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Kuwait Pillars For Financial Investment (K.S.C.C)
(Formerly - Strategia Investment Company – KSCP)
And its subsidiaries
State of Kuwait

Consolidated Financial Statements and
Independent Auditor Report
For the year ended 31 December 2016

Kuwait Pillars For Financial Investment (K.S.C.C)
(Formerly - Strategia Investment Company – KSCP)
And its subsidiaries
State of Kuwait

Consolidated Financial Statements and
Independent Auditor Report
For the year ended 31 December 2016

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Independent Auditor's Report

To the Shareholders of Kuwait Pillars For Financial Investment (K.S.C.C)
(Formerly - Strategia Investment Company – KSCP)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Pillars For Investment - KSCC (Formerly Strategia Investment Company - KSCP) (the "Parent Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2016, and 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

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Independent Auditors' Report

To the Shareholders of Kuwait Pillars For Financial Investment (K.S.C.C)
(Formerly - Strategia Investment Company – KSCP)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Parent Company's 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 its executive regulations 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 and its executive regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2016 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 2016, that might have had a material effect on the business of the Group or on its consolidated financial position.

Bader A. Al-Wazzan
License No. 62A
Deloitte & Touche
Al-Wazzan & Co.

Kuwait, 29 March 2017

Kuwait Pillars For Financial Investment -K.S.C.C
(Formerly - Strategia Investment Company – KSCP)
And its subsidiaries
State of Kuwait

Consolidated Statement of Financial Position as of 31 December 2016

(All amounts are in Kuwaiti Dinars)

	Note	2016	2015
Assets			
Cash and cash equivalents	5	1,224,420	654,328
Time deposits		-	6,500,000
Investments available for sale	6	3,492,202	3,796,975
Investments held to maturity	7	1,650,000	-
Receivables and other debit balances	8	247,608	142,350
Investment in an associate and joint venture	9	19,480,077	19,627,895
Investment properties	10	1,625,131	1,595,027
Finance receivables	11	5,506,753	1,088,936
Other assets		10,177	12,972
Total assets		33,236,368	33,418,483
Liabilities and equity			
Liabilities			
Payables and other credit balances	12	609,502	518,183
Equity			
Share capital	13.1	30,000,000	30,000,000
Share premium		697,235	697,235
Statutory reserve	13.2	357,484	264,500
Voluntary reserve	13.3	35,747	26,449
Foreign currency translation reserve		9,318	12,483
Change in fair value reserve		74,129	286,791
Group's share of an associate's reserve		(850,512)	(145,744)
Treasury shares	14	(282,682)	-
Retained earnings		2,586,147	1,758,586
Total equity		32,626,866	32,900,300
Total liabilities and equity		33,236,368	33,418,483

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

Ghazi Ahmed Al Osaimi
Chairman

Mishal Nasser Habib
Vice Chairman & CEO

Kuwait Pillars For Financial Investment -K.S.C.C
(Formerly - Strategia Investment Company – KSCP)
And its subsidiaries
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Consolidated Statement of Income for the year ended 31 December 2016

(All amounts are in Kuwaiti Dinars)

	Note	2016	2015
Revenues			
Management fees		179,832	296,801
Investments income/ (loss)	15	235,938	(171,000)
Shares of results from an associate	9	1,091,573	152,913
Interest income		245,319	132,112
Rental income		72,825	70,770
Other income		154,232	138,391
		1,979,719	619,987
Expenses			
Staff costs		655,925	647,063
General and administrative expenses		353,758	393,068
Depreciation		40,193	39,533
		1,049,876	1,079,664
Net profit/ (loss) for the year		929,843	(459,677)
Earnings/ (losses) per share (fils)	16	3.11	(1.53)

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

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

(All amounts are in Kuwaiti Dinars)

	2016	2015
Net profit/ (loss) for the year	**929,843**	**(459,677)**
Other comprehensive income items		
Items that are or may be reclassified subsequently to the consolidated statement of income		
Change in fair value of investments available for sale	(219,255)	(270,724)
Transferred to the consolidated statement of income from sale of investments available for sale	(7,957)	(4,184)
Impairment of investments available for sale	14,550	398,627
Foreign currency translation differences	(3,165)	(8,704)
Group's share of an associate's reserves	(704,768)	(600,421)
Total other comprehensive loss items	(920,595)	(485,406)
Total comprehensive income/ (loss) for the year	9,248	(945,083)

