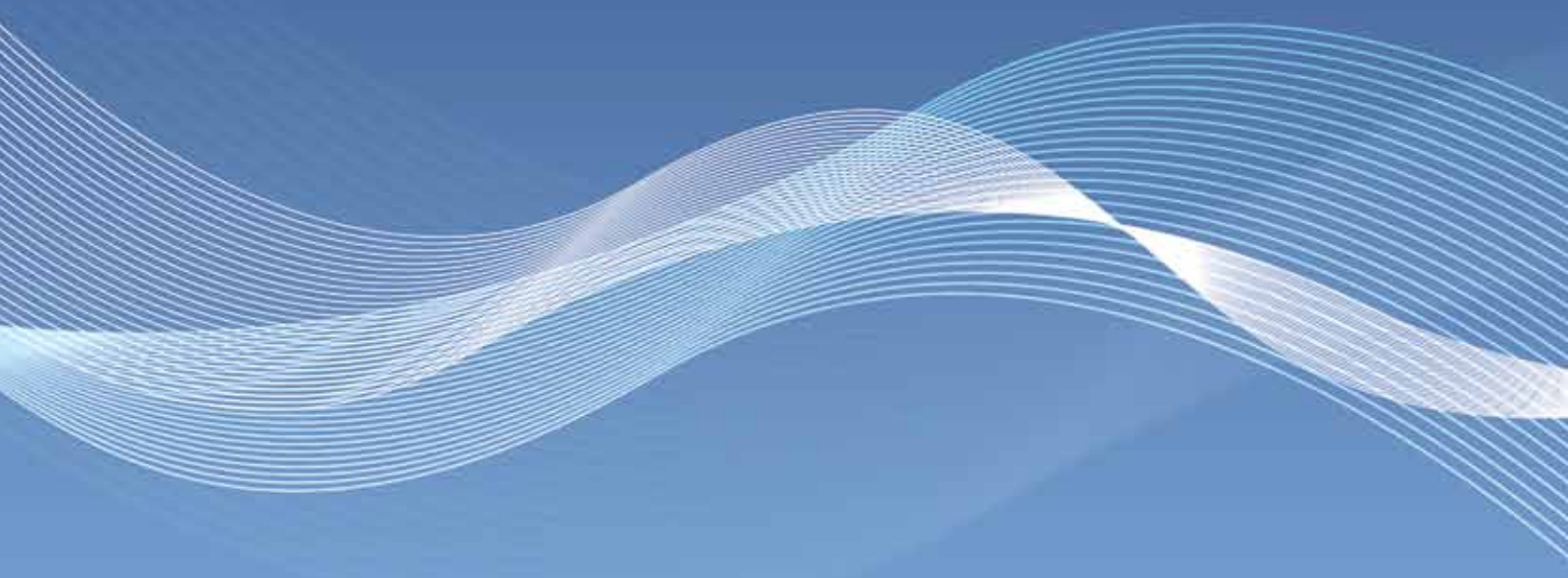


Annual Report and
Financial Statements

2015



إستراتیجیا
STRATEGIA
Investment Company



His Highness Sheikh
Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of Kuwait



His Highness Sheikh
Nawaf Al-Ahmad Al-Jaber Al-Sabah
Crown Prince



His Highness Sheikh
Jaber Al-Mubarak Al-Hamad Al-Sabah
Prime Minister

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Board of Directors



Mr. Soud Abdulaziz Al-Mansour
Chairman



Mr. Mishal Nasser Habib
Vice Chairman & CEO



Mr. Hassan Kamal Caedbey
Board Member



Mr. Jamal Abdullah Al-Saleem
Board Member



Mrs. Amani Ibrahim Al-Omani
Board Member



Mr. Ghazi Ahmed Al-Osaimi
Board Member

Agenda of the Annual Ordinary General Assembly for the Fiscal Year ending 31/12/2015

- Item 1: Listening to the Board of Directors' Report for the financial year ending 31/12/2015 and approving the same.
- Item 2: Reciting penalties (financial or non-financial) that was imposed on the company by regulators (CBK, CMA & KSE) during the financial year ending 31/12/2015.
- Item 3: Listening to the auditors 'report for the financial year ending 31/12/2015 and approving the same.
- Item 4: Discussing the financial statement for the financial year ending 31/12/2015 and approving the same.
- Item 5: Approving the board of director's proposal of not distributing cash dividends for the financial year ending 31/12/2015 and posting profits to shareholders equity.
- Item 6: Approving the board of director's recommendation of not distributing remuneration to be board members for the financial year ending 31/12/2015.
- Item 7: Authorizing the board of directors to buy or sell company shares not exceeding 10% of the total number of the company's shares in accordance with the articles of law No 7 for the year 2010 and its implementing regulations and amendments.
- Item 8: Approving to authorize the Board of Directors to act on previous stock fractions contained in the shareholders register.
- Item 9: Approving the transactions with related parties during the year ending 31/12/2015, and authorizing the board of directors to deal with relevant parties until the next general assembly meeting date for the financial year ended 31/12/2016.
- Item 10: Releasing the members of the board of directors of all matters relevant to their actions for the financial year ending 31/12/2015.
- Item 11: Approving appointing or re-appointing of company's auditor for the financial year ending 31/12/2016, and authorize the board of directors to determine their fees. From within the approved auditors name list in Capital Markets Authority.
- Item 12: Approval for one of the members of the Board of directors to be a board member in Kuwait Investment Company pursuant to article 197 of firms' law.

Chairman's Message

Dear Valued Shareholders,

I am pleased to present to you, on behalf of my fellow Board Members of Strategia Investment Company, Strategia's Annual Report and Financial Statements for the fiscal year ended 31 December 2015.

The year 2015 was a difficult year to other capital markets as well as to Kuwaiti market due to regional political situation and drop in oil prices escalating since mid-2014 and continuing so far, where annual transactions completed for the second consecutive year, have been on a significant decline as per the indicators.

Under these difficult conditions, it was the first loss for Strategia since 2010. The company's losses in the year 2015 reached KD 459,677 declining 141% from 2014 and shareholders' equity reached KD 32,900,300 with a decline of 2.8% from 2014. The Board of Directors recommended no dividend for the financial year ending on 31/12/2015 considering the results achieved for the year 2015. The Board also recommended that no remuneration to be paid for Board of Directors for the financial year ended on 31/12/2015. They only approved the recommendation of the Remunerations and Nominations Committee to give bonuses for the membership of board committees (Audit & Risk Committee, Investment Committee, Remunerations and Nominations Committee, and Governance Committee) for an amount of KWD 35,000 for the financial year ended 31/12/2015.

In cooperation with executive management, the Board of Directors has developed frameworks for investment policy and risk allocation, where, the company has followed a conservative investment approach focusing on global and regional real estate investments as a key activity in addition to domestic investment portfolio management in Kuwaiti market and clients' portfolio management.

In this difficult period and its extended impact to 2016, and its negative impact on companies in general and on investment companies in particular, we still have our optimistic view for the markets in which we operate whether locally, regionally or internationally. We still have confidence of the positive performance in these markets, in spite of some of influential political or psychological factors. This does not restrict the presence of high-value investment opportunities for shareholders over the long term.

On behalf of the Board Members and the executive management, I would like to extend my sincere thanks and gratitude to H.H. Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah the Amir of Kuwait, H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, the Crown Prince of Kuwait; H.H. Sheikh Jaber Al-Mubarak Al-Sabah, the Prime Minister; and all the regulators, asking God, to safeguard them all and bless their continuous endeavors and support aimed at achieving prosperity and progress of our country's economy at all levels. I would also like to extend my thanks to our valued shareholders for their confidence and continuous support to the company management in all circumstances. Also, I extend my thanks to the company's staff members for their efforts to achieve the business plans.



Soud Abdulaziz Al-Mansour
Chairman

Executive Management Report

Dear Valued Shareholders,

SIC's Management is pleased to present you the annual report and financial statements of the company for the fiscal year ending on 31 December 2015.

Key Financial Highlights in 2015 *

Statement	2015	2014
Management fees	297	281
Investment income	53	1,483
Interest income	132	74
Total assets	33,418	34,295
Total liabilities	518	450
Shareholders' equity	32,900	33,845
Retained earnings (losses)	1,759	2,218
Net profit	(460)	1,124
Earnings per share (fils)	(1.53)	3.75 fils
Share price at the end of the year	33 fils	59 fils
Market capitalization	9,900	17,700
Book value	110 fils	112 fils

* Figures in thousands

The financial statements of the company witnessed a sharp decline of investment income due to the decline in realized profit from the associate company that reflected the situation of the global economy and its repercussions on regional and global financial markets during the year.

Key Events in 2015

- During the year, the company has sought to diversify its investments geographically and on sector level, with the aim to increase the company's cash flow by adding income-generating assets, in accordance with the strategy approved by the Board of Directors to achieve superior returns to its shareholders.
- During the second quarter of the year, the company successfully acquired Walpur4 real estate Company that owns property in the area of Bad Homburg, Germany, in a 50/50 partnership with a global asset management company. This investment is considered an office property with tenants comprising many international companies; the property is expected to yield approximately 8.75% on an annual basis.
- The company has finalized the transfer of ownership and registration of a plot of land in Sharjah, U.A.E. with an acquisition cost of 490 thousand Kuwaiti Dinars. In addition, an agreement has been concluded with one of the leading engineering consulting companies for the design and supervision of the project, to mark the beginning of the development process. The project is a residential tower of 18 floors and enjoys a strategic location; the expected annual yield from this project is estimated at 9.00%.
- The company increased its ownership in Kuwait Financial Center (MARKAZ) to 23.38%. Kuwait Financial Center has announced a cash dividend of 5% of the par value per share, which will enhance the liquidity of the company after the approval of the General Assembly of MARKAZ during the year 2016.

- The most notable events in 2015 is the approval by the extraordinary General Assembly of the company, as well as by the Capital Markets Authority and other regulators on the voluntary withdrawal from Kuwait Stock Exchange after the deterioration of the market price of company's stock to 47% below book value, in addition to the marginal trade over the share leading our share price to remain stagnant. Therefore, the Board of Directors considered the voluntary withdrawal from the market until overall trading activity in the market resumes its normal levels that contribute to maximizing our shareholders' holdings.

Overview of the Kuwaiti Economy in 2015

Due to the reliance on a single source of revenue, Kuwait left behind a difficult year on the economic front with falling oil prices to below \$ 30 a barrel. After Kuwait left the deficit period in 2000 with realized surpluses over the next 13 consecutive years uninterrupted, the public budget recorded its first deficit in the fiscal year 2014-2015 of 2.72 billion Kuwaiti Dinars. The sharp decline in oil price led to a reduction in revenue by about 60% in a State that oil revenue represents 94% of its domestic production. This can propose a good opportunity to reform and restructure the economy by the Government.

The average of Kuwaiti oil price reached around \$48 a barrel in 2015 compared to an average of around \$95 a barrel in 2014, a significant decline of 50%. The worst in 2015 was the continuation of the downward trend of oil prices, with an average price of a barrel of oil for the first three quarters being about \$50, with an increase of only \$3 a barrel from the break-even price estimated in the current budget of \$45 per barrel.

KSE Performance

With continued destabilizing global terrorism and severe turbulence on stock markets and commodities throughout the year 2015, the Kuwaiti capital market has faced many difficulties and associated problems. The market was affected by political events in the region, but the effect of the drop in oil prices was chronic, market indices declined for the second consecutive year. What was worth noting in the performance of the stock market during 2015 was the red territory in which market indices dwelled for 10 months from February till the end of the year, the price index dropped 14% annually, whereas the weighted index retreated 13%, also, the KSX 15 index declined by 15%.

The reason of the negative performance during the year was not limited to external factors only, but also included many internal factors, notably the activation of the regulations of the Capital Market Authority as well as speculating activities and the absence of market makers and corporate de-listing rumors. Those factors have shaped the path of volatile market indicators in terms of the value traded also which recorded levels not seen in the Kuwait Stock Exchange since 5 years. Daily liquidity average declined to 16 million in 2015 compared with 25 million in 2014, in other words, the market lost around 37% of its liquidity level in 2015. Perhaps this severe drought in the market liquidity was not a source of concern for investors only, but the sentiment included listed companies which have already started voluntary withdrawals from the market for reasons related to the lack of liquidity, not to mention the requirements of the Capital Market Authority.

