SECURITIES GROUP COMPANY K.S.C. (PUBLIC)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
WITH
INDEPENDENT AUDITORS' REPORT

SECURITIES GROUP COMPANY K.S.C. (PUBLIC)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 WITH INDEPENDENT AUDITORS' REPORT

CONTENTS

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Securities Group Company K.S.C. (Public)
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Securities Group Company K.S.C. (Public) (the Parent Company) and subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2015, and the related consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted for use by 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 of 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Report on other legal and regulatory requirements

Furthermore, in our opinion, the consolidated financial statements include the disclosures required by the Companies Law No. 25 of 2012, as amended and its Executive Regulations and the Parent Company's Memorandum of Incorporation and Articles of Association, and we obtained the information we required to perform our audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to us, no violation of the Companies Law No. 25 of 2012, as amended and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association has occurred during the financial year ended March 31, 2015 which might have materially affected the Group's financial position or results of its operations.

We further report that, during the course of our audit, we have not become aware of any 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, Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the financial year ended March 31, 2015, which might have materially affected on the Group's financial position or results of its operation.

Ali Owaid Rukheyes
Licence No. 72-A
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Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazie & Co.

State of Kuwait
May 20, 2015

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2015	(Restated) 2014	(Restated) 2013
Cash on hand and at banks		8,782,588	6,887,323	7,051,721
Investments at fair value through profit or loss	3	61,830	61,670	4,835,200
Accounts receivable and other debit balances	4	6,916,912	21,760,244	2,059,388
Loans granted to others	5	512,372	512,372	362,935
Investments available for sale	6	46,055,047	49,613,400	51,617,346
Investment in associates	7	30,713,688	23,265,762	22,984,470
Investment in unconsolidated subsidiaries	8	1,067,862	1,075,405	589,405
Investment held to maturity	9	3,000,000	3,000,000	3,000,000
Investment properties	10	29,682,426	13,160,095	24,038,637
Total assets		126,792,725	119,336,271	116,539,102
LIABILITIES AND EQUITY				
Liabilities:				
Loans	11	68,185,000	59,150,000	63,315,000
Accounts payable and other credit balances	12	4,107,808	4,252,238	2,115,932
Total liabilities		72,292,808	63,402,238	65,430,932
Equity:				
Capital	13	25,528,372	25,528,372	25,528,372
Treasury shares	14	(87,765)	(87,765)	(87,765)
Share premium		3,046,592	3,046,592	3,046,592
Statutory reserve	15	12,764,186	12,764,186	12,764,186
Voluntary reserve	16	4,405,892	4,405,892	4,405,892
Foreign currency translation adjustments		499,110	83,715	151,564
Cumulative changes in fair value		(11,668,683)	(8,468,849)	(11,376,064)
Retained earnings		19,946,542	18,595,657	16,607,707
Equity attributable to the shareholders of Parent Company		54,434,246	55,867,800	51,040,484
Non-controlling interests		65,671	66,233	67,686
Total equity		54,499,917	55,934,033	51,108,170
Total liabilities and equity		126,792,725	119,336,271	116,539,102
Memorandum accounts off the consolidated statement of financial position	25	1,713,440,392	1,673,449,135	1,370,595,222

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

Khaled S. Al - Ali
Chairman

Ali Y. Al - Awadi
Vice Chairman and CEO

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	2015	(Restated) 2014
Revenues:			
Net investment income	18	1,891,626	708,298
Fees and commission income	19	2,587,163	2,396,448
Interest income		177,552	217,915
Rental income		1,140,566	628,191
Group's share of results from associates	7	1,315,880	1,068,051
Gain on sale of investment property		16,655	3,050,293
Other income		228,475	155,332
Foreign exchange gain (loss)		360,296	(73,177)
		7,718,213	8,151,351
Expenses and other charges:			
General and administrative expenses	20	(1,724,498)	(1,680,490)
Finance charges		(1,513,595)	(1,506,195)
Impairment loss on investments available for sale		(482,085)	(1,170,740)
Net provisions charged		-	(322,788)
		(3,720,178)	(4,680,213)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		3,998,035	3,471,138
Contribution to KFAS	21	(26,975)	(17,310)
NLST	22	-	(113,642)
Zakat	23	(21,413)	(29,027)
Board of Directors' remuneration	17	(50,000)	(50,000)
Net profit for the year		3,899,647	3,261,159
Attributable to:			
Shareholders of the Parent Company		3,900,209	3,262,612
Non-controlling interests		(562)	(1,453)
Net profit for the year		3,899,647	3,261,159
		Fils	Fils
Earnings per share attributable to shareholders of the Parent Company	24	15.30	12.80