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

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

(All amounts are in Kuwaiti Dinars)

	Share Capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change in fair value reserve	Group's share of an associate reserve	Treasury shares	Retained earnings	Total
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)
Total comprehensive (loss) / income	-	-	-	-	(8,704)	123,719	(600,421)	-	(459,677)	(945,083)
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**
Balance as of 1 January 2016	**30,000,000**	**697,235**	**264,500**	**26,449**	**12,483**	**286,791**	**(145,744)**		**1,758,586**	**32,900,300**
Net profit for the year	-	-	-	-	-	-	-	-	929,843	929,843
Other comprehensive loss items	-	-	-	-	(3,165)	(212,662)	(704,768)	-	-	(920,595)
Total comprehensive (loss) /income	-	-	-	-	(3,165)	(212,662)	(704,768)	-	929,843	9,248
Purchase of treasury shares	-	-	-	-	-	-	-	(282,682)	-	(282,682)
Transfer to reserves	-	-	92,984	9,298	-	-	-	-	(102,282)	-
Balance as of 31 December 2016	**30,000,000**	**697,235**	**357,484**	**35,747**	**9,318**	**74,129**	**(850,512)**	**(282,682)**	**2,586,147**	**32,626,866**

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

Kuwait Pillars For Financial Investment -K.S.C.C
(Formerly - Strategia Investment Company – KSCP)
And its subsidiaries
State of Kuwait

Consolidated Statement of Cash Flows for the year ended 31 December 2016

(All amounts are in Kuwaiti Dinars)

	Note	2016	2015
Cash flow from operating activities			
Net profit/ (loss) for the year		929,843	(459,677)
Adjustments:			
Depreciation		40,193	39,533
Investment (income)/ loss		(235,938)	171,000
Share of result from an associate		(1,091,573)	(152,913)
Interest income		(245,319)	(132,112)
Other income		(169,014)	-
Provision provided during the year		43,718	15,315
Operating losses before changes in working capital		(728,090)	(518,854)
Receivables and other debit balances		63,756	3,483
Finance receivables		(4,461,535)	(1,104,251)
Payables and other credit balances		79,040	25,025
Net cash used in operating activities		(5,046,829)	(1,594,597)
Cash flow from investing activities			
Time deposits		6,500,000	(6,500,000)
Paid for purchase of investments available for sale		(24,402)	(381,692)
Proceeds from sale of investments available for sale		117,959	285,226
Purchase of investments held to maturity		(1,650,000)	-
Paid for purchase of additional shares in an associate		(28,883)	(326,877)
Dividends received from an associate		563,505	659,557
Paid for purchase of investment properties		(50,737)	(494,222)
Purchase of treasury shares		(282,682)	-
Paid for purchase of property and equipment		(7,650)	(2,066)
Dividends received		234,492	201,941
Interest income received		245,319	101,801
Net cash generated from/ (used in) investing activities		5,616,921	(6,456,332)
Net increase / (decrease) in cash and cash equivalents		570,092	(8,050,929)
Cash and cash equivalents at the beginning of the year		654,328	8,705,257
Cash and cash equivalents at the end of the year	5	1,224,420	654,328

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

1. Incorporation and activities

Kuwait Pillars For Financial Investment-KSCC (Formerly Strategia Investment Company-KSCP) is a Kuwaiti shareholding Company 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 extraordinary General Assembly meeting of shareholders dated 4 October 2016 approved to change the name of the Company as "Kuwait Pillars For Financial Investment (K.S.C.C.)". This has been authenticated in the Commercial Register dated 24 October 2016.