Overview of the Global Economy in 2015

The year 2015 is considered one of the worst years for investors in world markets, as disasters continued and shook strongly similar to earthquakes in the stock markets and international commodities.

The year witnessed the Ukraine crisis and its implications on the Russian sanctions and its effects on European markets, even the Greek crisis that nearly lead to the disintegration of the Eurozone. Then starts the Chinese market crisis and deterioration of the Yuan and its impact on China's economic growth rate and its ripple effects in financial markets that reflected falling demand for goods in general and oil in particular. The world then witnessed the Russian intervention in Syria, the political and economic implications of which are not clearly measured yet, and leaves questions about where this would lead in terms of USA-Russian relations on one hand, and the shape of the region on the other hand, a region well known for its political earthquakes, but considered one of the most important sources of energy supply in the world.

From the other side, the 2015 was a starting point of a new phase of adjusting economic conditions, and the decision of rising the interest rates in the United States, which was announced in December, led to further volatility in assets of all categories

worldwide. In addition, the GCC States raised the interest rates in response to the decision of raising the interest rates in the United States to maintain the peg of their currencies to the US dollar. It is expected that continued high interest rates, as planned by the United States, will lead to the higher cost of financing for the GCC companies, and it would be more difficult for them to raise funds in the near future. Meanwhile, GCC governments began slashing subsidies for the oil sector, the group is also seriously considering rising taxes and implementing the VAT system.

With regard to the global real estate market, investors continued to acquire property especially in the major cities in both United States and United Kingdom, which was the destination of migrant capital from emerging markets to developed markets, taking advantage of low interest rates and occupancy of property in these areas. This has led to a rise in real estate prices in the United States nearly by 13%, and in London by about 31%.

As for global real estate shares, the FTSE EPRA/NAREIT Developed Real Estate Index saw calmer performance and increased marginally by 0.05% during the year, after recording growth of 15.8% in 2014. This benchmark provides a unique tool for investors seeking exposure on the global property market with less risk because of the high liquidity of the securities.

Performance of the Company

The company incurred a loss of KD 460 thousand in 2015 due to the decrease in the company's share of the profits of an associate company. This came as a result of difficult conditions for global and local markets. Despite the loss, the company's other income recorded an increase. Rental income rose by 29% and interest income by 78%. This rise in revenues comes as a result of expanding the company's proprietary real estate investment portfolio during the year and cash flows from existing investments in line with the company's policy of achieving balanced returns over the long term.

Future Outlook

Despite the possibility of a slight improvement in 2016, it wouldn't be the best year, especially for GCC markets and crude oil prices. It will be mostly a general belt-tightening year after GCC governments' decision this year that lifted subsidies on some consumer goods and this certainly will have a major impact on markets in general. Regarding the local Kuwait Stock Exchange, it is expected that 2016 will be a continuation of the events of 2015, the scene is still negative, and difficult to predict any positive outlook at the moment.

With regard to the Kuwaiti companies' profits, it is expected to decline in 2016 and in particular in the consumer goods and communication sectors, we also expect the rate of growth of profits to decrease in the banking sector. We also cautiously expect better conditions for the regions' stock markets beginning in the third quarter of 2016, knowing that there are several factors that are likely to contribute to creating this optimistic atmosphere for market participants including a clearer political scene.

Thanks and Gratitude

At the end, I would like to extend my sincere thanks and gratitude to H.H. Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, the Amir of Kuwait; H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, the Crown Prince of Kuwait; H.H. Sheikh Jaber Al-Mubarak Al-Sabah, the Prime Minister; and all the regulators for their endeavors to achieve the good of our country and its progress in all aspects. I extend my thanks also to our valued shareholders for their support which we hope will continue and increase in the future; and to our clients for their confidence in Strategia. Also, I would like express my thanks to the company's staff members for their efforts to achieve our objectives.

Mishal Nasser Habib
Vice Chairman & CEO

Governance & Transparency Report Strategia Investment Company K.S.C.P

For the year ended 31 December 2015

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NOTE:

The Report of corporate governance, disclosure and transparency is an exclusive property of (Strategia). It has been prepared to demonstrate company's commitment to corporate governance matrix and Strategia do not mind using this report or any part of it to outside parties or to public in condition to insert the name of "Strategia Investment Co." / Essam A. Al-Yousef - Chief of Risk Management & Compliance Officer.

1. Chairman's Message

I am pleased to put in your hands the annual corporate governance report for the year 2015.

The annual corporate governance report for the year confirms our commitment to provide the best value for our shareholders and this stems from our recognition as a public company to sustain the good practices of corporate governance which has become a moral and economic necessity in modern business development world.

In this regard, we support the need for strict adherence to principles that help establish the concept of transparency, accountability, integrity and ethics and honesty in our business which form without a doubt the cornerstone of any successful organization. Precisely for this reason comes our promise to ourselves and our investors and all our stakeholders to uphold the highest standards of probity and integrity in the management of the company.

In the light of the growing concern of our shareholders, including potential shareholders and investors, Strategia decided to strengthen its corporate governance system in line with the finest local and international practices in this area. In this regard, Strategia planned to strengthen the role of independent Board members and adopted sophisticated and distinguished work ethics in its sector as well as creating new regulatory laws and applying the delegation of authority system and integrate the role of the board of directors and committees at the heart of our business.

We also are looking to achieve the desired objectives to improve existing practices and procedures in addition to implement sophisticated governance framework for Strategia and its affiliates so we can take pride in our areas and thus achieve the vision of our shareholders.

Finally we would like to take this opportunity to thank all the authorities and regulators that have contributed to better support the principles and practices of corporate governance and their implementation in State of Kuwait.



Soud Abdulaziz Al-Mansour
Chairman

2. Introduction

In Strategia, we take pride in the adoption of the highest standards and best practices in line with the provisions of Kuwait legislations on governance, the companies' law, the laws issued by the Capital Markets Authority (CMA), and the relevant instructions of the Central Bank of Kuwait (CBK).

Indeed, we follow international best practices, and affirm our compliance with CMA's resolution No. 7 of 2010 and its executive bylaw issued in November 2015 Book 15 regarding the governance rules and corporate Discipline standards.

Governance rules and standards aim to properly manage the company's organizational structure as well as the applicable policies and procedures so that the company's activities are in line with the rules issued by CMA, CBK, and other regulatory bodies, and in alignment with international best practices. This is meant to achieve efficiency in business, with added value to all shareholders and stakeholders, i.e., human resources, customers, partners, investors, and realize the returns that would contribute to the development of Kuwait economy.

3. Company Profile

Strategia Investment Company was formed in March 2004 as a spin-off of the real estate investment division of KMEFIC, a leading publicly listed financial services company. In March 2004, the new shareholders of the company decided to change its legal classification from a real estate company to an investment company that provides all investment products and services. Accordingly, the capital of the real estate company was increased from KD10 million to KD15 million.

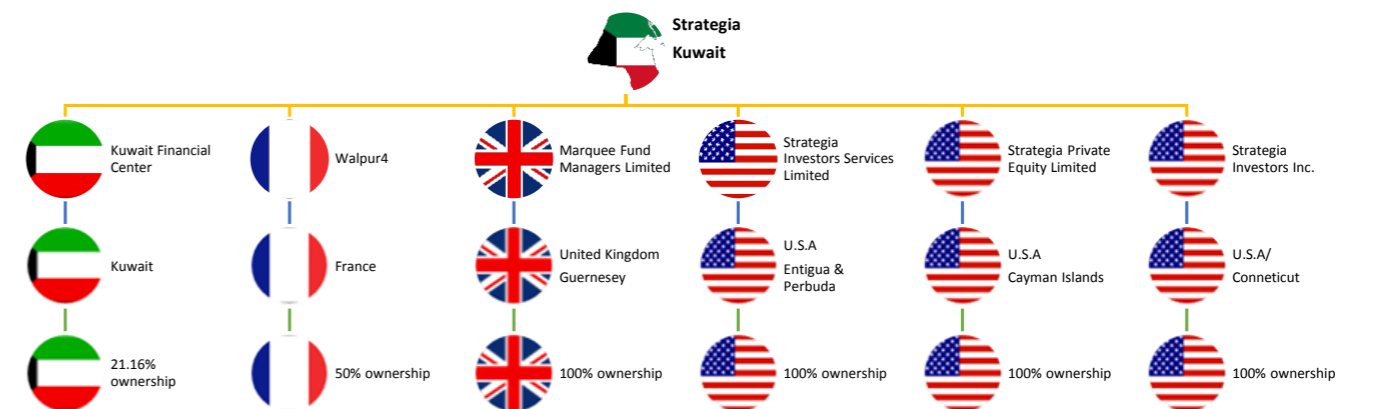
SIC's capital was increased twice by distributing bonus shares during 2007 and 2008 to reach K.D 17,577,000. In December 2008, when all the listing conditions were met, Strategia was listed on the Kuwait Stock Exchange in order to add another dimension in the field of asset management and investment services with an enhanced capital. Due to the accumulated financial losses, the company increased its capital first during 2010 and then reduced it again to KD 15 million.

During 2013, the company succeeded in increasing its capital by 100% to KD30 million with assets under management from various institutional and individual clients amounting to US\$158 million as of December 31, 2015.

The company observes the companies' Kuwaiti law provisions and its amendments, in addition to Central Bank of Kuwait laws and regulations, Capital Markets Authority laws and rules, and rest of legal and financial regulations.

The company operates mainly in all finance and investment activities.

4. Strategia and its subsidiaries and associates



Percentage referred to as statements of 30/12/2015

5. Corporate Governance

Corporate governance (corporate governance system) is a set of rules that control the relationships between employees, the company's board of directors, shareholders and stakeholders inside and outside the company. Corporate governance provides the structure through which the objectives and the instruments needed to achieve them, and the performance monitoring is determined accordingly.

The board of Strategia is aware of the importance of compliance with the rules of good governance and essential role in controlling and stimulating corporate governance framework and related practices. In this regard, the board of directors is reviewing its framework and practices regularly to meet the requirements of the financial markets and all regulators and comply with all applicable laws and regulations.

The current governance system provides a comprehensive governance framework for corporate companies subject to Capital Markets Authority and Central Bank of Kuwait. This system contains principles that deal with general direction and composition of the board of directors, duties and responsibilities of directors, chairman and board secretary.

=> Implementation of Corporate Governance

Governance rules and corporate discipline standards enhance the levels of confidence in our ability to honor our commitment towards professional efficiency, and generate returns that contribute to the development of the Kuwait economy.