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	2015	(Restated) 2014
Net profit for the year	**3,899,647**	3,261,159
Other comprehensive (loss) income:		
Items that may be reclassified subsequently to profit or loss		
Investments available for sale:		
Changes in fair value of investments available for sale	**(3,086,151)**	2,070,222
Reversal due to sale of investments available for sale	**(113,683)**	(99,044)
Reversal due to impairment of investments available for sale	**-**	936,037
	(3,199,834)	2,907,215
Share of other comprehensive income of associates	**4,550**	38,107
Exchange differences on translating foreign operations	**410,845**	(105,956)
Other comprehensive (loss) income for the year	**(2,784,439)**	2,839,366
Total comprehensive income for the year	**1,115,208**	6,100,525
Attributable to:		
Shareholders of the Parent Company	**1,115,770**	6,101,978
Non-controlling interests	**(562)**	(1,453)
	1,115,208	6,100,525

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company										
	Capital	Treasury shares	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at March 31, 2013 (as previously reported)	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	151,564	(11,279,149)	20,489,621	55,019,313	67,686	55,086,999
Adjustment on correction of errors (Note 26)	-	-	-	-	-	-	(96,915)	(3,881,914)	(3,978,829)	-	(3,978,829)
Balance as at March 31, 2013 (Restated)	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	151,564	(11,376,064)	16,607,707	51,040,484	67,686	51,108,170
Total comprehensive (loss) income for the year	-	-	-	-	-	(67,849)	2,907,215	3,262,612	6,101,978	(1,453)	6,100,525
Cash dividends (Note 17)	-	-	-	-	-	-	-	(1,274,662)	(1,274,662)	-	(1,274,662)
Balance as at March 31, 2014 (Restated)	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	83,715	(8,468,849)	18,595,657	55,867,800	66,233	55,934,033
Total comprehensive income (loss) for the year	-	-	-	-	-	415,395	(3,199,834)	3,900,209	1,115,770	(562)	1,115,208
Cash dividends (Note 17)	-	-	-	-	-	-	-	(2,549,324)	(2,549,324)	-	(2,549,324)
Balance as at March 31, 2015	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	499,110	(11,668,683)	19,946,542	54,434,246	65,671	54,499,917

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	2015	(Restated) 2014
Cash flow from operating activities:		
Profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration	3,998,035	3,471,138
Adjustments for:		
Net investment income	(1,891,626)	(708,298)
Interest income	(177,552)	(217,915)
Group's share of results from associates	(1,315,880)	(1,068,051)
Gain on sale of investment property	(16,655)	(3,050,293)
Foreign exchange (gain) loss	(360,296)	73,177
Finance charges	1,513,595	1,506,195
Impairment loss on investments available for sale	482,085	1,170,740
Net provisions charged	-	322,788
	2,231,706	1,499,481
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	-	4,999,093
Accounts receivable and other debit balances	13,762,445	(1,909,723)
Loans granted to others	-	(150,946)
Accounts payable and other credit balances	(213,683)	963,056
Net cash generated from operating activities	15,780,468	5,400,961
Cash flow from investing activities:		
Purchase of investments available for sale	(828,835)	(159,297)
Proceeds from sale of investments available for sale	1,610,768	3,992,584
Paid for investment in an associate	(5,679,377)	-
Paid for investment in unconsolidated subsidiaries	-	(486,000)
Paid for investment properties	(16,559,165)	(3,408,236)
Proceeds from sale of investment properties	570,000	-
Interest received	133,302	219,733
Dividends received	1,877,614	1,192,405
Net cash (used in) generated from investing activities	(18,875,693)	1,351,189
Cash flows from financing activities:		
Loans	9,035,000	(4,165,000)
Cash dividends paid	(2,530,915)	(1,245,353)
Finance charges paid	(1,513,595)	(1,506,195)
Net cash generated from (used in) financing activities	4,990,490	(6,916,548)
Net increase (decrease in) cash on hand and at banks	1,895,265	(164,398)
Cash on hand and at banks at the beginning of the year	6,887,323	7,051,721
Cash on hand and at banks at the end of the year	8,782,588	6,887,323

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

1. Incorporation and principal activities

Securities Group Company K.S.C. (Public) (the Parent Company) is a Kuwaiti Public Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on September 1, 2013. The Parent Company is listed in the Kuwait Stock Exchange. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:
- Trading in securities listed in Kuwait and the GCC
- Acting as custodian and managers of funds
- Conducting research and studies
- Providing financial and investment services
- Obtaining loans from the financial market, granting to others and acting as an intermediary in the lending and borrowing process
- Establishing and managing real estate portfolios for its clients inside and outside Kuwait and
- Investment in real estate.

The Parent Company is under the supervision of the Capital Markets Authority according to Law No. 7/2010 for investment companies.

The Shareholders' Extraordinary General Assembly meeting held on August 18, 2013 approved the amendments to the Parent Company's Articles of Association to be in compliance with the requirements of the Companies' Law No. 25 of 2012 and its subsequent amendments and Executive Regulations.

The consolidated financial statements were authorized for issue by the Board of Directors on May 20, 2015. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Ministerial Order No. 18 of 1990 except for IAS 39 requirements for collective provision which has been replaced by the Central Bank of Kuwait requirements for a minimum general provision. Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Parent Company and are prepared under the historical cost convention, except that investments at fair value through profit or loss and certain investments available for sale are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(q).

