Al Aman Investment Company - K.P.S.C.
And Subsidiaries
State of Kuwait

Consolidated Financial Statements and Independent Auditors' Report
For the year ended 31 December 2015

الأمان للاستثمار
Al Aman Investment

Al Aman Investment Company - K.P.S.C.
And Subsidiaries
State of Kuwait

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For the year ended 31 December 2015

Contents

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Al Aman Investment Company - K.P.S.C.
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Al Aman Investment Company – K.P.S.C. (the "Parent Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the 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 notes.

Management's Responsibility for the Consolidated Financial Statements

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

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 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.

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Crowe Horwath.

Al Aman Investment Company - K.P.S.C.
And Subsidiaries
State of Kuwait

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (Continued)

Opinion

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 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait.

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 the consolidated financial statements incorporate all information that is required by the Companies Law No. 25 of 2012, as amended and its executive regulations and by the Parent Company's Memorandum 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 provision of the Companies Law No. 25 of 2012, as amended and its executive regulations or by the Parent Company's Memorandum 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 review, 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 year ended 31 December 2015 that might have had a material effect on the business of the Group or its consolidated financial position.

Bader A. Al-Wazzan
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Horwath Al Muhanna & Co.

Kuwait
11 February 2016

Consolidated Statement of Financial Position as at 31 December 2015

	Note	Kuwaiti Dinars 2015	Kuwaiti Dinars 2014
Assets			
Cash at banks and financial institutions	5	8,924,124	4,949,281
Account receivables and other assets	6	1,194,808	994,317
Investments at fair value through profit or loss	7	9,905,127	11,987,136
Investments available for sale	8	1,808,266	4,207,578
Investment in joint venture	9	548,240	548,240
Equipment		40,153	30,788
Total assets		22,420,718	22,717,340
Liabilities and Equity			
Liabilities			
Account payables and other liabilities	10	566,978	595,924
End of service benefits		70,912	44,730
Total liabilities		637,890	640,654
Equity			
Share capital	11	19,648,284	19,648,284
Statutory reserve	12	296,688	140,751
Fair valuation reserve		26,084	802,474
Retained earnings		1,425,262	1,097,436
Total equity attributable to shareholders of the Parent Company		21,396,318	21,688,945
Non-controlling interests	13	386,510	387,741
Total equity		21,782,828	22,076,686
Total liabilities and equity		22,420,718	22,717,340

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

Osama Mohammed Al-Rasheed
Chairman

Consolidated Statement of Income for the year ended 31 December 2015

	Notes	Kuwaiti Dinars 2015	2014
Continuing operations			
Revenues			
Net realised gain from investments	14	2,608,452	266,223
Management fees from fiduciary activities	15	619,502	1,226,245
Other income		70,459	105,492
		3,298,413	1,597,960
Expenses and other charges			
Staff costs		637,792	681,286
Other expenses		274,376	330,742
		912,168	1,012,028
Profit from continuing operations before change in fair value, impairment losses and taxation		2,386,245	585,932
Profit from discontinued operations	16	-	4,855,140
Profit before change in fair value, impairment losses and taxation		2,386,245	5,441,072
Unrealised loss on investments at fair value through profit or loss		(556,112)	(1,059,805)
Impairment loss on investments available for sale		(271,994)	(485,522)
National Labour Support Tax		(42,786)	(97,133)
Contribution to Kuwait Foundation for the Advancement of Sciences		(11,987)	(10,749)
Zakat		(15,420)	(38,436)
Board of Directors' remuneration		(23,000)	(23,000)
Profit for the year		1,464,946	3,726,427
Attributable to:			
Shareholders of the Parent Company		1,466,177	3,725,378
Non-controlling interests		(1,231)	1,049
		1,464,946	3,726,427
Basic and diluted earnings per share (fils)	17	7.5	19.0