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
Strategia Investors Inc.	United States	Investment manager and advisor
Marquee Fund Manager Limited	United Kingdom	Investment manager and advisory services
Strategia Investors Service Limited	Antigua and Burmuda	Investment manager and advisor to a real estate fund
Strategia Private Equity Limited	Cayman Islands	Investment

For the purposes of consolidation, it had been relied on management accounts prepared by the management of the subsidiaries. The total assets of these subsidiaries amounted to KD 1,718,645 as of 31 December 2016 (KD 1,761,749 - 31 December 2015), and net losses amounted to KD 34,898 for the year ended 31 December 2016 (KD 46,789 for the year ended 31 December 2015).

The new Companies Law No. 1 of 2016 was published in the Official Gazette on 1 February 2016, which cancelled the Companies Law No 25 of 2012, and its amendments. According to Article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016, which cancelled the Executive Regulations of Law No. 25 of 2012. Companies should make necessary arrangement to be in compliance with provisions of the new law within six months from the executive regulation effective date.

The consolidated financial statements for the year ended 31 December 2015 were authorized by the Parent Company's shareholders on 30 May 2016 and approved not to distribute dividends.

The consolidated financial statements for the year ended 31 December 2016 were authorized for issue by the Parent Company's Board of Directors on 16 March 2017. The General Assembly for the shareholders has the authority to amend the consolidated financial statements after issuance.

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 Standards (IFRSs) 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 certain 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 (IFRS)

2.2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these consolidated financial statements. The application of these revised IFRSs has had no any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

2.2.2 New and revised IFRS in issue but not yet effective

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

New and revised IFRSs

Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28. The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Effective for annual periods beginning on or after 1 January 2017.

Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive. Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

The IFRS 9 in its final form is effective for annual periods beginning on or after 1 January 2018. IFRS 9 contains accounting requirements for financial instruments and replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. 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.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 Leases

IFRS 16 was issued on January 2016 with an effective date of annual periods beginning on or after 1 January 2019. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. The effective date of these amendments are deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Group in the period of initial application.

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of its leases.

However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Parent Company performs a detailed review.

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 losses 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 consolidated 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: 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.

Investments held to maturity

Held to maturity investments are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold to maturity. Held to maturity investments are measured at amortised cost, less provision for impairment in value, if any. The losses arising from impairment of such investments are recognized in the consolidated statement of income. The interest income from debt securities classified as held to maturity is recorded in the statement of 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 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.

2.3.11 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.

2.3.12 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, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of three types of risks: currency risk, interest rate risk and equity price 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 72,158 and equity would have changed by KD 9,229 (2015: profit KD 87,396 and equity KD 12,062).

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

	2016	2015
US$ Surplus	1,627,741	1,989,152

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	
	2016	2015
Kuwait Stock Exchange	51,727	55,010

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from time deposits and bonds. The bonds placed at variable rates expose the Company to cash flow interest rate risk.

The Group manages interest rate risk by diversification of interest rates between fixed and variable and borrowing funds at market linked floating interest rates and placing time deposits at the best available rates.

At 31 December 2016, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, profit for the year would have been lower/higher by KD 4,125 (2015: KD 16,250).

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 discharges 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 , receivables, finance receivables and debt instruments. The Group keeps its cash and cash equivalents and time deposits in financial institutions with high credit reputation and invests in bonds which have been issued from financial companies and 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.

Maximum exposure to credit risk

An analysis of the Groups financial assets before taking into account other credit enhancement is as follows:

	2016	2015
Cash at banks (except cash on hand)	1,223,920	653,828
Other receivables	216,331	114,613
Finance receivables	5,684,589	1,415,999
Investments held to maturity	1,650,000	-
	8,774,840	2,184,440

(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 2016 and 2015 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 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
	31/12/16	31/12/15				
Investments available for sale						
- Quoted Shares	2,293,904	2,578,281	1	Last bid price	-	-
- Funds	70,362	90,758	2	Net assets value	-	-

The unquoted shares are carried at cost less accumulated impairment, (if any).

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

In the application of the Group's accounting policies, the management are required to make judgments and estimates 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 of the revision and future periods if the revision affects future periods.

Judgements:

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

Classification of investments

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

The Group classifies investments as "at fair value through statement of income" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through statement of income at acquisition, when their fair values can be reliably estimated. All other investments are classified as "available for sale".

Sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainity at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the financial statements. The Group's management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate, in case no observable market data is available the Group uses an external valuer qualified to do the valuation. Information regarding the required valuation techniques and inputs used to determine the fair value of financial assets and liabilities is disclosed in notes (3.3 and 10).

Evidence of impairment of investments

The Group treats available for sale investments as impaired when there has been a significant or prolonged decline in the value of available for sale investments. The determination of what is "significant" or "prolonged" requires significant judgment in this regard. 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.

Impairment of associates

Impairment testing of the associate is carried out when there is an indication of such impairment. Impairment is assessed for the entire carrying value of the Group's investment in the associate including goodwill, therefore no impairment study for goodwill is required independently (note 9.1).

Impairment of receivables

Impairment of receivables is assessed on basis of the Group's past experience of probability of collection, an increase in the number of days late of making payment beyond the average credit period, as well as observable changes in domestic and international economic conditions that default on repayment. Impairment of due receivable balances is recognized when there are satisfactory reasons that other parties cannot pay as per the original contractual conditions (note 11) sets out the impact of that on the consolidated financial statements.

5. Cash and cash equivalents

	2016	2015
Cash at banks	1,223,478	653,389
Cash on hand	500	500
Cash in investment portfolios	442	439
	1,224,420	654,328

6. Investments available for sale

	2016	2015
Quoted shares	2,293,904	2,578,281
Unquoted shares	1,127,936	1,127,936
Funds	70,362	90,758
	3,492,202	3,796,975

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.

7. Investments held to maturity

During the current year, the Group has subscribed in local bonds that carry interest at floating and fixed rates. The weighted average interest rates on these bonds is 5.625% per annum (2015: Nil). The bonds have maturity dates ranging between 5 to 10 years from the end of the reporting period. The balance includes an amount of KD 850,000 represented in bonds which have been issued by related parties (note 17).

8. Receivables and other debit balances

	2016	2015
Management fees – net	17,353	64,714
Receivables – net of provisions	198,978	49,899
Prepaid expenses	31,277	27,737
	247,608	142,350

9. Investment in an Associate and Joint Venture

9.1 Investment in an Associate

Company's name	Place of Incorporation	Principal Activities	Proportion of ownership interest (%) 2016	2015
Kuwait Financial Center	Kuwait	Investment management and financial advisory	23.45	23.38

The Group's share in the associate's result in based on the audited financial statements for the year ended 31 December 2016. Summarized financial information of the associate as of 31 December is as follows:

	2016	2015
Total assets	147,589,000	135,735,000
Total liabilities	63,473,000	50,864,000
Revenues	13,926,000	8,877,000
Profits for the year	3,818,000	2,390,000
Total other comprehensive income	965,000	731,000
Dividend received from the associate during the year	563,505	659,557

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

	2016	2015
Balance as at 1 January	19,602,110	20,408,083
Additions during the year	28,883	301,092
Cash dividends	(563,505)	(659,557)
Group's share in associate's results	1,091,573	152,913
Group's share in associate's reserves	(704,768)	(600,421)
	19,454,293	19,602,110

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

	2016	2015
Net assets of the associate	84,116,000	84,871,000
Group ownership percentage (%)	23.45	23.38
	19,725,202	19,842,840
Other adjustments	(270,909)	(240,730)
	19,454,293	19,602,110

The fair value of investment in an associate amounted to KD 9,808,717 (2015: KD 11,240,760) based on quoted price on Kuwait stock exchange which is Level 1 as of the consolidated financial position date. The Group has assessed the investment in associate for the indication of impairment and based on the study prepared by the Group, there is no impairment in value.

9.2 Investment in joint venture

The investment in a joint venture amounted to KD 25,784 as of 31 December 2016. The investment represents a joint venture agreement with a third party to participate equally in one of the real estate companies that owns properties in Germany.

10. Investment properties

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

	2016	2015
Land	544,958	494,222
Developed property	1,080,173	1,100,805
	1,625,131	1,595,027

The fair value of investment properties amounted to KD 1,697,768 as of 31 December 2016 has been determined based on valuations prepared by independent valuers, who are industry specialised in valuing such type of investment properties.