=> Overview of Corporate Governance

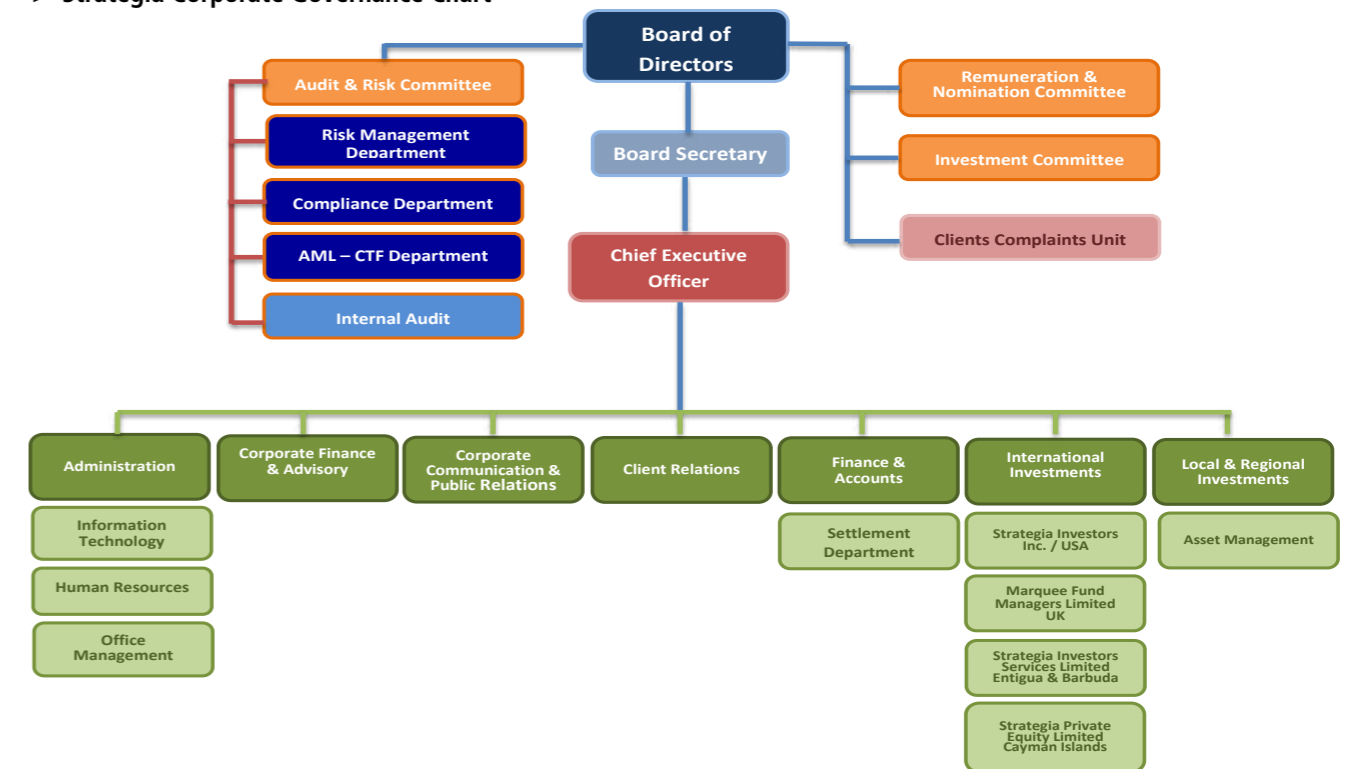
Strategia abides by the corporate governance rules stipulated in CMA's resolution No. 7 of 2010 and its executive bylaw issued in November 2015 Book 15 about Capital Market Authorities and corporate discipline standards set forth in the corporate governance manual covering the duties and responsibilities of the chairman, the CEO. The governance rules do not allow the chairman to assume the responsibilities of the same company's CEO. Additionally, duties and responsibilities of the board of directors have been specified including the company's internal control system and assurance of its effectiveness. The governance manual of 2015 covered the external auditor appointment policy, as well as disclosure and communication with shareholders policy. All these policies were developed to help us adhere to the highest standards.

We have taken positive actions in terms of corporate governance, as we have launched a governance portal on the company's website, including the annual governance report, the board structure, and information on the main founder shareholders, on all governance policies applicable in the company. In light of our keenness to apply the highest standards of transparency and disclosure, the board of directors communicates with the shareholders, inside or outside Kuwait, via the corporate governance related email address in a way that complies with the practices of the board of directors, executive management and employees.

The governance manual includes policies and rules which are based on transparency and responsibility, and emphasizes compliance with the highest standards of behavioral, professional and ethical discipline. It includes the following:

Corporate social responsibility policy which indicates our commitment to contribute to the development of the living quality of the company's employees which will reflect positively on the society, Policy of profit distribution to shareholders, which seeks to achieve sustainable value for shareholders, code of conduct and a statement of the general principles that need to be complied with by the employees, the executive management, and the board of directors, Share trading policy, related parties' transactions policy which specifies the acceptance requirements of transactions that involve the company and the related parties, whistleblowing policy, disclosure and transparency policy, assurance and integrity of financial reports policy, confidentiality of internal information (Chinese Walls), the shareholders' disclosure and communication policy, external auditor appointment policy, and the Board advisors' appointment policy; to provide advisory services to the board members and support the board's resolutions in order to achieve value for shareholders.

=> Strategia Corporate Governance Chart



6. Our Shareholders

The board of directors is responsible for setting overall business strategy for Strategia and ensure adherence to the highest standards of corporate governance in all sectors of the company and its business. It is also fully responsible for the company management and its performance and adhere to exercise objective opinions on all matters of the company independent of the Executive management and the board of directors is responsible towards the shareholders for proper functioning of the business, responsible for ensuring the company's compliance with the relevant laws and regulations as well as the company's statute and regulations. The board is also responsible for protecting the company from illegal or abusive or improper acts and practices, the company also adopted a formal charter for the board of directors which determines its composition, mechanism and duties, responsibilities, and procedures for its meetings.

7. Chairman

Rests with the chairman of the board is the responsibility to ensure the proper and effective functioning of the board, including the receipt of accurate and complete information from board members and committees in due time.

8. Non-Executive Board Members

Duties of non-executive board members include, and not limited to the following:

Participation in board meetings and providing independent views on strategic issues, policy, performance, accountability, resources, key appointments and standards of work and ensure that priority is given to the interests of the company and shareholders in the event of any conflict of interest, participation in the company's Audit Committee and monitor the company's performance in achieving the agreed goals and objectives, reviewing performance reports including annual, semi-annual and quarterly financial reports, oversee the development of procedural rules for corporate governance and ensure availability of their experience and competence and diverse qualifications in hands of board of directors or its committees through regular board meeting attendance and active participation in general assemblies of shareholders', in a balanced way. The most non-executive members may request independent consultant's opinion at the expense of the company regarding any matter for the company.

9. Board Secretary

Board Secretary works as secretary of the board and its committees; he may assign, after board approval, responsibility of committees' management to other highly qualified employees. Board of directors appointed an officer of the company as secretary to the board of directors on 11 March 2014. Board secretary's functions include the following:

Registration of all minutes of meetings of the board and its committees and keeping its books, records and reports of the board and to ensure the timely delivery of information and coordinate between the board members and other stakeholders in the company, under the direction of the chairman and his vice and to ensure that board members can access fully and expeditiously to the minutes of all meetings of the board and any other information, documents and records relating to the company and save all minutes of meetings and all documents in a special register.

10. Board of Directors

Our organizational governance is clearly evident from the principles of conduct and compliance imposed by the Board of Directors in line with the international standards.

=> Composition

According to the Corporate Governance Manual, the board of directors is formed of six members, most of them non executives. The board includes one independent member, and one executive member.

Board members were elected at the Annual General Meeting held on 22 June 2014 as follows:

Name	Designation	Date of appointment	Representative of	Membership
Soud Abdulaziz Al-Mansour	Chairman	22 June 2014	Elected	Independent
Mishal Nasser Habib	Vice Chairman & CEO	22 June 2014	Elected	Executive
Amani Ibrahim Al-Omani	Board Member	22 June 2014	First Equilease for Equipment & Transportation Co.	Non-Executive
Ghazi Ahmed Al-Oseimi	Board Member	22 June 2014	Global Profession General Trading Co.	Non-Executive
Hassan Kamal Caedbey	Board Member	22 June 2014	Commercial Global Privatization Co.	Non-Executive
Jamal Abdullah Al-Saleem	Board Member	13 August 2014	Combined Trust Real Estate Co.	Non-Executive



Mr. / Soud Abdulaziz Al-Mansour

Chairman
Member of Governance Committee, Audit & Risk Committee and Remuneration & Nomination Committee
BA in Business Administration & Finance- California – USA/ 2000



Mr. / Mishal Nasser Habib

Vice Chairman & CEO
Member of Investment Committee
BA in Accounting / Kuwait University 1996 - Computer science Diploma / Commercial Institute "Public Authority for Applied Sciences" 1992



Mrs. / Amani Ebrahim Al-Omani

Board Member
Member of Remuneration & Nomination Committee
BA in Accounting / Kuwait University 1994



Mr. / Ghazi Ahmed Al-Osaimi

Board Member
Member of Audit & Risk Committee and Governance Committee
BA in Business Administration – Finance / Gulf University for Science and Technology 2006



Mr. / Hassan Kamal Caedbey

Board Member
Member of Investment Committee and Governance Committee
BA in Business Administration / Saint Louis University - USA



Mr. / Jamal Abdullah Al-Saleem

Board Member
Member of Remuneration & Nomination Committee, Audit & Risk Committee and Investment Committee
BA in Accounting - Kuwait University- Master's degree in Accounting with first class honors – Oklahoma City University USA

=> Board Meeting

Board meetings are convened upon presence of the majority of its members. During 2015, the board was convened 12 times according to the attached data in the following tables:

=> Board Meeting Statement table in 2015

#	Meeting Number	Date	Attendance	Location	Topic of Discussion
1	89	22/2/2015	100%	Company headquarters	Approval of policies & procedures amendments and organizational chart of the company
2	90	10/3/2015	100%	Company headquarters	Approval of remuneration & nomination Committee meeting minutes
3	91	23/3/2015	100%	Company headquarters	Approval of 2014 financials, viewing AGM draft ad
4	92	1/4/2015	100%	Company headquarters	Optional withdrawal from KSE, the memo presented by the finance dept. regarding the company's discretionary budget to 2015
5	93	17/5/2015	100%	Company headquarters	Approval of Q1-2015 financials, discussion of the cases update of/ against Strategia Investment Company
6	94	28/5/2015	100%	Company headquarters	Approval of the committees meetings minutes and discussion of the latest update on the property in Bad Hamburg – Germany
7	95	6/8/2015	100%	Company headquarters	Discussion and approval of 1) Risk management report, 2) Reports of Compliance management, Money laundering & financing of terrorism, 3)report of management of money laundering and terrorist financing, 4) latest update of AGM held on 20/05/2015, 5) latest update of extra-ordinary AGM held on 08/07/2015
8	96	10/8/2015	100%	Company headquarters	Approval of the committees meetings minutes and Q2-2015
9	97	9/9/2015	100%	Company headquarters	Discussion of the latest update of the optional withdrawal from KSE
10	98	27/10/2015	100%	Company headquarters	Approval of the committees meetings minutes, view of the loans given from Strategia to its subsidiaries
11	99	15/11/2015	100%	Company headquarters	Approval of the committees meetings minutes, view of the loans given from Strategia to its subsidiaries Approval of the committees meetings minutes and Q3-2015
12	100	16/12/2015	100%	Company headquarters	CMA approval for Strategia of the company right to buy or sell shares not exceeding 10% of its shares (Treasury shares), discussion of the latest update about the exit from Water Front and Business Bay investment, approval of the company organizational chart after some amendments, policies approval of Remuneration & Nomination Committee, Audit & Risk Committee emanating from Board of Directors

=> Board Meeting Attendance Table in 2015

Statement of Board meetings		Soud AbdulAziz Al-Mansour	Mishal Nasser Habib	Jamal Abdullah Al-Saleem	Hassan Kamal Caedbey	Ghazi Ahmed Al-Osaimi	Amani Ebrahim Al-Omani
		C*	VC**	M	M	M	M
Meeting #	Date of Meeting	Attendance					
89	22/2/2015	✓	✓	✓	✓	✓	✓
90	10/3/2015	✓	✓	✓	✓	✓	✓
91	23/3/2015	✓	✓	✓	✓	✓	✓
92	1/4/2015	✓	✓	✓	✓	✓	✓
93	17/5/2015	✓	✓	✓	✓	✓	✓
94	28/5/2015	✓	✓	✓	✓	✓	✓
95	6/8/2015	✓	✓	✓	✓	✓	✓
96	10/8/2015	✓	✓	✓	✓	✓	✓
97	9/9/2015	✓	✓	✓	✓	✓	✓
98	27/10/2015	✓	✓	✓	✓	✓	✓
99	15/11/2015	✓	✓	✓	✓	✓	✓
100	16/12/2015	✓	✓	✓	✓	✓	✓

Number of meetings during 2015 is 12 as showing in above table.