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

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

	Kuwaiti Dinars	
	2015	**2014**
Profit for the year	1,464,946	3,726,427
Other comprehensive income		
Other comprehensive income reclassified to the consolidated statement of income:		
Net realised gain on disposal of investments available for sale	(62,068)	(415,800)
Other comprehensive income to be reclassified to the consolidated statement of income in subsequent periods:		
Net change in fair value of investments available for sale	(714,322)	(383,038)
Total other comprehensive income for the year	(776,390)	(798,838)
Total comprehensive income for the year	688,556	2,927,589
Attributable to:		
Shareholders of the Parent Company		
From continuing operations	689,787	(2,032,092)
From discontinuing operations	-	4,958,632
	689,787	2,926,540
Non-controlling interests		
From continuing operations	(1,231)	1,049
From discontinuing operations	-	-
	(1,231)	1,049

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

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

	Kuwaiti Dinars						
	Equity attributable to shareholders of the Parent Company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Fair valuation reserve	(Accumulated losses)/ Retained earnings	Total		
Balance as at 1 January 2014	19,648,284	-	1,601,312	(2,487,191)	18,762,405	390,780	19,153,185
Total comprehensive income for the year	-	-	(798,838)	3,725,378	2,926,540	1,049	2,927,589
Transferred to reserve	-	140,751	-	(140,751)	-	-	-
Effect of disposal of subsidiary	-	-	-	-	-	(4,088)	(4,088)
Balance as at 31 December 2014	19,648,284	140,751	802,474	1,097,436	21,688,945	387,741	22,076,686
Balance as at 1 January 2015	19,648,284	140,751	802,474	1,097,436	21,688,945	387,741	22,076,686
Total comprehensive income for the year	-	-	(776,390)	1,466,177	689,787	(1,231)	688,556
Dividend declared (Note 23)	-	-	-	(982,414)	(982,414)	-	(982,414)
Transferred to reserve	-	155,937	-	(155,937)	-	-	-
Balance as at 31 December 2015	19,648,284	296,688	26,084	1,425,262	21,396,318	386,510	21,782,828

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

Consolidated Statement of Cash Flows for the year ended 31 December 2015

	Notes	2015	2014
		Kuwaiti Dinars	
Cash flows from operating activities			
Profit for the year		1,464,946	3,726,427
Adjustments:			
Net realised gain from investments	14	(2,608,452)	(266,223)
Unrealised loss on investments at fair value through profit or loss		556,112	1,059,805
Impairment losses on investments available for sale		271,994	485,522
Gain from sale of subsidiaries (note 16)		-	(4,958,632)
Depreciation and amortization		9,986	65,468
Provision for employee's end of service indemnity		26,182	25,205
Operating (loss)/profit before changes in operating assets and liabilities		(279,232)	137,572
Account receivables and other assets		(200,491)	(4,901)
Investments at fair value through profit or loss		1,387,675	1,307,091
Account payables and other liabilities		(75,504)	413,602
Net cash generated from operating activities		832,448	1,853,364
Cash flows from investing activities			
Acquisition of investments available for sale		-	(148,378)
Proceeds from sale of investments available for sale		3,829,609	1,916,760
Investment in joint venture	9	-	(548,240)
Purchase of equipment		(19,351)	(364,658)
Dividends received	14	267,993	106,745
Change in bank balances under lien	5	219,500	-
Effect of sale of investment in subsidiary		-	(4,844)
Net cash generated from investing activities		4,297,751	957,385
Cash flows from financing activities			
Islamic debt instruments		-	(5,797,679)
Non-controlling interest	13	-	(4,088)
Dividends paid to Parent Company's shareholders		(935,856)	(597)
Net cash used in financing activities		(935,856)	(5,802,364)
Net change in cash and cash equivalents		4,194,343	(2,991,615)
Cash and cash equivalents at the beginning of the year		4,629,781	7,621,396
Cash and cash equivalents at the end of the year	5	8,824,124	4,629,781

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

1. Incorporation of the Group

Al Aman Investment Company K.P.S.C., Kuwait (the "Parent Company") was incorporated under contract Number 1332/D/3 dated 15 December 1974. The Parent Company was registered in the Commercial Register under No. 21646 on 23 December 1974. The Parent Company performs all of its activities in accordance with Islamic Shariah principles and is regulated by the Central Bank of Kuwait and the Capital Markets Authority as an investment company.