Amendments to standards Issued and effective

The accounting policies applied by the Group are consistent with those used in the previous year, except for the changes due to implementation of the following amended International Financial Reporting Standards as of January 1, 2014:

Amendments to IAS 32 - Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right of set off" and "simultaneous realization and settlement".

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

These amendments 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 at fair value through profit or loss.

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by IFRS 13 Fair Value Measurements.

The above mentioned amendments are not expected to have any material impact on the consolidated financial statements.

Standards issued but not effective

The following new IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 - Financial Instruments

The standard, effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after 1 January 2017, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the above mentioned standards.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding 2015	Percentage of holding 2014
Al Anoud Al Thahabiya Company W.L.L.	Kingdom of Saudi Arabia	Real Estate	100%	100%
North African Investment Company Limited	Cayman islands	Investment	100%	100%
First Securities Group For Credit Fund Company W.L.L.	Kuwait	Factoring	99%	99%
Securities Group Morocco SARL AU	Morocco	Industrial	100%	100%
Al-Ataya International Foods Company K.S.C. (Closed)	Kuwait	Food	75%	75%

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination.

Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, receivables, investments, loans granted to others, loans and payables.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

i) Accounts receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss.

ii) Investments

Initial recognition and measurement

The Group classifies its investments in the following categories: Investments at fair value through profit or loss, loans and receivables, investments held to maturity and investments available for sale. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(a) Investments at fair value through profit or loss

This category has two sub-categories: investments held for trading, and those designated at fair value through profit or loss at inception.

An investment is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.

An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; 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.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(c) Investments held-to-maturity
Investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(d) Investments available for sale
Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Purchases and sales of investments are recognized on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement
After initial recognition, investments at fair value through profit or loss and investments available for sale are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from investments at fair value through profit or loss are included in the consolidated statement of profit or loss. Unrealized gains and losses arising from changes in the fair value of investments available for sale are recognized in cumulative changes in fair value in other comprehensive income.

Where investments available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When an investment available for sale is disposed off or impaired, any prior changes in fair value earlier reported in other comprehensive income is transferred to the consolidated statement of profit or loss.

Derecognition
An investment (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the investment have expired; or the Group has transferred its rights to receive cash flows from the investment and either (a) has transferred substantially all the risks and rewards of ownership of the investment, or (b) has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment. Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. Significant decline is evaluated against the original cost of the investment and prolonged against the period in which fair value has been below its original cost. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on available for sale equity instruments are not reversed through the consolidated statement of profit or loss.

iii) Accounts payable

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

iv) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

d) Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of 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) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

e) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are re-measured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings for 20 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. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

f) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

h) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

i) Share capital

Ordinary shares are classified as equity.

j) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium.

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

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

k) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of investments and services rendered in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale and services rendered have been resolved.

i) Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

ii) Dividend income
Dividend income is recognized when the right to receive payment is established.

iii) Interest income
Interest income is recognized using the effective interest method.

iv) Management fees
Management fees are recognized on a cash basis.

v) Fees and commission income
Fees, commission and consultancy revenue is recognized at the time the related services are provided.

vi) Rental income
Rental income is recognized, when earned, on a time apportionment basis.

vii) Other income and expenses
Other income and expenses are recognized on accrual basis.

m) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

o) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

p) Memorandum accounts off the statement of financial position

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

q) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

Judgments
In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Classification of investments
On acquisition of an investment, the Group decides whether it should be classified as "at fair value through profit or loss", "available for sale" or "held to maturity". The Group follows the guidance of IAS 39 on classifying its investments.

The Group classifies investments as "at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through profit or loss at inception, provided their fair values can be reliably estimated. The Group classifies investments as "held to maturity" if the Group has the positive intention and ability to hold to maturity. All other investments are classified as "available for sale".

(iii) Impairment of investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

Estimation and assumptions

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

(i) Fair value of unquoted equity investments

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, adjusted net asset value and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. Investments at fair value through profit or loss

Investments at fair value through profit or loss represents quoted securities held for trading.

4. Accounts receivable and other debit balances

	2015	2014
Accrued revenue	2,979,031	2,870,073
Due from related parties	428,741	1,446,114
Receivable from sale of investment property (a)	5,410,746	17,706,385
Advance payment for acquiring investments (Note 7c)	333,681	1,944,096
Accrued interest and dividend	92,958	71,177
Other receivables	759,696	810,340
	10,004,853	24,848,185
Less: Provision for doubtful debts	(3,087,941)	(3,087,941)
	6,916,912	21,760,244

a) During the year 2014, the Group sold an investment property located in the Kingdom of Saudi Arabia through a public auction for KD 17,706,385 (SAR 235,366,537) and during the year 2015, the auction manager collected KD 12,295,639 (SAR 153,367,875) from the outstanding balance. The Group is in the process of completing the legal procedures with the governmental authorities in the Kingdom of Saudi Arabia and collecting its remaining share in the public auction proceeds.