Note: C = Chairman VC = Vice Chairman M = Member non-Executive ** = Executive * = Independent

11. Board Committees

The Board delegated a part of its duties to a number of its emanating committees: Audit & Risk Committee, Remuneration & Nomination Committee, Investment Committee, and Governance Committee. Their task is to view specific responsibilities and competencies and judgment, and make certain recommendations to the Board of Directors for proper action. Each committee is formed of a chairman and two members or more from the board. A board committee convenes its meetings according to the rules of corporate governance.

A. Audit & Risk Committee

The Audit & Risk Committee is consisting of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. The Audit & Risk Committee should convene regularly at least four times during the year on quarterly basis and at least four times with the internal auditor and periodic meetings with the external auditors.

=> Audit & Risk Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Jamal Abdullah Al-Saleem	Chairman	Non-Executive
Mr. / Ghazi Al-Oseimi	Member	Non-Executive
Mr. / Soud Abdulaziz Al-Mansour	Member	Independent

=> Audit & Risk Committee Meetings

#	Date	Attendance	Topic of Discussion
1	14/1/2015	3	Discussion & approval of Compliance management report and Money laundering & terrorism financing report
2	23/3/2015	6	Discussion of 2014 financials
3	7/5/2015	8	Discussion & approval of the internal audit report for the period ending 31 December 2014
4	12/5/2015	6	Discussion & approval of financial quarter report for the period ending 31 March 2015
5	30/7/2015	3	Discussion & approval of Compliance management report and Money laundering & terrorism financing report
6	9/8/2015	6	Discussion & approval of financial quarter report for the period ending 30 June 2015
7	19/10/2015	7	Discussion & approval of the internal audit report for the period ending 31 June 2015
8	12/11/2015	6	Discussion & approval of financial quarter report for the period ending 30 September 2015

B. Remuneration & Nomination Committee

The remuneration & nomination Committee consists of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. And it convenes at least once a year.

=> Remuneration & Nomination Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Jamal Abdullah Al-Saleem	Chairman	Non-Executive
Mr. / Soud Abdulaziz Al-Mansour	Member	Independent
Mrs./ Amani Ebrahim Al-Omani	Member	Non-Executive

=> Remuneration & Nomination Committee Meetings

#	Date	Attendance	Topic of Discussion
1	2/3/2015	4	Discussion of the results of the employees annual assessment and discussion of bonuses and increment of company employees
2	14/5/2015	3	Discussion & approval of the policy of grading system, salary structure and bonuses

C. Investment Committee

The investment Committee consists of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. And it convenes at least four times a year.

=> Investment Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Mishal Nasser Habib	Chairman	Executive
Mr. / Hassan Kamal Caedbey	Member	Non-Executive
Mr. / Jamal Abdullah Al-Saleem	Member	Non-Executive

=> Investment Committee Meetings

#	Date	Attendance	Topic of Discussion
1	15/2/2015	3	Discussion of an investment opportunity in a land in Sharjah
2	11/3/2015	3	Discussion of an investment opportunity in real estate in Germany
3	26/3/2015	3	Discussion of an investment opportunity in real estate in Germany
4	21/9/2015	2	Discussion of regional & international investments
5	24/12/2015	2	Discussion of regional & local investments

D. Governance Committee

The governance Committee consists of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. And it convenes at least once a year.

=> Governance Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Soud Abdulaziz Al-Mansour	Chairman	Independent
Mr. / Hassan Kamal Caedbey	Member	Non-Executive
Mr. / Ghazi Al-Oseimi	Member	Non-Executive

=> Governance Committee Meetings

#	Date	Attendance	Topic of Discussion
1	13/5/2015	3	Ratification of the first Governance Committee meeting minutes in 2014, approval of Strategia governance & transparency report for the financial year ending 31 December 2014, discussion of corporate governance reports issued by the company to CMA for the fourth quarter of 2014 & the first quarter of 2015

12. Shares Dealing

Shares dealing policy applies to the board members as well as to the member of the executive team, employees of the company and subsidiaries and the alike. In addition, this policy is communicated to any third party who may have access (owing to a contractual relationship with the company, or a personal relationship with any of the company's staff members) to sensitive information related to the share price.

=> Purposes of the shares dealing policy:

Ensure that the board members and the member of the executive team, employees of the company and the alike are aware of the fact that they are not allowed to deal in the shares of the company, directly, indirectly or through third parties by disclosing sensitive and non-public share price related information to them, for example and not limited to:

Annual, semi-annual and quarterly reports, information on the company's forecasts and trading potentials, disclosure of the dividends proposed by the board of directors, or any changes to the company's dividends policy, Expansion plans, including access to new markets or establishment of investment portfolios and funds, strategic alliances or any proposed mergers or acquisitions through company's restructuring programs, disposal of any of the company's shares by a key shareholder, changes to the board structure, any potential dispute that might constitute a critical lawsuit, Set up a framework for employees to follow for dealing in shares, and highlight the consequences of non-compliance with such policy.

=> Prohibition of dealing in shares

The members of the board as well as the executive team and the employees are not allowed to deal, directly or indirectly, in the company's shares during the prohibition periods. The prohibition period is ten (10) days before end of the annual, semi-annual and quarterly fiscal periods, and continues until the interim financial statements are officially disclosed for the capital market and CMA. As for the annual financial statements, their prohibition period continues until such statements are approved by the general assembly, and dealing in the company's shares at any point of time requires official approval by chairman of the Audit & Risk Committee for the board members and the CEO, and chairman of the board for the chairman of the Audit & Risk Committee, and the CEO for the company's employees. Members of the board and the executive team as well as the employees are not allowed to deal in the company's shares unless written approvals are obtained from the competent individuals as mentioned above. Additionally, board members must inform the Compliance Officer or the company's Board Secretary, on annual basis, of the number of the shares they possess. The Audit & Risk Committee shall be responsible for reviewing "Shares Dealing Policy" and recommending any required amendments.

13. Shareholders who own 5% or more from the company shares as of 31/12/2015

Shareholders	Number of Shares	Ownership
Privatization Holding Company	75,386,174	25.129%
National Industries Group Holding	19,277,278	6.426%

14. Disclosure of Board Members' Transactions:

Below are the dealings in the company's shares during 2015, conducted by the board members and their first degree relatives:

Member	Relation	Total sale (of shares)	Total purchase (of shares)
None	None	None	None

Board members and their first degree relatives did not conduct any dealings in the company's shares during 2015. We seek to develop the performance of our services, and be more transparent in all our dealings with shareholders and investors.

15. Ordinary General Assembly

Strategia's General Assembly Meeting was held on 20 May 2015 at the premises of Ministry of Commerce and Industry, Kuwait City, and the following was decided:

- Ratification of the board's report on the company's activity and financial position for the fiscal year ending on 31/12/2014.
- Reading out the (financial or non-financial) penalties imposed by the regulatory bodies on the company for the fiscal year ending on 31/12/2014; (NONE).
- Ratification of the auditor's report for the fiscal year ending on 31/12/2014.
- Ratification of the company's balance sheet, as well as profit and loss account for the fiscal year ending on 31/12/2014.
- Approval of the board's suggestion not to make any profit distributions for the fiscal year ended on 31/12/2014, and to forward the profits to the shareholders' equity.
- Approval to authorize the Board of Directors to buy or sell company's shares not exceeding 10% of its shares.
- Approving the board members' remunerations for the year ending 31/12/2014.
- Authorizing the board to deal with the related parties based on the same terms and conditions of dealing with third parties.
- Clearing The Board of Directors and the auditor from liabilities toward the company for the fiscal year ending on 31/12/2014.
- Reappointing the external auditors for 2015 and specifying their fees.

The Company has published the financial information relevant to the general assembly on the company's website; www.strategia.com.kw, on 25 May 2015.

16. Delegation and Authorities of the Executive Management

The board of directors is keen to support and guide the executive management with a view to achieve the company's objectives clearly and transparently under the umbrella of corporate governance.

a) Matters Retained for the Board

According to the instructions of all regulatory bodies and CMA's resolution No. 7 of 2010 and its executive by law issued in November 2015 – Book 15 – Corporate Governance Rules and Corporate Discipline Standards, the board of directors may delegate certain matters, retained for the board, for the board committees of executive management. If necessary, the executive management is delegated according to general or specific delegations, with clear instructions on the authorities of the executive management. Matters retained for the board are summarized as follows:

Review and approve the company's annual budget and strategy, board membership, total salaries and remunerations of the executive management, the company's capital structure, financial reports and controls, internal control, general risks, approve the contracts and expenditures (which exceed the authority limit of the executive management) as per the applicable policy, approve the company's governance policy, and review and approve the general policies.

17. Performance Evaluation of the Board and the Board Committees

Based on its keenness to enhance its performance, improve the effectiveness of its resolutions, and add value to the shareholders, the board has decided to evaluate its performance and that of the board committees by end of 2016. As such, the board members will complete a special performance evaluation questionnaire. The questionnaire will cover the effectiveness of the chairman and the CEO, the operating performance, corporate governance as well as the leadership and culture.

The board has also decided to set a road map to rectify any gap during 2016, which will contribute to the enhancement of the board's performance and efficiency. In addition, the board is committed to enhance its performance and efficiency, and to create corporate values for the company and shareholders.

18. Executive Management

The Company's executive management handles the day to day activities. It is headed by the Chief Executive Officer who is responsible, towards the board of directors, for the company's operating management, development, recommendations, as well as the application of strategies, policies and internal control framework.

=> Executive Management

The members of the Executive management are professionals with an extensive investment experience in local and international investment markets, with strong International Academy certifications and practical experience are grouped roughly 170 years as shown in below table:

	<p>Mr. Mishal Nasser Habib Vice Chairman & CEO</p> <p>Mr. Mishal has joined Strategia since March 2011. He was appointed as Managing Director by the Board of Director to manage the Company daily business. He has succeeded to highlight his effective role in the company's growth plans moving forward. Mr. Mishal Habib was the Chief Executive of the company since August 2014. He holds a Diploma in Computer Science and Bachelor in Accounting from Kuwait University. He has also completed the Intensive Credit Program in 1998 and the Harvard Executive Program for Leadership Development in 2007. From 2000, Mr. Habib has been serving as a Guest Speaker in the Institute of Banking Studies. His experience in the field of investments and financial services is more than 19 years.</p>
	<p>Mr. Vijay Kulkarni Financial & Risk Consultant</p> <p>Mr. Vijay has joined Strategia Investment Company since May 2012 as a risk consultant for the executive team. He has got master in Business Administration and finance from one of the greatest schools in India. He has an extensive experience up to 39 years in executive and risk management in many of Kuwaiti and Indian banks. He also has many other academic certificates.</p>
	<p>Mr. Harry Milne International Investment Consultant - USA</p> <p>Mr. Harry has joined Strategia Investors Inc. since 2007 as a consultant. Member of the global real estate consultancy group (CRE). He has 26 years of experience in the field of investment in real estate, fixed income and equity.</p>
	<p>Mr. Ahmed Sobhy Chief Financial Officer</p> <p>Mr. Ahmed Has joined Strategia since 2012 as chief financial officer. He is responsible for monitoring all financial operations, financial planning and records. He is also responsible for submitting financial reports to top management. He got Bachelor in Accounting from Cairo University in 1995 and CMA in 2004 and many other certified courses and certificates in financial sciences, financial analysis, internal audit and accounting.</p>
	<p>Mr. Essam Al-Yousef Chief Risk Management & Compliance Officer, AML - Chief Officer</p> <p>Mr. Essam has joined Strategia Company since July 2009 as Chief of Risk Management & Compliance Officer. He is also responsible for Anti Money Laundering, fighting financing terrorism and corporate governance to ensure the company's compliance to the highest standards in the risk management field through his experience of over 19 years. He got Bachelor in Accounting from Al-Balqa University- Jordan- in 1993, in addition to CPA, CCAML from Henly London, Corporate Governance Program - London (CG), MBA from University of Baylor, a certificate in Certified Operational Risk Management (CORM) from International Academy in 2014, and carrying a license in Certified Risk Management & Compliance (CRCMP). He has attended numerous training courses in the area of Finance, Risk Management, and Business Administration.</p>
	<p>Mr. AbdulAziz Al-Jassem Senior Vice President - Business Development & Private Equity Department</p> <p>Mr. AbdulAziz has joined Strategia since Nov. 2007 as Senior Vice President – Business Development. He is responsible for international real estate assets management as well. He holds Bachelor of Science in Business Administration (BSBA) from Sufflok University (U.S.A). He has more than 11 year's extensive experience in international investments.</p>
	<p>Mr. Raed Al-Sadhan Senior Vice President – Administration & HR Division</p> <p>Mr. Raed has joined Strategia in 2006; he started as a Vice President in the Administration & HR Division and was promoted as a Senior Vice President in January 2011. He manages all activities related to Human Resources, Information Systems Management and all ongoing administrative issues of the company. He graduated from Helwan University (Egypt) in 1996 with Bachelor in Business Administration. He has attended many academic courses in his field. He also brings with him rich previous experience of nine years in other prestigious organizations.</p>
	<p>Mr. Burhan Kamali Vice President - International Investments</p> <p>Mr. Burhan Kamali joined Strategia Investment Company in January 2011 as a Senior Investment Analyst and was promoted as a Vice President – International Investments Department in November 2012. In his role, he analyzes and evaluates the various investment opportunities as needed by the clients and strengthens the products platform offered by the company. He received his Bachelor of Arts Degree, majoring in Banking and Financial Management from Applied Science University in Jordan in 2004. He got his CFA charter in 2012.</p>
	<p>Mr. Fahad Al-Osaimi Vice President – Local & Regional Investments</p> <p>Mr. Fahad has joined Strategia in October 2013 as a Vice President / Local & Regional Investments Division. He received his Bachelor in Accounting from the College of Business Administration - Kuwait University in 2004, in addition to many training courses in the field of financial analysis and investment and CIM. He also has extensive experience in the Local & Regional markets and in the field of analysis and trading.</p>