The Parent Company's shares are listed on Kuwait Stock Exchange from 14 November 1999.

The Parent Company's main office is located in Al Dhow Tower, 13th floor, Khalid Ben Al Waleed Street, Sharq, P. O. Box 12466 Shamiya, 71655 Kuwait.

The Parent Company's main objectives are trading and issuing financial securities and Sukuks for its favor or for the others, taking the roles of custodian, issuance manager and agent and investing in the real estate, industrial and agricultural sectors.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries disclosed in note 19, collectively referred to as ("the Group").

The consolidated financial statements were approved for issue by the Board of Directors on 11 February 2016, and the shareholders the General Assembly have the rights to amend the consolidated financial statements.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for investments at fair value through profit or loss and investments available for sale that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company rounded off to the nearest thousand.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as modified by the State of Kuwait for financial services institutions regulated by Central Bank of Kuwait and Capital Market Authority. These regulations require adoption of all IFRS except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait requirement for a minimum general provision for impairment of financial assets.

2.2 New and amended standards

Effective for the current year

The accounting policies are consistent with those used in the previous year except for the following new and amended IFRS:

IAS 19 Defined Benefit Plans – Employee Contributions (Amendments)

The amendments to IAS 19 clarify how an entity should account for contributions made by employers or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent on the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' period of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' period of service. These amendments have not resulted in any impact on the financial position or performance of the Group.

Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle

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 the other amendments has had no impact on the disclosures or amounts recognised in the Group's financial statements.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

New standards and interpretations issued but not yet effective and are relevant to the Group

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt those standards when they become effective.

IFRS 9: Financial Instruments: Classification and Measurement

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's financial statements, when adopted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard was issued in May 2014 and applies to an annual financial statements beginning on or after 1 January 2017. The application of IFRS 15 is not expected have any material impact on the financial position or performance of the Group.

IFRS 16 - Leases

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 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. The Management of the Group do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Group's financial statements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries in accordance with IAS 39. This amendment is not relevant to the Group, as the Group does not qualify to be an investment entity under IFRS 10.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of the above standards is not expected to have a material impact on the financial position or performance of the Group as and when they become effective, except for IFRS 9, which will result in amendments and/or additional disclosures relating to classification, measurement and associated risks of financial instruments.

2.3 Significant accounting polices

2.3.1 Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of income. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.3.2 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and income. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.

When the Parent Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.3.3 Financial Instruments

Recognition and de-recognition

A financial asset is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of income or in the consolidated statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchase or sale of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Classification and measurement

The Group classifies its financial assets as "investments at fair value through profit or loss", "loans and receivables", or "available for sale" and its financial liabilities as financial liabilities other than at fair value through profit or loss". Management determines the appropriate classification of each instrument at the time of acquisition.

All financial assets and liabilities are initially measured at fair value of the consideration given plus transaction costs except for financial assets classified as investments at fair value through profit or loss. Transaction costs on financial assets classified as investments at fair value through profit or loss are recognised immediately in the consolidated statement of income.

Investments at fair value through profit or loss

These are financial assets that are either held for trading or are designated as investments at fair value through profit or loss upon initial recognition. A financial asset is classified in this category only if they are acquired principally for the purpose of generating profit from short-term fluctuations in price or if so designated by the management upon initial recognition if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy. Financial assets classified as investments at fair value through profit or loss are subsequently measured and carried at fair value. Resultant unrealised gains and losses arising from changes in fair value are included in the consolidated statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortized cost using effective interest method, less any provision for impairment.

Available for sale

These are non derivative financial assets not included in any of the above classifications and are principally those acquired to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate or equity prices. These are subsequently measured and carried at fair value and any resultant unrealised gains or losses are recognised as a separate component in equity. When the "available for sale" asset is disposed off or impaired, the related accumulated fair value adjustments in equity are transferred to the consolidated statement of income as realised gains or losses.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective yield method.

Impairment of financial assets

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset, or a group of financial assets, may be impaired. In the case of financial asset classified as available for sale, a significant or prolonged decline in the fair value of assets below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of income, is removed from equity and recognised in the consolidated statement of income. Impairment losses on equities available for sale recognised in the consolidated statement of income are not reversed through the consolidated statement of income.