5. Loans granted to others

	2015	2014
Loan granted to an associate	517,547	517,547
Provision for loans	(5,175)	(5,175)
	512,372	512,372

The interest free loan is set to mature on December 31, 2015.

The policy of the Group for calculation of the impairment provisions for loans granted to others complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In accordance with Central Bank of Kuwait instructions, the Group provides a minimum general provision of 1% on cash credit facilities not subject to specific provision and net of certain categories of collateral.

6. Investments available for sale

	2015	2014
Quoted securities	34,879,871	37,939,925
Unquoted securities	11,144,605	11,642,904
Funds	30,571	30,571
	46,055,047	49,613,400

Unquoted securities and investment in funds amounting to KD 8,813,678 (2014: KD 9,306,019) are carried at cost less impairment losses, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value for these investments. There is no active market for these investments and the Group intends to hold them for the long term.

Quoted securities with a carrying value of KD 18,052,430 (2014: KD 19,103,100) were pledged with a local bank against a loan (Note 11).

Investments available for sale are denominated in the following currencies:

	2015	2014
Kuwaiti Dinar	36,397,281	38,761,106
US Dollar	5,648,302	5,648,302
Qatari Riyal	830,529	916,700
Saudi Riyal	1,056,013	1,576,139
Tunisian Dinar	2,122,922	2,711,153
	46,055,047	49,613,400

7. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding 2015	Percentage of holding 2014	2015	(Restated) 2014
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed)	Kuwait	50%	50%	14,170,617	13,656,556
Future Communication Co. K.S.C.P. ("FCC") (a)	Kuwait	28.19%	28.19%	7,924,334	8,045,680
Kuwait Qatari Co. for Real Estate Development K.S.C.C.(Note 26)	Kuwait	40.72%	40.72%	738,116	721,580
Al Madar Al Thahabia Co. W.L.L ("Al Madar") (b)	KSA	24%	-	5,686,920	-
Al-Jazeera Real Estate Development Co. K.S.C. (Closed) ('Al-Jazeera') (c)	Kuwait	20%	-	1,452,000	-
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	22.52%	735,471	835,716
Mena Equities Ltd.	British Virgin Islands	44.15%	44.15%	6,230	6,230
				30,713,688	23,265,762

(a) The market value of FCC at the end of the reporting year is KD 2,878,004 (2014: KD 3,563,243).

(b) During the year, Al Madar Al Thahabia Co. W.L.L ("Al Madar") restructured its capital and business operations resulting in the dilution of the Group's equity interest from 100% to 24%. Accordingly the Group achieved significant influence in Al Madar and the investment balance was reclassified from "Investment in unconsolidated subsidiaries" to "investment in associates". The associate has commenced its operations, primarily in real estate activities, through funding obtained by the Group and other third party investors.

(c) During the year, the Group obtained significant influence for its 20% equity interest in the associate amounting to KD 1,438,124 and accordingly the investment balance was transferred from advance payments included in "Accounts receivable and other debit balances". The Group is in the process of finalizing the purchase price allocation exercise of the associate.

(d) The movement during the year is as follows:

	2015	(Restated) 2014
Balance at the beginning of the year (restated)	23,265,762	22,984,470
Additions	5,679,377	-
Transfer from accounts receivable and other debit balances	1,438,124	-
Transfer from investment in unconsolidated subsidiaries	7,543	-
Group's share of results from associates	1,315,880	1,068,051
Share of other comprehensive income	4,550	38,107
Cash dividends received	(881,970)	(824,866)
Foreign currency translation adjustments	(115,578)	-
Balance at the end of the year	30,713,688	23,265,762

(e) The summarized financial information of associates which are material to the Group is as follows:

	KSPI	FCC	KQRE	Al Madar	Al-Jazeera	2015	(Restated) 2014
Statement of financial position							
Current assets	14,379,864	18,148,655	1,491,880	550,892	497,644	35,068,935	33,544,257
Non-current assets	7,105,937	745,043	703,685	28,276,491	11,969,977	48,801,133	8,907,372
Current liabilities	3,986,387	4,042,308	349,563	-	2,513,343	10,891,601	7,292,955
Non-current liabilities	1,273,244	1,086,972	29,743	5,131,883	2,792,230	10,314,072	3,992,879
Net assets	16,226,170	13,764,418	1,816,259	23,695,500	7,162,048	62,664,395	31,165,795
Statement of profit or loss							
Revenue	11,598,107	27,291,289	121,312	-	1,899,825	40,910,533	34,299,893
Expenses	(9,498,478)	(26,514,640)	(86,136)	-	(1,830,445)	(37,929,699)	(31,805,667)
Net profit for the year	2,099,629	776,649	35,176	-	69,380	2,980,834	2,494,226
Dividends received	539,350	342,620	-	-	-	881,970	824,866
Contingent liabilities and commitments	1,112,948	1,629,452	-	-	1,275,000	4,017,400	2,384,307

(f) Reconciliation of the above summarized financial information to the carrying amount of investment in associates recognized in the consolidated financial statements:

2015	KSPI	FCC	KQRE	Al Madar	Al-Jazeera
Net assets of the associate	16,226,170	13,764,418	1,816,259	23,695,500	7,162,048
Group's percentage of ownership	50%	28.19%	40.72%	24%	20%
	8,113,085	3,880,189	739,581	5,686,920	1,432,410
Goodwill	6,057,532	4,044,420	-	-	-
Other adjustments	-	(275)	(1,465)	-	19,590
Carrying amount of Group's investment in the associate	14,170,617	7,924,334	738,116	5,686,920	1,452,000

2014	KSPI	FCC	KQRE (Restated)
Net assets of the associate	15,198,535	14,195,207	1,772,053
Group's percentage of ownership	50%	28.19%	40.72%
	7,599,268	4,001,260	721,580
Goodwill	6,057,532	4,044,420	-
Other adjustments	(244)	-	-
Carrying amount of Group's investment in the associate	13,656,556	8,045,680	721,580

8. Investment in unconsolidated subsidiaries

Name of the subsidiary	Country of incorporation	Percentage of ownership	Principal activities	2015	2014
Third Securities Group For Economic Consultants Company W.L.L.	Kuwait	99%	Consulting	7,425	7,425
Fourth Securities Group For Mechanical Consultants Company W.L.L.	Kuwait	99%	Consulting	247,500	247,500
Sixth Securities Group For Administrative Consultant Company W.L.L.	Kuwait	99%	Consulting	7,421	7,421
Adeem Silver Company W.L.L	KSA	100%	Real Estate	7,543	7,543
Al Madar Al Thahabia Company W.L.L.(Note 7b)	KSA	-	Real Estate	-	7,543
Private Group for General Trading And Contracting Company W.L.L.	Qatar	50%	Real Estate	8,000	8,000
Salamana Silver Company W.L.L.	KSA	95%	Real Estate	6,973	6,973
Ready Office Real Estate Company W.L.L.	Kuwait	99%	Real Estate	59,400	59,400
Al Sawab Real Estate Company W.L.L.	Kuwait	99%	Real Estate	59,400	59,400
Al Jadedeiah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	59,400	59,400
Al Raha Real Estate Company W.L.L.	Kuwait	99%	Real Estate	59,400	59,400
Al Sametah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	59,400	59,400
AL Ratqa Al-Kuwaitiya Company W.L.L	Kuwait	99%	Real Estate	80,000	80,000
Masjan Al Kuwait Company W.L.L.	Kuwait	99%	Real Estate	80,000	80,000
Awarah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	80,000	80,000
Al Liwan Al Kuwaitiya Company W.L.L.	Kuwait	99%	Real Estate	80,000	80,000
Al Radeefa Real Estate Company W.L.L.	Kuwait	99%	Real Estate	80,000	80,000
Al Liyah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	80,000	80,000
Al Baheeth Company W.L.L.	Kuwait	99%	Real Estate	6,000	6,000
				1,067,862	1,075,405

The Group had not consolidated these subsidiaries since they were not considered material to the accompanying consolidated financial statements.

9. Investment held to maturity

Investment held to maturity represent KD 3,000,000 investment in a subordinated floating rate bond issued by a local bank that carries an annual interest rate of 3.9% over the Central Bank of Kuwait discount rate and is due to mature on December 27, 2022.

10. Investment properties

The movement during the year was as follows:

	2015	2014
Balance at the beginning of the year	13,160,095	24,038,637
Additions	16,559,165	3,408,236
Disposals	(553,345)	(14,197,730)
Foreign currency translation adjustments	516,511	(89,048)
Balance at the end of the year	29,682,426	13,160,095

The fair value of investment properties as at March 31, 2015 was KD 36,050,504 (2014: KD 15,861,546) based on the lowest of valuations carried out by two independent values. In estimating the fair value of investment properties, the cost approach, income capitalization approach and market comparable approach have been used, considering the nature and usage of the investment properties.

During the year, the Group acquired investment properties located in State of Kuwait and Kingdom of Saudi Arabia for KD 16,559,165.

11. Loans

	2015	2014
Loans maturing from 3 months to one year	68,185,000	59,150,000

Loans carry an annual interest rate ranging from 2% to 3% (2014: 2% to 3%). Loan of KD 25,815,000 is secured by quoted securities (Note 6) and other loans are secured by promissory notes.

12. Accounts payable and other credit balances

	2015	2014
Accrued expenses	1,329,042	1,558,528
Dividend payable	355,362	336,954
Provision for end of service indemnity	619,518	499,913
Due to related parties	841,504	834,033
Provision for legal case	321,379	321,379
Other credit balances	641,003	701,431
	4,107,808	4,252,238

13. Capital

The authorized, issued and paid up capital comprises of 255,283,718 (2014: 255,283,718) shares of 100 fils each and all shares are paid in cash.

14. Treasury shares

	2015	2014
Number of treasury shares	351,342	351,342
Percentage of ownership	0.14%	0.14%
Market value (KD)	38,648	41,458
Cost (KD)	87,765	87,765

15. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. The Parent Company had discontinued transfer to statutory reserve in prior years since it had reached 50% of the capital.

16. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholders' Annual General Assembly, upon recommendation by the Board of Directors. The Shareholders General Assembly dated April 6, 2004, approved to discontinue any transfer to the voluntary reserve with effect from December 31, 2002.

17. Proposed dividend and Board of Directors' remuneration

The Board of Directors proposed cash dividends of 10 fils per share amounting to KD 2,549,324 and Board of Directors' remuneration amounting to KD 50,000 for the financial year ended March 31, 2015. This proposal is subject to the approval of the Shareholders' Annual General Assembly.

The Shareholders' Annual General Assembly held on June 25, 2014 approved the distribution of cash dividends of 10 fils per share amounting to KD 2,549,324 and Board of Directors' remuneration amounting to KD 50,000 for the financial year ended March 31, 2014.

The Shareholders' Annual General Assembly held on August 18, 2013 approved the distribution of cash dividends of 5 fils per share for the year ended March 31, 2013 amounting to KD 1,274,662.

18. Net investment income

	2015	2014
Unrealized gain from investments at fair value through profit or loss	160	13,070
Realized gain from investments at fair value through profit or loss	-	212,493
Realized gain from investments available for sale	875,041	92,866
Dividend income	1,016,425	389,869
	1,891,626	708,298

19. Fees and commission income

	2015	2014
Portfolio management fees	1,642,215	1,314,901
Consultancy fees	833,333	830,822
Commission	111,615	250,725
	2,587,163	2,396,448

20. General and administrative expenses

	2015	2014
Staff costs	1,401,506	1,331,509
Management and consultancy fees	83,460	125,035
Professional fees	46,204	43,141
Other expenses	193,328	180,805
	1,724,498	1,680,490

21. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve.

22. National Labor Support Tax (NLST)

NLST is calculated at 2.5% on the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of profit from associates and subsidiaries listed in the Kuwait Stock Exchange; its share of NLST paid by subsidiaries listed in the Kuwait Stock Exchange and cash dividends received from companies listed in the Kuwait Stock Exchange in accordance with Law No. 19/2000 and Ministerial Resolution No. 24/2006 and their Executive Regulations. No NLST has been provided since there was no taxable profit on which NLST could be calculated.

23. Zakat

Zakat is calculated at 1% on the profit of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting its share of profit from Kuwaiti shareholding associates and subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46/2006 and Ministerial Resolution No. 58/2007 and their Executive Regulations.

24. Earnings per share

There are no potential dilutive ordinary shares. Earnings per share is computed by dividing the net profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2015	(Restated) 2014
Net profit for the year attributable to shareholders of the Parent Company	3,900,209	3,262,612
	Shares	Shares
Number of shares at beginning of the year	255,283,718	255,283,718
Less: weighted average number of treasury shares	(351,342)	(351,342)
Weighted average number of shares outstanding	254,932,376	254,932,376
	Fils	Fils
Earnings per share attributable to shareholders of the Parent Company	15.30	12.80

25. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios and funds for others amounting to KD 1,713,440,392 as at March 31, 2015 (2014: KD 1,673,449,135) to earn management fees. These investment portfolios are registered in the name of the Group and are not accounted in the accompanying consolidated financial statements.

26. Correction of errors

The comparative consolidated statements of financial position as at March 31, 2014 and March 31, 2013 and the comparative consolidated statement of profit or loss, changes in equity and cash flows for the year ended March 31, 2014 have been restated in accordance with IAS 8: "Accounting policies, changes in accounting estimates and errors" to correct the overstatement of the Group's investment in the associate, Kuwait Qatari Company for Real Estate Development K.S.C.C. ("KQRE"), arising from:

a) Non-application of uniform accounting policy by the Group with respect to its investment properties wherein the associate followed the fair value model for its investment properties, while the Parent Company followed the cost method. Accordingly, appropriate adjustments were not done by the Group at the consolidated level and during the year, the Group identified the inconsistency in the application of the accounting policy for investment properties resulting in the overstatement of the Group's associate balance as at March 31, 2014 and March 31, 2013 by KD 2,878,157 and KD 2,233,436 respectively.

b) Not eliminating the gain on sale of investment property by KQRE to its associate – KQ for Leasing and Investment Co. K.S.C.C. ("KQLI") to the extent of KQRE's share resulting in the overstatement of the Group's associate balance by KD 429,820 as at March 31, 2014 and March 31, 2013.

c) Unrecorded penalties in the books of account of KQLI due to non-compliance with the delivery terms in the contracts with the master developer regarding two projects located in State of Qatar, resulting in the overstatement of the Group's associate balance as at March 31, 2014 and March 31, 2013 by KD 1,101,671 and KD 907,114 respectively.

d) Other period specific adjustments on account of receipt of the audited financial statements of the associate for the years ended December 31, 2012 and December 31, 2013 resulting in the understatement of the Group's associate balance as at March 31, 2014 by KD 300,468 and overstatement of Group's associate balance as of March 31, 2013 by KD 408,459.