=> **Total Remunerations Paid to the Executive Management in 2015**

Employees Categories	No. of Employees	Fixed bonuses Thousand KWD	Variable Bonus Thousand KWD		Total Thousand KWD
			Cash	Shares	
Senior Management	9	26,174	74,381	-	100,555

* It is important to note that the remunerations and incentives relevant to the company's performance are calculated according to the individual performance evaluation mechanism within a general framework approved by the board of directors. Such evaluation is being performed and approved for all members of the executive management.

19. Related Parties Transactions

Transactions of related parties are subject to the board approval

Related parties include our shareholders, board members, key administrative officers, as well as the companies with great influence on our company. Related parties' transactions are completed pursuant to the relevant terms and conditions approved by the company's Executive Management or Board of Directors.

20. External Auditor

General Information

**Deloitte & Touche Al-Wazzan & Co
Auditors' register No. 62, Category A**

"Deloitte & Touche" is a trademark dealing with dozens of thousands of the professionals in independent companies around the globe, offering services like audit, advisory, financial advisory, corporate risks, and tax for certain customers.

**Horwath Al Muhanna & Co
Auditors' register No. 152, Category A**

"Horwath Al Muhanna" is a leading company established in 1978 and offers a spectrum of professional services including accounting, taxation and advisory. Its customers vary from commercial companies to big companies and institutions.

=> **External Auditor's Appointment Policy**

The External Auditor's Appointment Policy defines the external auditor's framework, scope, and authorities with emphasis on allowing external auditors to perform their assignments freely and independently. It also defines the conditions required for the Auditor selection, where the Board of Directors raises its recommendations for selection to be presented for the General's Assembly opinion and approve recommendations.

The general assembly meeting held on 20 May 2015 approved the reappointment of Deloitte & Touche - Badr Al Wazzan, as the first auditor of the company, and Horwath Al Muhanna - Rabea Saad Al Muhanna, as the second auditor of the company for 2015, against fees of KD 10,000. No other external auditor has been engaged to provide any sort of financial statements auditing during 2015. Additionally, external auditors are not required to handle any internal control related issue, whereas the company's internal control tasks have been assigned to Grant Thornton, as per the internal audit plan approved by the Audit & Risk Committee and the Board of Directors.

In line with the disclosure and transparency provisions issued by the CMA, CBK as well as other regulatory bodies, the company's financial statements for the fiscal year ended on 31/12/2015 have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), with a view to increase the level of the board's transparency and compliance, and to provide the shareholders and public with financial statements reflecting the company's real financial condition.

=> **Relationship with the External Auditor**

The Audit & Risk Committee oversees the external auditor's appointment policy, and maintains good relationships with the auditors. The company's relationship with the auditors is determined through the following duties of the Audit & Risk Committee:

1. Approve the external auditors appointment policy and present the same to the board of directors.
2. Study the recommendations to be presented to the shareholders on the appointment, reappointment, or removal of the company's external auditor, and submit the same to the board for approval in the annual general assembly meeting.
3. Monitor the external auditor's independency and objectiveness, and discuss its nature and scope and efficiency of work as per IFRS.
4. Explore any suggestion to appoint an external auditor to provide services, other than Accounts Auditing, to the company or subsidiaries, and ensure adherence to the schedules as per the corporate governance law.
5. Foster a suitable environment for cooperation between the external and internal auditors.
6. Appointment of one external auditor or more for one year renewable by the general assembly.
7. The Company's external auditor must be enlisted in the Accountants and Auditors Register as per CMA and CBK Executive Regulation organizing the profession of accounting and auditing.
8. According to the governance rules, CMA's Executive Regulations, and the instructions of other regulatory bodies, the external auditor should not be party to any agreement, or agent for any of the company's founder members, board members or any of their relatives to the fourth degree of relationship.
9. Selection of an external auditor depends on the efficiency, reputation and experience of the external auditor. In the event where the board of directors or the general assembly does not accept the Audit Committee's recommendations regarding the selection, appointment, resignation, or removal of the external auditor, the board of directors must include, in the company's governance report, a statement of such recommendations and the reasons for refusal.

21. Internal Control

=> **Internal Control System**

1. Our board of directors is responsible for monitoring and reviewing the effectiveness of the internal control, for protecting the assets, maintaining sound financial statements, and revealing errors and violations. The board of directors is committed to review the Audit & Risk Committee's report on the internal control activities and periodic reports.
2. Internal Control involves setting a clear organizational structure, documentation of policies and guidelines, and identification of authorities, delegations and performance control mechanisms set up to monitor the company's operations effectively and regularly, and to ensure compliance with the corporate governance rules issued by the regulatory bodies.

=> **The Board's Role in Internal Control**

1. The board accepts full responsibility for reviewing the internal control system and ensuring its effectiveness.
2. The board is fully responsible for ensuring that the Top Management develops and applies an effective internal control system providing reasonable guarantee for having efficient and effective operations, presenting accurate financial reports, and complying with the laws and legislations as set forth in CMA's law and its executive by law – book 15 – regarding the Governance Rules and Corporate Discipline Standards.
3. The board has delegated the following to the Audit & Risk Committee:
 - 3.1 Review the Risk Management Department's systems and the internal controls once a year to ensure, by means of applying suitable and effective controls that systems and control are adequate to mitigate all risks encountered in the course of achieving business objectives. The audit must include financial data control, operations and risk management.
 - 3.2 The review procedures adopted by the company to identify, assess and manage great risks.
 - 3.3 To review changes made, since the last review, to the nature and extent of great risks, and the company's ability to adapt to any change in the operations and external environment. The Committee is also responsible for the scope and nature of the activities of controls applied to risks and internal control systems as well as the external audit processes, review the weaknesses and defects of the internal control system or unexpected emergencies that have materially

affected or may materially affect the company's financial position, and review the procedures applied by the company for tackling the control's essential issues, review the company's compliance with the applicable laws and regulations, and whistleblowing policy.

4. According to the instructions of CMA, CBK and the other regulatory bodies, and CMA's resolution No. 7 of 2010 and executive by law issued in November 2015, the company's board of directors has delegated to the Audit & Risk Committee the responsibility for reviewing the efficiency of the company's applicable internal control system. Based on the review outcomes and the available information, the Audit & Risk Committee confirms that the internal control system is designed effectively and appropriately, and is applied efficiently to achieve the company's objectives.

=> Internal Control System's Mechanism

Our Internal Control System is comprised of a group of procedures applied by the board of directors, the executive management, as well as the company's employees. Such procedures are designed to provide reasonable, not ultimate, guarantee for achieving the following objectives:

1. **Risk management:** ensure identifying the risks and controls required for achieving the company's objectives.
2. **Operations' effectiveness and efficiency:** To conduct operations in a precise way with pre-approved procedures to ensure expected accuracy and smooth customer's service.
3. **Authenticity of Financial Reports:** ensure presenting authentic financial statements and information to the board, shareholders and Top Management.
4. **Adherence to applicable laws and legislations:** adhere to the laws and regulations governing the company, to avoid harming the company's image or receiving penalties.

The Internal Control System aims to set the pillars of internal controls, document and maintain the same properly, and abide by the same throughout the company's business unit.

=> Internal Control Management

Internal Control Management operation is responsible for ensuring that the procedures applied for monitoring the company's operations have been designed properly and are applied effectively according to the company's annual plan approved by the Audit & Risk Committee delegated by the board of directors.

1. Internal Control Management is responsible for preparing reports on the effectiveness and efficiency of the internal control systems applied by the company. Inclusive of the ideas and recommendations aimed to enhance the internal control systems, the reports should be presented to the Top Management and the Audit & Risk Committee delegated by the board of directors.
2. Based on a recommendation from the Audit & Risk Committee and final approval of Board of Directors, the Internal Control appoints Compliance Officer with clear and independent supervision responsibilities covering the company's extent of compliance with the laws, regulations, and internal procedures. The Compliance Officer is responsible for monitoring the control of the company's activities; ensuring compliance with the laws as well as internal and external systems; and amending and updating the procedures used by the compliance control systems to ensure that work activities are performed in line with the highest standards applicable.
3. Internal Control Management provides a reasonable confirmation to the Audit & Risk Committee, delegated by the board of directors, regarding the operations effectiveness in achieving the Company's objectives.
4. Internal Control is managed in cooperation with the Risk and Compliance Management Department, and Internal Control Firm (Grant Thornton) as part of the internal audit and control plan reviewed by the Audit & Risk Committee on annual basis for proper recommendation of the same.

=> Internal Control Approach for Solving Significant Problems:

Internal Control performs its duties through five key departments (Finance and Accounting Department, IT Department, Investment Department, Administrative Affairs Department, and Risk and Compliance Management Department) where the Internal Control studies the company's big issues in details through the five departments, based on the nature of the issue, providing effective recommendations for solving the problem, to the Executive Management and Audit Committee, and regularly monitors the application of recommendations and provides relevant reports to the Audit & Risk Committee.

22. Enterprise Risk Management

1. The Company is committed to keep the risk management systems in line with the latest international criteria and standards in order to sustain our capabilities and efficiencies in that regard.
2. The Company believes that the strategic and applied efficiency and the practices adopted through "Corporate Risk Management" are a basic requirement of all the Company's departments.
3. The Corporate Risk management works persistently to set up the best frameworks and methodologies through which the Company can maintain its assets, possessions and development on the one part, and protect the interests of shareholders and stakeholders on the other part in addition to maintaining its compliance with the laws and regulations applicable in the fields of investment and operating activities practiced by the Company.
4. The Company has developed its own comprehensive scope for risk management based on relevant international methodologies. This scope is in line with the diligence, compliance and general policies adopted by the Company to define, assess and monitor the risks threatening it and to report the same to the concerned parties through appropriate methods.
5. Through that scope, the department in charge of risk affairs will periodically detect and assess the company-related risks and discuss the same with the Chairman and the executive management team in order to specify the best methods to deal with the risks that the Company may face. This ensures that the Risk Management Department is in line with the Company's strategic and commercial goals.
6. The Company is also working on implementing some procedures and practices to develop the business activities and increase the practical efficiency for dealing with the risks in such a significant department.
7. The Risk Management Department's Head works on presenting a periodic report on the Company's risk indicators in addition to submitting a semiannual report to CMA on the Company's risks. Such report shall be presented to the Audit & Risk Committee and the Board.