Loans and receivables are subject to credit risk provision for loan impairment if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amount recoverable from guarantee and collateral, discounted based on the contractual interest rate. The amount of loss arising from impairment is taken to the consolidated statement of income.

2.3.4 Investment in joint venture

A joint arrangement is a contractual arrangement that gives two or more parties joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interests in joint ventures as an investment and accounts for it using the equity method.

2.3.5 Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Cost of an item of equipment comprises of its acquisition costs and all directly attributable costs of bringing the asset to working condition for its intended use. Depreciation is provided on a straight line basis over the estimated useful lives of the assets ranging from five to ten years.

The carrying values of equipment are reviewed at each statement of financial position date to determine whether there is any indication of impairment.

If any such indication exists, the assets are written down to its recoverable amount and the impairment loss is recognized in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Gain and loss on disposals are determined by comparing the proceeds with carrying amount and taken to the consolidated statement of income.

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 Employees' end of service's indemnity

The Group is liable under Kuwaiti Labour Law to make payments under defined benefit plans to employees on completion of employment. The defined benefit plan is unfunded and is computed as the amount payable to employees as a result of involuntary termination on the consolidated statement of financial position date. This basis is considered to be a reliable approximation of the present value of this liability.

2.3.8 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Management fees from fiduciary activities are recognized when the service is rendered according to the terms of the contract. Dividend income is recognized when the right to receive payment is established. Interest income is recognized on a time proportion basis using the effective yield method.

2.3.9 Leases

Where the Group is the lessee – operating lease

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

2.3.10 Foreign currency transactions

The functional currency of an entity is the currency of the primary economic environment in which it operates and in the case of the Group it is the Kuwaiti Dinar.

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Kuwaiti Dinars at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the consolidated statement of income.

Translation differences on non-monetary items, such as equities classified as available for sale financial assets are included in the investment fair valuation reserve in equity.

2.3.11 Dividend distribution

Dividend 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 held in a trust or fiduciary capacity are not treated as assets of the Group, accordingly, they are not included in these consolidated financial statements.

2.3.13 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution no. 58/2007 effective from 10 December 2007.

3. Financial risk management

3.1 Financial risk

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Group's Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The significant risks that the Group is exposed to are discussed below:

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 prices. Market risk comprises of three types of risks: currency risk, interest rate risk and equity price risk. The Group is not exposed to interest rate risk as the Group operates under Islamic Shariah and it does not own financial instruments that bear interest.

(i) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency primarily with respect to the US Dollar. Currency risk arises from future commercial transactions and recognized assets and liabilities.

Management has set up a policy to require the Group to manage its foreign exchange risk against their functional currency by monitoring the non-Kuwaiti Dinar cash flows, diversification of different currencies and is managed based on limits determined by management.

The net foreign currency position of the Group at the statement of financial position date is as follows:

	Kuwaiti Dinars	
	2015	**2014**
US Dollar	2,918,976	4,091,969
AED	2,141,676	2,909,482
Other	1,069,315	777,326

If the Kuwaiti Dinar had strengthened against the foreign currencies by 5%, then this would have had the following impact on the results for the year.

	Kuwaiti Dinars	
	2015	**2014**
Decrease in profit for the year	(348,983)	(124,120)

If the Kuwaiti Dinar had weakened against the foreign currencies by 5%, then there would be an equal and opposite impact on the results for the year.

(ii) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. Financial instruments, which are potentially subject to market risk, consist of investments at fair value through profit or loss and investments available for sale.

The Group manages this risk by diversifying its investments on the basis of the pre-determined asset allocations across various categories, continuous appraisal of market conditions and trends and management estimate of long and short term changes in fair value.

The equity price risk sensitivity analysis shown below has been determined based on the quoted market price of investments at fair value through profit or loss and investments available for sale that are listed on the Kuwait Stock Exchange at the reporting date. If the equity prices had been 5% higher, the effect on the consolidated statement of income and equity for the year ended 31 December would have been as follows.