The effect of the restatements is as follows:

Consolidated statement of financial position:

Category	March 31, 2014	March 31, 2013
Decrease in investment in associates	(4,109,180)	(3,978,829)
Decrease in cumulative changes in fair value	(96,915)	(96,915)
Decrease in retained earnings	(4,012,265)	(3,881,914)

Consolidated statement of profit or loss:

Category	March 31, 2014
Decrease in share of results from associates	(761,597)
Decrease in net provisions charged	631,246

27. Segment information

The Group is divided into operating segments for managing its business activities based on internal reporting provided to the chief operating decision maker as follows:

- Investment activities: Direct investment for the Group's benefit in securities, portfolios and funds
- Asset management services: Portfolio and Fund management services for clients
- Lending activities: Direct lending to others and acting as a broker in lending and borrowing activities.
- Real estate activities: Investment in real estate and managing real estate portfolios.

	For the year ended March 31,									
	2015					(Restated) 2014				
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	2,069,178	2,587,163	-	1,140,566	5,796,907	926,213	2,396,448	-	628,191	3,950,852
Segment operating expenses	(1,513,595)	-	-	(116,829)	(1,630,424)	(1,506,195)	-	-	(117,945)	(1,624,140)
Unallocated operating expense					(1,607,669)					(1,562,545)
Operating profit					2,558,814					764,167
Group's share of results from associates					1,315,880					1,068,051
Gain on sale of investment property					16,655					3,050,293
Other income					228,475					155,332
Foreign exchange gain (loss)					360,296					(73,177)
Impairment loss on investments available for sale					(482,085)					(1,170,740)
Net provisions charged					-					(322,788)
Contribution to KFAS					(26,975)					(17,310)
NLST					-					(113,642)
Zakat					(21,413)					(29,027)
Board of Directors' remuneration					(50,000)					(50,000)
Net profit for the year					3,899,647					3,261,159
Other information										
Segment assets	57,899,465	79,680	512,372	29,682,426	88,173,943	59,562,393	58,357	512,372	13,160,095	73,293,217
Investment in associates					30,713,688					23,265,762
Investment in unconsolidated subsidiaries					1,067,862					1,075,405
Unallocated assets					6,837,232					21,701,887
Total assets					126,792,725					119,336,271
Segment liabilities	68,185,000	-	-	-	68,185,000	59,471,379	-	-	-	59,471,379
Unallocated liabilities					4,107,808					3,930,859
Total liabilities					72,292,808					63,402,238

28. Related party disclosures

The Group has entered into various transactions with related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant balances and transactions with other related parties are as follows:

	2015	2014
(i) Consolidated statement of financial position		
Cash at banks	**8,656,296**	6,642,901
Accounts receivable and other debit balances	**428,741**	1,446,114
Loans granted to others	**512,372**	512,372
Loans	**68,185,000**	59,150,000
Accounts payable and other credit balances	**841,504**	834,033

	2015	2014
(ii) Consolidated statement of profit or loss		
Interest income	**437**	2,200
Finance charges	**(1,513,595)**	(1,506,195)

	2015	2014
(iii) Compensation to key management personnel		
Short-term benefits	**322,754**	286,000
Termination benefits	**28,333**	25,000

The related party transactions are subject to approval by the shareholders of the Parent Company in the Annual General Assembly.

29. Capital commitments and contingent liabilities

	2015	2014
Letters of guarantee	**200,000**	200,000
Capital commitments	**13,796**	8,409,945
	213,796	8,609,945

The Group's capital commitment to acquire investment properties located in Kingdom of Saudi Arabia had been settled during the year.

30. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, investments, receivables, loans granted to others, loans and payables and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and loans granted to others. The Group's cash at banks are placed with high credit rating financial institutions. Receivables and loans granted to others are presented net of allowance for doubtful debts.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, receivables and loans granted to others.

(i) **Maximum exposure to credit risk before collateral held or other credit enhancements**

	2015	2014
Cash on hand and at banks	8,782,588	6,887,323
Accounts receivable and other debit balances	6,916,912	21,760,244
Loans granted to others	512,372	512,372
Investment held to maturity	3,000,000	3,000,000
	19,211,872	32,159,939

(ii) **Concentration of assets and liabilities:**

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
State of Kuwait	90,970,773	71,536,604	80,752,203	62,686,320
Europe	6,230	-	6,230	-
Africa	2,862,742	15,514	3,609,480	17,996
Asia	32,952,980	740,690	34,968,358	697,922
	126,792,725	72,292,808	119,336,271	63,402,238

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

(i) **Liquidity risk management process**

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities of the Group as at March 31 was as follows:

2015	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	8,782,588	-	-	-	-	8,782,588
Investments at fair value through profit or loss	61,830	-	-	-	-	61,830
Accounts receivable and other debit balances	-	6,793,315	123,597	-	-	6,916,912
Loans granted to others	-	-	512,372	-	-	512,372
Investments available for sale	31,926,420	2,953,451	4,440,074	6,735,102	-	46,055,047
Investment in associates	-	-	-	25,020,538	5,693,150	30,713,688
Investment in unconsolidated subsidiaries	-	-	-	-	1,067,862	1,067,862
Investment held to maturity	-	-	-	-	3,000,000	3,000,000
Investment properties	-	-	540,512	19,359,165	9,782,749	29,682,426
	40,770,838	9,746,766	5,616,555	51,114,805	19,543,761	126,792,725
Liabilities						
Loans	-	-	68,185,000	-	-	68,185,000
Accounts payable and other credit balances	355,363	234,242	554,915	-	2,963,288	4,107,808
	355,363	234,242	68,739,915	-	2,963,288	72,292,808

2014 (Restated)	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	6,887,323	-	-	-	-	6,887,323
Investments at fair value through profit or loss	61,670	-	-	-	-	61,670
Accounts receivable and other debit balances	-	17,706,385	4,053,859	-	-	21,760,244
Loans granted to others	-	-	512,372	-	-	512,372
Investments available for sale	34,312,073	-	8,076,887	7,224,440	-	49,613,400
Investment in associates	-	-	-	23,265,762	-	23,265,762
Investment in unconsolidated subsidiaries	-	-	-	-	1,075,405	1,075,405
Investment held to maturity	-	-	-	-	3,000,000	3,000,000
Investment properties	-	-	1,093,857	12,066,238	-	13,160,095
	41,261,066	17,706,385	13,736,975	42,556,440	4,075,405	119,336,271
Liabilities						
Loans	-	-	59,150,000	-	-	59,150,000
Accounts payable and other credit balances	336,954	125,215	3,290,156	499,913	-	4,252,238
	336,954	125,215	62,440,156	499,913	-	63,402,238

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices as indicated below:

i) Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss (through the impact on floating rate borrowings).

Year	Increase / (Decrease) in interest rate	Balance on March 31	Effect on consolidated statement of profit or loss
2015			
KD Loans	**± 50 basis points**	**68,185,000**	**± 340,925**
2014			
KD Loans	± 50 basis points	59,150,000	± 295,750

ii) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between, other currencies and Kuwaiti Dinar.

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
2015			
US Dollar	**±5%**	**±27,267**	**-**
Qatari Riyal	**±5%**	**±170**	**±41,526**
Sterling Pound	**±5%**	**±8**	**-**
Saudi Riyal	**±5%**	**±239,433**	**-**
Tunisian Dinar	**±5%**	**±1,874**	**±106,146**
Euro	**±5%**	**±77**	**-**
Morocco Dirhams	**±5%**	**±(558)**	**-**

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
2014			
US Dollar	±5%	±27,291	-
Qatari Riyal	±5%	±175	±45,835
Sterling Pound	±5%	±8	-
Saudi Riyal	±5%	±861,042	-
Tunisian Dinar	±5%	±2,275	±135,558
Euro	±5%	±91	-
Morocco Dirhams	±5%	±(37)	-

iii) **Equity price risk**

Equity price risk is a risk that the value of a financial instrument will fluctuate as a result of changes in the level of equity indices and the value of individual stocks. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The equity price risk exposure arises from the Group's investment in equity securities classified as "at fair value through profit or loss" and "available for sale".

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at March 31:

	2015			2014		
Market index	Change in equity price %	Effect on consolidated statement of profit or loss	Effect on other comprehensive income	Change in equity price %	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
Kuwait Stock Exchange	±5%	±3,092	±1,596,321	±5%	±3,084	±1,715,604
Tunisia Stock Exchange	±5%	-	±106,146	±5%	-	±135,558
Doha Stock Exchange	±5%	-	±41,526	±5%	-	±45,835

31. Fair value measurement

The Group measures its financial assets such as investments at fair value through profit or loss and certain investments available for sale at their fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31:

2015	**Level 1**	**Level 2**	**Total**
Investments at fair value through profit or loss	**61,830**	**-**	**61,830**
Investments available for sale	**34,879,871**	**2,361,498**	**37,241,369**
Total	**34,941,701**	**2,361,498**	**37,303,199**

2014	Level 1	Level 2	Total
Investments at fair value through profit or loss	61,670	-	61,670
Investments available for sale	37,939,925	2,367,456	40,307,381
Total	38,001,595	2,367,456	40,369,051

At March 31, the fair values of financial instruments approximate their carrying amounts, with the exception of certain investments available for sale carried at cost as indicated in Note 6. The management of the Group has assessed that fair value of cash on hand and at banks, receivables, loans granted to others, loans and payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the year, there were no transfers between different levels of fair value measurement.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

32. 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 and to maintain an optimal capital structure to reduce the cost paid up of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

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 on hand and at banks. Total capital is calculated as total 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2015	(Restated) 2014
Loans	**68,185,000**	59,150,000
Less: cash on hand and at banks	**(8,782,588)**	(6,887,323)
Net debt	**59,402,412**	52,262,677
Total equity	**54,499,917**	55,934,033
Total capital resources	**113,902,329**	108,196,710
Gearing Ratio	**52.15%**	48.30%