23. Whistleblowing Policy

- The Corporate Governance Manual includes the whistleblowing policy expressed through reliable procedures urging the employees to disclose any potential violations. The responsibility for overseeing and implementing the whistleblowing policy was assigned to the Company's Internal Control and responsible for providing the appropriate atmosphere for facilitating such job.

24. Disclosure and Investors Relations Policy

- We keep publishing all explanatory information and disclosures related to our operations and activities in a way that ensures sound dealing and gives confidence to shareholders and investors wherever required.
- As per the instructions of the CMA's Executive Regulations, the Company has followed the Shareholders Disclosure and Communication Policy requiring the Company to immediately disclose all quarterly and annual financial statements once they are finalized and approved by CMA. Besides, the Company complies with disclosing all essential information which affects the Company's financials and shareholders' equity. Furthermore, the Board is keen on reporting and disclosing, to the official authorities, shareholders and the public, the information that may affect the Company's share price and performance, once such information is available.
- The Company's Board of the Directors and Executive Management dedicated their efforts to provide communication channels so that the shareholders can contact them not only through the general assembly meetings, but also through the open door policy followed by the Company.

25. General information's about Stock Performance

SIC share performance market in 2015				SIC share performance in comparison with market index for year 2015		
Date	High Price/ Fils	Low Price/ Fils	Closing Price	Date	Market Index	SIC Share Price / Fils
31 Jan 2015	59	59	59	31 Jan 2015	6572.26	59
29 Feb 2015	74	74	74	29 Feb 2015	6601.43	74
31 Mar 2015	75	75	75	31 Mar 2015	6282.46	75
30 Apr 2015	47.5	47.5	47.5	30 Apr 2015	6377.00	47.5
31 May 2015	60	60	60	31 May 2015	6292.46	60
30 Jun 2015	50	50	50	30 Jun 2015	6202.95	50
31 Jul 2015	50	50	50	31 Jul 2015	6253.71	50
31 Aug 2015	50	50	50	31 Aug 2015	5820.56	50
30 Sep 2015	41	41	41	30 Sep 2015	5725.96	41
31 Oct 2015	40.5	40.5	40.5	31 Oct 2015	5775.36	40.5
30 Nov 2015	35	35	35	30 Nov 2015	5802.36	35
31 Dec 2015	33	33	33	31 Dec 2015	5615.12	33

26. The Company's Highlights During 2015

- During the second quarter of the year, the company has acquired Walpur4 a real estate company that owns property in Bad Hamburg - Germany, in partnership with a global asset management company, a partnership of 50% each.
- The company completed the procedures for transfer of ownership and registration of a property in Sharjah U.A.E. State with an approximate amount of 490 thousand Kuwaiti dinars.
- The company increased its ownership in Kuwait Financial Center Company to reach 23.38%.
- The most prominent event also in 2015 was the extraordinary annual general meeting, Capital Markets Authorities and other regulators' approval for the optional withdrawal of Strategia from Kuwait Stock Exchange.

27. Sustainable Development and Social Responsibility

From our responsibility towards society and our ongoing commitment to ethical role performance as required by laws and general norms and the importance of the broad concept of this responsibility and its impact on society as a whole, Strategia continues to focus on sustainable development and seeks to have an active role in the development of society through initiatives and partnerships that contribute to the interests of different segments of society.

The role of the company towards the social responsibility ensures, to some extent, to support all members of society to its goals and its development mission and recognition of its existence, as well as contributing to the needs of society and life and living requirements, in addition to creating new employment opportunities through participation in charitable and social projects of developmental nature.

The social responsibility takes Strategia beyond charity work, as it shows how the company manages economic, social and environmental impacts as well as our relations in all the key areas of these aspects.

Our community services include:

=> Our Human Resources

The human element is the most important resource of the company, so it is important to keep all the social responsibilities towards it and to develop and apply a strong relationship between the company and its employees. Some of social practices adopted by the company in this frame are:

- 1) Provide an opportunity for fresh graduates to raise their abilities and contribution in society
- 2) Support national workforce.
- 3) Rewards and incentives for personnel in accordance with the principle of efficiency and trustworthy.
- 4) Raise the morale of employees and spread the spirit of cooperation, motivation and encouragement among them.
- 5) Training and development. The company has launched several courses and training programs aimed to develop the skills of its staff and to expand their knowledge.
- 6) Safety and sound lifestyle.
- 7) Staff members' commitment to work.
- 8) Business diversification.
- 9) Integrity and credibility of business.
- 10) Recruitment and retention.
- 11) The company's commitment to apply the related laws and regulations and executing them fairly with its employees.

=> Social Initiatives

In pursuit of the company's management in participation, and contribution with the humanitarian initiatives to the categories that need support and care, Strategia Investment Company supported the Kuwaiti Association for Down Syndrome, one of the associations of public benefit publicized by the Ministry of Social Affairs and labor that's dealing with people with intellectual disabilities specially down syndrome category. Its goal is to care about this category from both gender and all age groups to rehabilitate and develop their mental abilities as well as individual and collective skills through the provision of educational and rehabilitative activities for them to be effective agents in the society in which they live.

Previously, Strategia Investment Company had donated the Kuwaiti Association for Down Syndrome in 2014 to contribute in supporting the activities to this category of persons with disabilities and has had a positive impact on them.

=> Support of National Workforce

Our interest in human development, particularly national resources, constitutes one of the most important pillars of our social responsibility. During 2015, some staff attended many courses organized by the Union of Investment Companies as well as attending a training program organized by the Institute of Banking Studies in order to qualify them on the vocational level and increase their practical expertise, which shall help the national economy to grow.

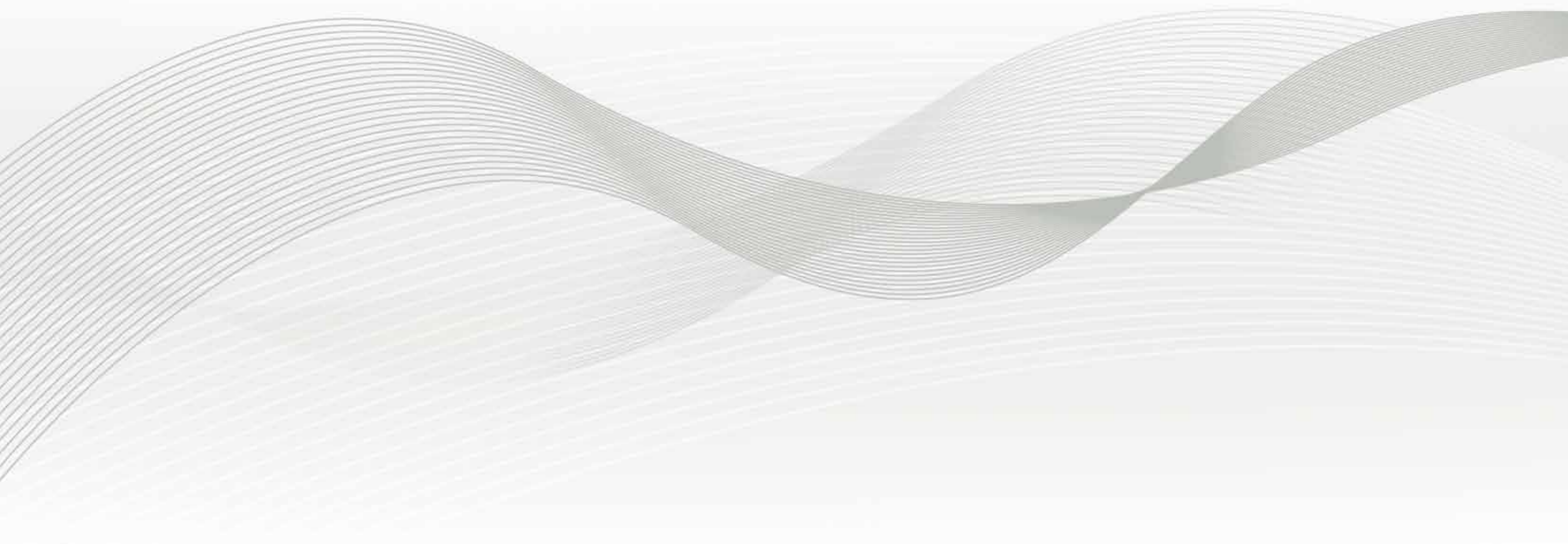
The Company's Office in USA trained qualified Kuwaiti fresh graduates, providing them with comprehensive knowledge about evaluation of investment opportunities, strategies and finance.

=> Internal Policies

Strategia seeks to have the corporate social responsibility integrated in the day-to-day company's operations. It looks for the proper coordination and communication between the company and all functional units, where the commitment towards social responsibility is translated to specific goals and included in corporate policies and procedures.

**Consolidated Financial Statements and
Independent Auditors' Report**

**For the year ended
31 December 2015**



Independent Auditors' Report to the Shareholders

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Strategia Investment Company - KSCP "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, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Parent Company Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

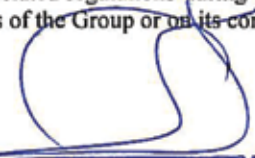
Opinion

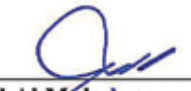
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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


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


Bader A. Al-Wazzan
Licence No. 62 A
Deloitte & Touche
Al Wazzan & Co.
Kuwait, 24 March 2016


Rabea Saad Al Muhanna
Licence No. 152 A
Horwath Al Muhanna & Co.

Note	2015	2014
Assets		
Cash and cash equivalents	654,328	8,705,257
Time deposits	6,500,000	-
Investments available for sale	3,796,975	3,949,731
Receivables and other debit balances	142,350	115,522
Investment in an associate and joint venture	19,627,895	20,408,083
Investment properties	1,595,027	1,095,451
Finance receivable	1,088,936	-
Other assets	12,972	20,943
Total assets	33,418,483	34,294,987
Liabilities and equity		
Liabilities		
Payables and other credit balances	518,183	449,604
Equity		
Share capital	30,000,000	30,000,000
Share premium	697,235	697,235
Statutory reserve	264,500	264,500
Voluntary reserve	26,449	26,449
Foreign currency translation reserve	12,483	21,187
Change in fair value reserve	286,791	163,072
Group share of an associate's reserve	(145,744)	454,677
Retained earnings	1,758,586	2,218,263
Total equity	32,900,300	33,845,383
Total liabilities and equity	33,418,483	34,294,987

The accompanying notes form an integral part of these consolidated financial statements


Soud Abdulaziz Al Mansour
Chairman


Mishal Nasser Habib
Vice Chairman & CEO

Consolidated Statement of Income
For the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Revenues			
Management fees		296,801	280,786
Investments loss	13	(171,000)	(107,215)
Shares of results from an associate	9	152,913	1,535,648
Interest income		132,112	74,014
Rental income		70,770	54,655
Foreign exchange gains		70,261	66,893
Provision (provided) / no longer required		(15,315)	235,885
Other income		83,445	9,921
		<u>619,987</u>	<u>2,150,587</u>
Expenses			
Staff costs		647,063	538,534
General and administrative expenses		393,068	422,801
Depreciation		39,533	34,340
Finance costs		-	20,774
		<u>1,079,664</u>	<u>1,016,449</u>
Net (loss) / profit before deductions		(459,677)	1,134,138
Kuwait Foundation for advancement of Science		-	(10,207)
Net (loss)/ profit for the year		<u>(459,677)</u>	<u>1,123,931</u>
(Losses) /earnings per share (fils)	14	<u>(1.53)</u>	<u>3.75</u>

The accompanying notes form an integral part of these consolidated financial statements

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

(All amounts are in Kuwaiti Dinars)