	2015		**2014**	
	Effect on consolidated statement of income	**Effect on equity**	**Effect on consolidated statement of income**	**Effect on equity**
Kuwait Stock Exchange index	89,751	34,109	99,936	588,003

Positive figures above indicate increase in profit/equity for the year. If the equity prices had been 5% lower, then there would be an equal and opposite effect on the consolidated statement of income and equity.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets, which potentially subject the Group to credit risk, consist principally of cash at banks and financial institutions and account receivables and other assets. The Group manages credit risk by placing funds with financial institutions with high credit rating, and transacting principal business with counter parties of repute. The Group measures credit risk by analyzing the ageing of debtors.

The Group considers its maximum exposure to credit risk to be as follows:

	Kuwaiti Dinars	
	30 November	
	2015	2014
Cash at banks and financial institutions	8,924,124	4,949,281
Trade and other receivables	1,186,560	994,317
	10,110,684	5,943,598

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The Group manages liquidity risk by monitoring on a regular basis that sufficient funds are available to meet maturing commitments and by maintaining availability of funding under committed credit lines. The Group measures liquidity risk by projecting the availability of future cash flows using historical and other related data.

The financial liabilities of the Group are due within one year from the consolidated financial statements date.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The Group did not have any external borrowings as of 31 December 2015 and 2014.

3.3 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

Determination of fair value and fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

The table below shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets	Fair value as at Kuwaiti Dinars		Fair value hierarchy
	2015	2014	
Available for sale investments	660,070	1,489,608	Level 1
	925,413	1,422,437	Level 2
Investment at fair value through profit or loss	662,250	377,892	Level 1
	9,242,877	11,609,244	Level 2

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values of the financial instruments carried at amortized cost approximate their carrying values. This is based on Level 3 inputs, with the discount rate that reflects the credit risk of counterparties, being the most significant input.

The fair values of other financial assets and financial liabilities approximate their carrying values as at the consolidated financial statements date. During the year, there were no transfers between the fair value hierarchy levels.

4. Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS as adopted for use by the State of Kuwait requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments and estimates that are significant to the consolidated financial statements are shown below:

Classification of financial instruments

The Group decides on the acquisition of a financial instrument, whether it should be classified as carried at fair value through profit or loss, held to maturity, available for sale or as loans and receivables. In making that judgment, the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance, liquidity requirements and the intent and ability to hold these instruments to maturity. Such judgment determines whether it is subsequently measured at cost, amortised cost or at fair value and whether changes in fair value of instruments are reported in the consolidated statement of income or consolidated statement of comprehensive income.

Fair value measurement and valuation techniques

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.

Evidence of impairment of investments

Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of investments classified as "available for sale 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 of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Impairment of receivables

Receivables are subject to credit risk provision for impairment if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amount recoverable from guarantee and collateral, discounted based on the contractual interest rate. The amount of loss arising from impairment is taken to the consolidated statement of income.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment (note 21).

5. Cash at banks and financial institutions

	Kuwaiti Dinars	
	2015	**2014**
Cash at banks	3,489,124	494,281
Murabaha investments (maturing within 3 months)	5,435,000	4,455,000
	8,924,124	4,949,281
Less:		
Cash restricted against letters of guarantee	(100,000)	(319,500)
Cash and cash equivalents for the preparation of statement of cash flows	8,824,124	4,629,781
Average rate of return on Murabaha investments (%)	1.4	1

6. Account receivables and other assets

	Kuwaiti Dinars	
	2015	**2014**
Due from sale of investments	-	257,922
Due from a related party	525,597	525,597
Accrued revenue	226,160	164,475
Other debit balances	434,803	46,323
Prepaid expenses	8,248	-
	1,194,808	994,317

The maximum exposure to credit risk at the consolidated statement of financial position date approximates the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Due from a related party is denominated in Kuwaiti Dinar, which is past due but not impaired. This amount is unsecured, repayable on demand and does not bear interest.

All other receivables are neither past due nor impaired.