The land is valued based on market approach for similar properties and recent arm length market transactions considering nature, location or condition of the specific property. (Level 2)

The fair value of developed property was determined based on capitalization of net income method (Level 3), 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.
In estimating the fair value of the properties, the highest and best use of the property is its current use.

11. Finance receivables

Finance receivables are represented in commercial loans granted to related parties. The weighted average interest rate on these finance receivables is 6.25%. The fair value of the collaterals held against certain finance receivables is KD 5,103,849 as of 31 December 2016. The following is an analysis of outstanding balances and related provision.

	2016	2015
Gross balance of commercial loans	5,884,589	1,415,999
Less: deferred revenue	(318,803)	(311,748)
	5,565,786	1,104,251
Less: Provision for credit losses- general	(59,033)	(15,315)
Balance as of 31 December 2016	5,506,753	1,088,936

The balances of receivables as of 31 December 2016 and 31 December 2015 do not include matured or impaired balances.

Finance receivables (gross) mature as follows:

	2016	2015
Within one year	4,703,539	95,922
More than a year	1,181,050	1,320,077
	5,884,589	1,415,999

The general provision for credit losses is calculated in accordance with the instructions of the Central Bank of Kuwait. The movements on the general provision for credit losses is as follows:

	2016	2015
Balance at 1 January	15,315	-
Charged to consolidated statement of income	43,718	15,315
Balance at 31 December	59,033	15,315

12. Payables and other credit balances

	2016	2015
Accrued expenses	54,064	58,083
Staff leave and other benefits	456,805	378,126
Others	98,633	81,974
	609,502	518,183

13. Share capital and reserves

13.1 Share capital

The authorized, issued and paid up capital as of 31 December 2016 is KD 30 million allocated over 300 million shares with par value of 100 fils per share and all shares are in cash.

13.2 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.

13.3 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.

14. Treasury shares

	2016	2015
Number of shares	10,733,610	-
Percentage of issued shares (%)	4	-

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares throughout the year, in which they are held by the Parent Company, pursuant to the instructions of the relevant regulatory authorities. These shares are not pledged.

15. Investments income/ (loss)

	2016	2015
Gain on sale	15,996	25,686
Cash dividends	234,492	201,941
Impairment losses	(14,550)	(398,627)
	235,938	(171,000)

16. Earnings / (losses) per share

Earnings/ (losses) per share are computed by dividing net profit/ (loss) for the year attributable to the shareholders of the Parent Company by the weighted average number of outstanding ordinary shares after deduction of treasury shares. The computation of earnings/ (losses) per share is as follows:

	2016	2015
Net profit/ (loss) for the year	929,843	(459,677)
Weighted average number of outstanding ordinary shares	299,140,921	300,000,000
Earnings/ (losses) per share (fils)	3.11	(1.53)

17. 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 are as follows:

	2016	2015
Transactions		
Salaries and other benefits	301,228	291,208
End of service indemnity	37,238	37,191
Interest income	150,201	71,655
Committee remuneration	37,000	35,000

	2016	2015
Balances		
Investments held to maturity(note 7)	850,000	-
Finance receivable (note 11)	5,506,753	1,088,936
Payables and other credit balances	361,762	281,599

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

18. 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 13,592,055 as of 31 December 2016 (KD 20,971,037 as of 31 December 2015).

19. 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:

	2016		
	Investment activities	Asset management and advisory services	Total
Segment revenues	1,799,887	179,832	1,979,719
Net profit	750,011	179,832	929,843
Segment assets	33,180,923	55,445	33,236,368
Segment liabilities	547,869	61,633	609,502

	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

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

	2016			
	Middle East	USA	Europe	Total
Segment revenues	1,591,364	134,578	253,777	1,979,719
Net profits	655,120	65,174	209,549	929,843
Assets	30,432,593	1,681,280	1,122,495	33,236,368
Liabilities	547,869	35,162	26,471	609,502

	2015			
	Middle East	USA	Europe	Total
Segment revenues	119,532	162,242	338,213	619,987
Net (losses) / 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