	2015	2014
Net (loss) / profit for the year	<u>(459,677)</u>	<u>1,123,931</u>
Other comprehensive income items		
<i>Items that may be reclassified subsequently to the statement of income</i>		
Change in fair value of investments available for sale	(270,724)	(169,064)
Transferred to statement of income from sale of investments available for sale	(4,184)	(29,981)
Impairment of investments available for sale	398,627	571,848
Foreign currency translation differences	(8,704)	(22,365)
Group's share of an associate's reserves	(600,421)	454,677
Total other comprehensive (loss) / income items	<u>(485,406)</u>	<u>805,115</u>
Total comprehensive (loss) / income for the year	<u>(945,083)</u>	<u>1,929,046</u>

The accompanying notes form an integral part of these consolidated financial statements

	Share Capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change in fair value reserve	Group's share of an associate reserve	Retained earnings	Total
Balance as of 1 January 2014	30,000,000	697,235	151,086	15,108	43,552	(209,731)	-	1,219,087	31,916,337
Net profit for the year	-	-	-	-	-	-	-	1,123,931	1,123,931
Transferred to reserves	-	-	113,414	11,341	-	-	-	(124,755)	-
Other comprehensive (loss) /income items	-	-	-	-	(22,365)	372,803	454,677	-	805,115
Balance as of 31 December 2014	30,000,000	697,235	264,500	26,449	21,187	163,072	454,677	2,218,263	33,845,383
Balance as of 1 January 2015	30,000,000	697,235	264,500	26,449	21,187	163,072	454,677	2,218,263	33,845,383
Net loss for the year	-	-	-	-	-	-	-	(459,677)	(459,677)
Other comprehensive (loss)/ income items	-	-	-	-	(8,704)	123,719	(600,421)	-	(485,406)
Balance as of 31 December 2015	30,000,000	697,235	264,500	26,449	12,483	286,791	(145,744)	1,758,586	32,900,300

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statements of Cash Flows
For the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Cash flow from operating activities			
Net (loss) / profit for the year		(459,677)	1,123,931
Adjustments:			
Depreciation		39,533	34,340
Finance costs		-	20,774
Investment loss		171,000	107,215
Share of result from an associate		(152,913)	(1,535,648)
Interest income		(132,112)	(74,014)
Provision provided / (no longer required)		15,315	(235,885)
Operating losses before changes in working capital		(518,854)	(559,287)
Receivables and other debit balances		3,483	298,752
Finance receivable		(1,104,251)	-
Payables and other credit balances		25,025	(15,678)
Net cash used in operating activities		(1,594,597)	(276,213)
Cash flow from investing activities			
Time deposits		(6,500,000)	-
Paid for purchase of investments available for sale		(381,692)	(584,030)
Proceeds from sale of investments available for sale		285,226	3,277,519
Paid for purchase of additional shares in an associate and joint venture		(326,877)	(101,306)
Dividends received from an associate		659,557	1,090,404
Paid for purchase of investment properties		(494,222)	(1,114,502)
Paid for purchase of property and equipment		(2,066)	(21,086)
Dividends received		201,941	309,220
Interest income received		101,801	71,209
Net cash (used in) / generated from investing activities		(6,456,332)	2,927,428
Cash flow from financing activities			
Settlement of bank facilities		-	(3,000,000)
Finance costs paid		-	(20,774)
Net cash used in financing activities		-	(3,020,774)
Decrease in cash and cash equivalents		(8,050,929)	(369,559)
Cash and cash equivalents at the beginning of the year		8,705,257	9,074,816
Cash and cash equivalents at the end of the year	5	654,328	8,705,257

The accompanying notes form an integral part of these consolidated financial statements

1. Incorporation and activities

Strategia Investment Company KSCP is a Kuwaiti shareholding Company Public incorporated in Kuwait in 1998 and is regulated by the Central Bank of Kuwait and Capital Markets Authority. The Parent Company was listed in the Kuwait Stock Exchange on 3 December 2008. On 8 July 2015 based on the shareholders extraordinary General Assembly meeting, the Company has voluntarily elected to delist from Kuwait stock exchange effective from 1 March 2016. The Company has obtained the approval from CMA to delist on 31 August 2015.

The objectives of the Parent Company are:

Financial investment operations in all economic sectors by all legal means deemed appropriate by the Company to achieve its objectives inside and outside Kuwait for its benefit or others, including:

- Sale and purchase of financial securities for the Company and others with no violation to provisions of law.
- Lending or borrowing and issuing bonds as per Law and financing the foreign trade operations.
- Carrying out financial brokerage operations and managing investments for others.
- Providing and preparing studies and technical, economic and revaluation consultancies, as well as studying the related investment projects and preparing the necessary studies for those institutions and companies (provided the necessary conditions should be met).
- Establishing or participating in the establishing of companies of all types, objectives and nationalities and deal in selling and purchasing of shares, bonds and financial rights of those companies.
- Managing financial and real estate portfolios for the company and for others and investing and developing its customers' funds through placing them in all aspects of local and global investment.
- Investing in real estate, industrial, agricultural and other economic sectors either directly or by contributing in the establishment of specialized companies or purchasing shares or bonds of those companies in different sectors.
- Establishing, managing and marketing investment funds of all types as per Law.
- Carrying out the function of bonds issuing manager, which are issued by companies and authorities, and investment custodian's functions.
- Dealing and trading in the foreign exchange market and precious metals market inside and outside Kuwait for the company's benefit only.
- Providing all services that assist developing and supporting the ability of the financial and monetary market in Kuwait within limits of Law and as per CBK's instructions and procedures through offering new trading financial instruments or providing consulting services to Kuwait Stock Exchange's management and other services.

The Company may have an interest or participate in any way in any entity that conducts similar business or which may assist it to achieve its objectives inside and outside Kuwait and it may also purchase such entities or affiliate thereof to it.

The Parent Company's registered office is at Al Nassar Tower, Fahed Al Salem Street, P.O. Box 1346, Kuwait.

The consolidated financial statements include the financial statement of the Parent Company and its subsidiaries, which are fully owned and mentioned below together referred to as "the Group".

Name	Place of Incorporation	Principal Activity	Equity interest (%)
Strategia Investors Inc.	United States	Investment manager & advisor	100
Marquee Fund Manager Limited	United Kingdom	Investment manager & advisory services	100
Strategia Investors Service Limited	Antigua & Bermuda	Investment manager & advisor to a real estate fund	100
Strategia Private Equity Limited	Cayman Islands	Investment	100

For the purposes of consolidation, it had been relied on management accounts prepared by the management of subsidiaries. The total assets of these subsidiaries amounted to KD 1,761,749 as of 31 December 2015 (KD 1,775,105 - 31 December 2014), and net losses amounted to KD 46,789 for the year ended 31 December 2015 (KD 1,826 for the year ended 31 December 2014).

The consolidated financial statements for the year ended 31 December 2014 were authorized by the Parent Company's shareholders on 20 May 2015 and approved not to distribute dividends.

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

The consolidated financial statements for the year ended 31 December 2015 were authorized for issue by the Parent Company's Board of Directors on 24 March 2016.

2. Basis of preparation and Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as adopted for use in the State of Kuwait for financial institution regulated by the Central Bank of Kuwait and Capital Markets Authority. The consolidated financial statements have been prepared based on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs that are mandatory effective for the current year

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments should applied retrospectively.

This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

Annual improvements 2011-2013 Cycle

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements

The Group has applied the amendments to IFRSs included in the annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle for the first time in the current year. The application of these amendments has had no impact on the disclosures or amounts recognized in the group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The group is in the process of assessment the impact of IFRS 9 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The group is in the process of assessment the impact of IFRS 15 on its consolidated financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*.

The amendments should be applied prospectively to acquisitions of interests in joint operations occurring from the beginning of annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

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

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisations

The Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.

The Amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group use the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets. These amendments are not expected to have any impact on 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 the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint

venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is 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. These amendments are not expected to have any impact on the Group

Annual Improvements 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:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits

2.3 Significant Accounting Policies

2.3.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities (including structured entities) controlled by the Parent Company and its subsidiaries. Control is achieved when the 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.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over 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 Group gains control until the date when Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiaries 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 in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group'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 recognised directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

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 acquiree and the fair value of the acquirer's previously held interest in the acquiree (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.

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 (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

Goodwill

Goodwill arising on an acquisition of subsidiaries is carried at cost as established at the date of acquisition of the subsidiaries less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets".

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or a joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or a joint venture that are not related to the Group.

2.3.2 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The Group has determined the classification of its financial assets as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, time deposits and cash and cash equivalent) are measured at amortised cost using the effective interest method, less any impairment.

Available for sale (AFS)

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale is re-measured at fair value. The fair value is determined in the manner described in note (3.3).

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other comprehensive income.

Impairment in value

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment loss recognised 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the year.

For financial assets measured at amortised cost, 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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged and expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.3.3 Investment properties

Investment properties held by the Group are the properties held for capital appreciation or to earn rental income. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investments properties are carried out at historical cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on the building is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful life of 39 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the year of derecognition.

2.3.4 Property and equipment

Property 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. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditure is capitalized.

Depreciation is calculated based on estimated useful life of the applicable assets. 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 assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income.

2.3.5 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the statement of income for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.3.6 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.3.7 End of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment, regarding the labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the financial position date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.8 Revenue recognition

Gain on sale of investments is recognised at the completion of the transaction. Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis based on the maturity dates of the related assets by using the effective yield method. Management and subscription fees are recognized when the services are provided.

2.3.9 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. All other leases 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 of the Group at their fair value at the inception of the 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 on a straight-line basis over the lease term.

2.3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3.11 Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses are resulted from the settlement of such transactions and from the translation at year-end in the statement of income.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows (other than companies which are operating in high inflation countries):

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position.
- Income and expenses for each statement of income are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of other comprehensive income items.

2.3.12 Dividends

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

2.3.13 Fiduciary assets

Assets which are kept by the Group as an agency or under a fiduciary capacity are not considered as Group's assets.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value of interest rate risk, risks of fluctuations in cash flows resulted from changes in interest rates and market price risk), credit risk and liquidity risk.

(a) Market risk

Foreign currency risks

The Group is exposed to the risk of foreign currency resulting primarily from dealing in financial instruments with US Dollar. The risk of foreign exchange is resulting from future transactions on financial instruments in foreign currency recorded in the consolidated financial statements of the Group.

The Group has set policies for managing foreign exchange risk through careful monitoring of changes in currency rates and its respective impact on the financial position of the Group, during the year. Also the Group is dealing with financial institutions with high experience in this field to provide the Group with necessary advisory in case of any significant change in foreign currencies' rates.

In case of a change in the US Dollar against the Kuwaiti Dinar by 5% as of 31 December, the Group's profit would have changed by KD 87,396 and equity would have changed by KD 12,062 (2014: profit KD 93,709 and equity KD 29,386).

Following is the net position of the foreign currencies as of 31 December:

	2015	2014
US\$ Surplus	1,989,152	2,461,905

Price risk

Price risk is the risk arising from fluctuation of financial instrument value resulting from changes in market price. The Group is exposed to the price risk arising from its investments that are classified in the consolidated financial statement as available for sale investments.

For managing this risk, the Group is monitoring market prices of these investments, and performing a periodic evaluation of the financial statements of the investees and determining its fair values through financial data available for these investments.

The following sensitivity analysis shows the impact of the change in the index of the stock market on the Group's equity. This analysis is based on the index change by 5% with all other variables held constant.

	Impact on equity	
	2015	2014
Kuwait Stock Exchange	55,010	88,407

Cash flow and fair value Interest rate risk

Financial assets and liabilities affected by interest rate fluctuations are cash deposits and bank loans. The interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to interest rate risk arises from deposits and bank facilities bearing variable interest rates, which expose the Group to the risk of cash flow fluctuations, resulted from changes in interest rate.

The Group is managing this risk by locking the deposits for a short-term period relatively. The Group is periodically studying the factors related to interest rates to assess the possibility of an increase or decrease in interest rates for future periods, and the related impacts on the Group's cash flows and profits in addition to take the necessary action in order to mitigate such impact.

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations.

Credit risk is managed by the Group by monitoring credit policy on regular basis taking into account to maintain non-concentration of credit risk.