7. Investments at fair value through profit or loss

	Kuwaiti Dinars	
	2015	2014
Held for trading	662,250	834,477
Investments at fair value at initial recognition	9,242,877	11,152,659
	9,905,127	11,987,136

These represent investments in:

	Kuwaiti Dinars	
	2015	2014
Local shares – quoted	395,628	377,892
Foreign shares – quoted	266,622	-
Local shares – unquoted	3,453,182	4,395,355
Foreign shares – unquoted	473,320	456,585
Local funds	1,312,457	1,638,384
Foreign funds and portfolios	4,003,918	5,118,920
	9,905,127	11,987,136

8. Investments available for sale

	Kuwaiti Dinars	
	2015	2014
Local shares – quoted	660,070	1,489,608
Foreign shares – unquoted	1,148,196	2,717,970
	1,808,266	4,207,578

Unquoted investments amounting to KD 222,783 (2014: KD 1,295,533) are carried at cost since it is not possible to reliably measure their fair value.

9. Investment in joint venture

During the previous year, the Group invested in a joint venture in Saudi Arabia to develop an investment residential complex. The Group has a 21% interest in this joint venture.

10. Account payables and other liabilities

	Kuwaiti Dinars	
	2015	2014
Accrued expenses	253,016	194,776
Leave provision	27,940	21,310
Dividend payable to shareholders	64,731	18,173
Other credit balances	117,349	192,812
National Labour Support Tax	42,786	96,791
Contribution to Kuwait Foundation for the Advancement of Sciences	22,736	10,749
Zakat	15,420	38,313
Board of Directors remuneration	23,000	23,000
	566,978	595,924

11. Share capital

The Parent Company's authorized, issued and paid up share capital amounted to KD 19,648,284 distributed over 196,482,840 shares with a nominal value of 100 fils per share and all shares are in cash.

12. Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the net profit before KFAS, National Labour Support Tax, Board of Directors' remuneration and Zakat for the year is required to be transferred to statutory reserve. The Parent Company may resolve to discontinue such transfers when the statutory reserve reaches 50% of the Parent Company's capital. The statutory reserve can be utilized only for distribution of a maximum dividend of 5% in years when retained earnings are inadequate for this purpose.

13. Non-controlling interests

	Kuwaiti Dinars	
	2015	2014
Balance at 1 January	387,741	390,780
Share in (loss)/profit for the year	(1,231)	1,049
Other comprehensive income items		
Effect of disposal of a subsidiary	-	(4,088)
Balance at 31 December	386,510	387,741

14. Net realised gain from investments

	Kuwaiti Dinars	
	2015	2014
Investments at fair value through profit and loss		
Gain on sale of investments	(138,222)	(349,584)
Cash dividends	179,490	51,139
	41,268	(298,445)
Investments available for sale		
Gains from sale	2,478,681	509,062
Cash dividends	88,503	55,606
	2,567,184	564,668
	2,608,452	266,223

15. Management fees from fiduciary activities

	Kuwaiti Dinars	
	2015	2014
Management fees – portfolios	562,070	525,752
Incentive fees – portfolios	-	612,314
Management fees – funds	57,432	88,179
	619,502	1,226,245

16. Discontinued operations

As part of the debt settlement agreement entered into with the creditor bank in 2014, the Group had in kind exchanged its investment in subsidiary, Inaya Health Care Company K.S.C. ("Inaya").

The results of the discontinued operations are set out below:

	Kuwaiti Dinars
	2014
Revenues	42
Costs	(103,534)
Gross loss	(103,492)
Profit from sale of subsidiary	4,958,632
Net gain from discontinued operations	4,855,140

The profit from sale of investment in Inaya is as follows:

	Kuwaiti Dinars
	2014
Sale value considered for settlement of Murabaha payables	12,500,000
Carrying value of investment in Inaya as on date of sale	(7,541,368)
Profit from sale	4,958,632

17. Basic and diluted earnings per share

Basic and diluted earnings per share based on weighted average number of shares outstanding during the year are as follows:

	Kuwaiti Dinars	
	2015	**2014**
Profit for the year attributable to shareholders of the Parent Company	1,466,177	3,725,378
Weighted average number of outstanding shares during the year (share)	196,482,840	196,482,840
Basic and diluted earnings per share (fils)	7.5	19.0
Basic and diluted earnings/(losses) per share from continuing operations (fils)	7.5	(5.7)
Basic and diluted earnings per share from discontinued operations (fils)	-	24.7
	7.5	19.0

18. Related parties' transactions

In the normal course of business, the Group enters into transactions with related parties. These represent transactions with shareholders, directors, and key management of the Group and companies of which they are principal owners or over which they are able to exercise significant influence. Pricing policies and terms of these transactions are approved by the Group's management. All related party transactions are subject to the approval of the Parent Company's shareholders in the Annual General Assembly.

Balances/ transactions with related parties not disclosed elsewhere are as follows:

	Kuwaiti Dinars	
	2015	**2014**
Transactions:		
Loss on investments at fair value through profit or loss	(438,209)	(123,585)
Management fees	57,932	88,179
Key and executive compensation	(72,346)	(114,346)
Balances:		
Investment at fair value through profit or loss	1,323,807	1,638,384
Investments available for sale	660,070	1,489,608
Due from related parties	525,597	525,597

19. Investment in subsidiary

The consolidated financial statements include the financial statements of the Parent Company and its following subsidiary:

Name of the Company	Country of incorporation	Principal activity	Ownership (%) 2015	Ownership (%) 2014
Al-Aman Holding Company K.S.C.	Kuwait	Holding Company	99.0	99.0

Total assets of the subsidiary as at 31 December 2015 amounted to KD 1,317,845 (2014: KD 673,789), and the loss for the year ended 31 December 2015 amounted to KD 90,118 (2014: loss of KD 29,070).

20. Segment information

The Group carries out the majority of its activities in two major segments:

Corporate finance	Investing the Group in securities and real estate and financing companies and individual clients, and managing liquidity requirements of the Group.
Assets management and consulting services	Managing portfolios directly and indirectly, managing local and foreign funds and providing consulting services, finance restructuring and other related investments services.

Following is the segment information of the year ended 31 December:

	Kuwaiti Dinars		
	2015		
	Corporate finance	Asset management & consulting services	Total
Segment revenues	1,850,805	619,502	2,470,307
Segment expenses	(410,403)	(474,327)	(884,730)
Segment results	1,440,402	145,175	1,585,577
Unallocated expenses			(120,631)
Profit for the year from continuing operations			1,464,946
Profit for the year from discontinued operations			-
Profit for the year			1,464,946

	Kuwaiti Dinars		
	2014		
	Corporate finance	Asset management & consulting services	Total
Segment revenues	(1,173,612)	1,226,245	52,633
Segment expenses	(452,699)	(526,255)	(978,954)
Segment results	(1,626,311)	699,990	(926,321)
Unallocated expenses			(202,392)
Loss for the year from continuing operations			(1,128,713)
Profit for the year from discontinued operations			4,855,140
Profit for the year			3,726,427

Geographical distribution of assets and liabilities

	Kuwaiti Dinars			
	Assets		Liabilities	
	2015	2014	2015	2014
State of Kuwait	16,411,563	14,722,715	631,251	640,654
GCC	4,180,541	5,939,479	6,639	-
Other foreign countries	1,828,614	2,055,146	-	-
	22,420,718	22,717,340	637,890	640,654

21. Capital commitments

	Kuwaiti Dinars	
	2015	2014
Purchase of investments	-	175,974
Contingent liabilities	100,000	319,500

22. Fiduciary assets

The Parent Company manages investment portfolios on behalf of others. The balances of these portfolios are not presented in the Group's financial position.

	Kuwaiti Dinars	
	2015	2014
Investment portfolios managed on behalf of others	190,735,014	242,669,514

23. Cash dividends

The annual general meeting of shareholders for the year ended 31 December 2014 held on 30 April 2015 approved distribution of cash dividends of 5 fils per share for the year 2014.

Proposed dividend

The Board of Directors, subject to the approval of shareholders, recommends distribution of a cash dividend of 5 fils per share (2014: 5 fils per share) to the registered shareholders as of the date of the Annual General Meeting.