Credit risk is highly concentrated in cash and cash equivalents, time deposits and receivables. The Group keeps its cash and cash equivalents and time deposits in financial institutions with high credit reputation. The Group grants credit only within the limits of the requirements and the normal course of business taking into consideration its financial position, past experience and reputation.

(c) Liquidity risk

The liquidity risk is the risk that the Group becomes unable to settle its liabilities when due.

The management of liquidity risk is mainly to maintain sufficient balance of cash, highly liquid financial instruments and financial resources are made available to meet the needs of liquidity.

The Group monitors liquidity risk by maintaining Group of highly liquid financial investments. This facilitates the Group, the availability of liquidity when needed. In addition, the Group studies the extent of liquidity in these investments on a regular basis and adjusts the components of these assets when this is necessary.

All outstanding liabilities as of 31 December 2015 and 2014 will mature within one year from the consolidated financial statements date.

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and equity of the Group comprising issued capital, reserves and retained earnings.

The Parent Company's current strategy is to rely on the self-finance for the Group's activities instead of depending on debts, and to maintain the external finance at minimum.

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- **Level one:** Quoted prices in active markets for identical financial instruments.
- **Level two:** Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- **Level three:** Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets are determined:

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/15	31/12/14				
Investments available for sale						
- Quoted Shares	2,578,281	2,540,000	1	Last bid price	N/A	N/A
- Funds	90,758	281,794	2	Net assets value	N/A	N/A

The unquoted shares are carried at cost less accumulated impairment.

The fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis approximately equals their carrying values as of the consolidated financial statements date.

4. Critical accounting estimates and judgments and sources of estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources concerning current period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years.

Valuation of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability the Group uses market observable data to the extent it is available. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in (note 3.3).

Impairment of investments

Management determines the impairment in investments available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The impact of such impairments in these consolidated financial statements is disclosed in note (13).

Impairment of Receivables

The Group's management determines impairment of receivables in the light of the Group's previous experience about collectability, overdue period, change in global and local economies which led the customers to default in payment. The impact of such impairments in these consolidated financial statements is disclosed in note (8).

Impairment in associate

The Group calculates the recoverable amount for its investments in associate if there is an indication of an impairment to determine whether there is any impairment should be recorded.

Recoverable amount is calculated based on the value in use or fair value less cost to sell whichever is higher. In estimating the value in use, cash flows which are based on the associate's business plans are discounted using the relevant discount rate and the terminal value is calculated by estimating the terminal growth rates. In case of difficulty to obtain such information, the recoverable amount is calculated based on the adjusted book value taking into consideration the market conditions and the difficulties that may be faced by the investee. These involve high degree of estimates.

5. Cash and cash equivalents

	2015	2014
Cash on hand and at banks	653,889	2,204,834
Time deposits (less than 3 months)	-	6,500,000
Cash in investment portfolios	439	423
	654,328	8,705,257
(%) The average effective interest rate on time deposits	-	1

6. Time deposits

The average interest rate on time deposits during the year ended 31 December 2015 is 1.25%. (31 December 2014: Nil)

7. Investments available for sale

	2015	2014
Quoted shares	2,578,281	2,540,000
Unquoted shares	1,127,936	1,127,936
Funds	90,758	281,795
	3,796,975	3,949,731

The fair value has been determined based on valuation basis mentioned in note (3.3).

Unquoted shares are carried at cost, less impairment, due to unavailability of market values for these investments and whose fair values cannot be reliably measured. The management believes that there is no indication of impairment in these investments.

Below is the currency analysis of the investments available for sale as at 31 December:

	2015	2014
Kuwaiti Dinar	3,155,781	3,117,501
US Dollar	641,194	832,230
	3,796,975	3,949,731

8. Receivables and other debit balances

	2015	2014
Management fees – net	64,714	65,609
Receivables	472,388	437,631
Prepaid expenses	27,737	34,771
	564,839	538,011
Provision for doubtful debts	(422,489)	(422,489)
	142,350	115,522

The movement for provision for doubtful debts is as follows:

	2015	2014
Balance as at 1 January	422,489	658,374
Recovery during the year	-	(235,885)
Balance as at 31 December	422,489	422,489

9. Investment in an associate and joint venture

9.1 Investment in an associate

Company's name	Place of Incorporation	Principal Activity	Proportion of ownership (%) interest	
			2015	2014
Kuwait Financial Center	Kuwait	Investment management and financial advisory	23.38	22.79

The Group's share in the associate's result is based on the reviewed financial information for the nine months period ended 30 September 2015. Summarized financial information of the associate as of 30 September is as follows:

	2015	2014
Total assets	144,894,000	144,078,000
Total liabilities	35,787,000	30,616,000
Revenues	8,877,000	15,453,000
Profits for the year	2,390,000	6,310,000
Total other comprehensive income	731,000	7,439,000
Dividend received from the associate during the year	659,557	1,090,404

Movement on investments balance in the associate during the year are as follows:

	2015	2014
Balance as at 1 January	20,408,083	19,406,856
Additions during the year	301,092	101,306
Cash dividends	(659,557)	(1,090,404)
Group's share in associate's results	152,913	1,535,648
Group's share in associate's reserves	(600,421)	454,677
	19,602,110	20,408,083

Following is the reconciliation of the above summarized financial information to the carrying amount of Group's interest recognized in the consolidated financial statements:

	2015	2014
Net assets of the associate	94,030,000	98,835,000
Group ownership percentage (%)	23.38	22.79
Other adjustments	(2,382,104)	(2,116,414)
	19,602,110	20,408,083

The fair value of investment in an associate amounted to KD 11,240,760 (2014: KD 12,055,626) as of the consolidated financial statements date.

9.2 Investment in joint venture

During the year, the Group signed a joint venture agreement with a third party to participate equally in one of the real estate companies that owns properties in Germany. The investment amount in this venture is KD 25,785 as of 31 December 2015.

The agreement also included granting a finance to this company amounting to KD 1,104,251 by the Group in order to support its activities and business. This finance is due on 31 March 2019 and general provision has been made for this finance amounting to KD 15,315. (Note 15)

The interest rate on this finance is 8.75% per year.

10. Investment properties

All investment properties are located outside Kuwait and categorised as follow:

	2015	2014
Land	494,222	-
Developed property	1,100,805	1,095,451
	1,595,027	1,095,451

The fair value of investment properties with an amount of 1.6 million as of 31 December 2015 has been determined based on valuations prepared by independent valuers, who are industry specialised in valuing such type of investment properties.

The lands are valued based on market approach for similar properties and recent arm length market transactions adjusted for difference in nature, location or condition of the specific property.

The fair value of developed property was determined based on capitalization of net income method, where the market rental of all lettable units of the properties are assessed by reference to the rental achieved and letting of similar properties in neighbourhood.

11. Payables and other credit balances

	2015	2014
Accrued expenses	58,083	55,500
Others	460,100	394,104
	518,183	449,604

12. Share capital and reserves

12.1 Share capital

The authorized, issued and paid up capital as of 31 December 2015 is KD 30 million allocated over 300 million shares with par value of 100 fils per share and all shares are in cash (2014: KD 30 million allocated over 300 million shares).

12.2 Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of net profit before Board of Directors' remuneration, National Labor Support Tax, Zakat expense and KFAS are transferred to statutory reserve. When the balance of the reserve exceeds 50% of share capital, the General Assembly is permitted to discontinue this transfer. The reserve could be utilized to secure payment of a dividend of 5% of share capital in years when retained earnings are not sufficient for payment of dividends. No transfer has been made for the current year since the Group has incurred losses.

12.3 Voluntary reserve

In accordance with the Parent Company's Articles of Association, 1% of net profit before Board of Directors' remuneration, National Labor Support Tax, Zakat expense and KFAS as proposed by the Board of Directors and approved by the General Assembly is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the General Assembly based on the proposal of the Board of Directors. No transfer has been made for the current year since the Group has incurred losses.

13. Investments loss

	2015	2014
Gain on sale of investments available for sale	25,686	155,413
Cash dividends	201,941	309,220
Impairment losses	(398,627)	(571,848)
	(171,000)	(107,215)

14. (Losses) / earnings per share

(Losses) / earnings per share are computed by dividing net (loss) / profit for the year attributable to the shareholders of the Parent Company by the weighted average number of outstanding ordinary shares during the year as follows:

	2015	2014
Net (loss) / profit for the year	(459,677)	1,123,931
Weighted average number of outstanding ordinary shares	300,000,000	300,000,000
(Losses) / earnings per share (fils)	(1.53)	3.75

15. Related party transactions

Related parties are the shareholders of Parent Company who are represented in Board of Directors as well as major shareholders and the companies in which any of its members is at the same time a board member in the Company's Board of Directors and associated companies. In the ordinary course of business, the Group has carried out some transactions during the year with related parties. Transactions and balances are included in the consolidated financial statements as follows:

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	2015	2014
Transactions		
Salaries and other benefits	291,208	238,333
End of service indemnity	37,191	47,147
Interest income	71,655	-
Committee remuneration	35,000	60,000
	2015	2014
Balances		
Finance receivable (note 9)	1,088,936	-
Payables and other credit balances	281,599	264,071

Related parties transactions are subject to approval of shareholders' general assembly.

16. Fiduciary Assets

The Group manages portfolios on behalf of customers and maintains cash balances and securities in fiduciary accounts which are not reflected on the Group's consolidated financial statements. The aggregate net asset value held in a fiduciary capacity by the Group is KD 20,971,037 as of 31 December 2015 (KD 28,143,343 as of 31 December 2014).

17. Segment information

In the purpose of management, the Group organizes its operations in main two sectors of business. The following are the main activities and services that are underlined in such two sectors.

Investment activities: Investing in securities, funds, properties lending to corporate and individual customers and managing the Group's liquidity requirements.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the return on investments. The Group does not have any significant inter-segment transactions.

The following table presents segment revenues, profits, assets and liabilities regarding the Group's business segments:

	2015		
	Investment activities	Asset management and advisory services	Total
Segment revenues	323,186	296,801	619,987
Net (loss) / profit	(740,662)	280,985	(459,677)
Segment assets	33,373,139	45,344	33,418,483
Segment liabilities	469,583	48,600	518,183

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	2014		
	Investment activities	Asset management and advisory services	Total
Segment revenues	1,869,801	280,786	2,150,587
Net (loss) / profit	864,157	259,774	1,123,931
Segment assets	32,585,790	1,709,197	34,294,987
Segment liabilities	410,604	39,000	449,604

Geographical distribution of Group's revenues, profits, assets and liabilities is set out below:

	2015			
	Middle East	USA	Europe	Total
Segment revenues	119,532	162,242	338,213	619,987
Net profits	(792,678)	48,969	284,032	(459,677)
Assets	30,638,822	1,558,689	1,220,972	33,418,483
Liabilities	469,583	19,294	29,306	518,183
	2014			
	Middle East	USA	Europe	Total
Segment revenues	1,773,773	147,978	228,836	2,150,587
Net profits	918,993	21,115	183,823	1,123,931
Assets	32,222,475	1,700,636	371,876	34,294,987
Liabilities	410,522	7,025	32,057	449,604

Confirmation about the data in the report

- 1 - The Board of Directors confirms that there are no substantial matters which may affect the continuation of the company in the next fiscal year.
- 2 - The Board of Directors confirms its responsibility for the preparation of the financial statements and the provision of an effective control system in the company.

Mr. Soud Abdulaziz Al-Mansour Chairman	Mr. Mishal Nasser Habib Vice Chairman & CEO	Mr. Hassan Kamal Caedbey Board Member
		
Mr. Jamal Abdullah Al-Saleem Board Member	Mrs. Amani Ibrahim Al-Omani Board Member	Mr. Ghazi Ahmed Al-Osaimi Board Member
		

- 3 - We, the undersigned below, confirm the accuracy and completion of the information and statements set out in the report.

Mr. Soud Abdulaziz Al-Mansour Chairman	Mr. Mishal Nasser Habib Vice Chairman & CEO	Mr. Ahmed Mohamad Sobhy Chief Financial Officer
		

