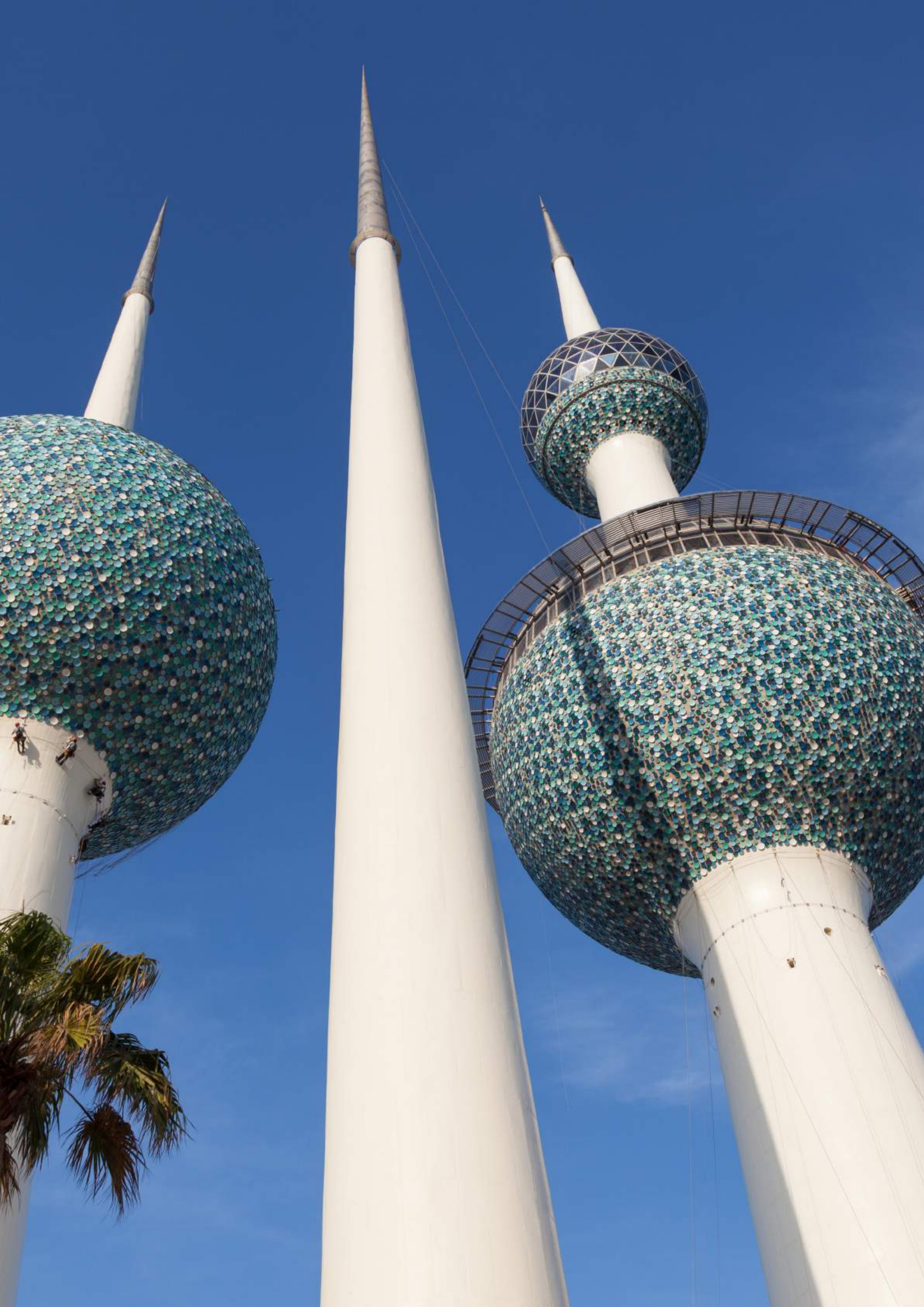
In The Name of Allah

the Most Gracious the Most Merciful



His Highness Sheikh

Sabah Al-Ahmed Al-Jaber Al-Sabah

Amir of Kuwait

His Highness Sheikh

Nawaf Al-Ahmed Al-Jaber Al-Sabah

Crown Prince

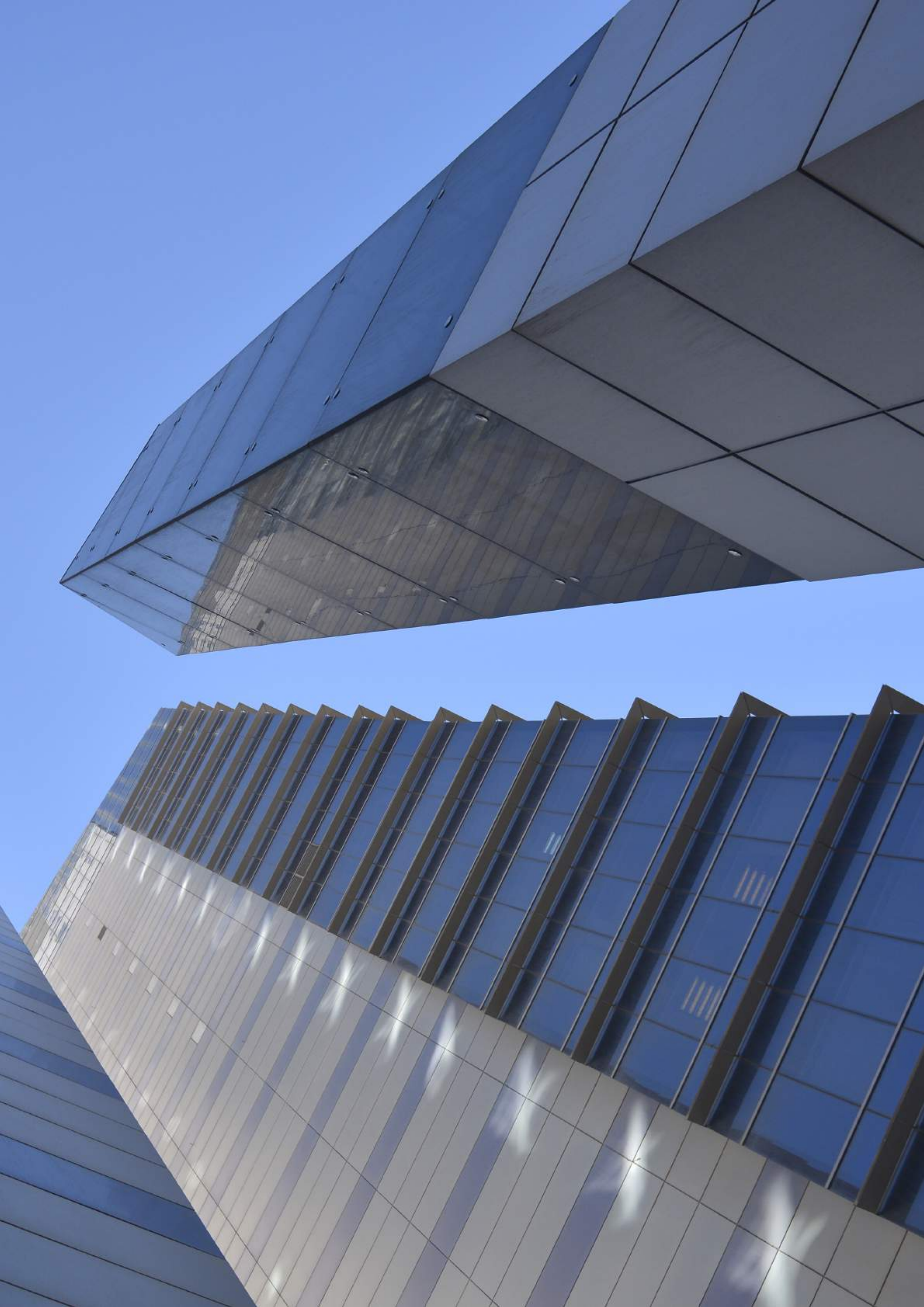


Table of Contents

6 BOARD OF DIRECTOR`S REPORT

8 SHARIA COMMITTE REPORT

9 AUDITOR`S REPORT

11 CONSOLIDATED INCOME STATEMENT

14 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

15 CONSOLIDATED STATEMENT OF CASH FLOW

16 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

REPORT OF THE BOARD OF DIRECTORS FOR THE FISCAL YEAR ENDING31 DECEMBER 2015

Dear shareholders

Peace and blessing of Allah be upon you,
On my behalf and in behalf of my colleagues the respectable members of the board of directors, I greet and congratulate you on the occasion of the elapse of the year 2015, hoping that the coming year will be a year of goodness, stability and prosperity allover our beloved country Kuwait as well as our dear company "Tijara". It also gives me pleasure to present to you the annual report of Tijara & Real Estate Investment Company for the fiscal year ending in 31/12/2015 , which includes a clear picture about the company performance and its financial position during the previous year.

Dear shareholders:

It is not an overstatement to say that any person with less acquaintance with the daily events and actions could understand the huge quantity of economic and non-economic crises that struck the countries of the world in general and the Gulf states in particular during the previous year when economy and oil became near their minimum levels and sometimes they exceeded such minimum levels.

The average price of Kuwaiti oil barrel reached its utmost price 60,7 USD in May 2015. Whereas the barrel reached its minimum price 31,2 USD in December 2015. That is to say oil barrel decreased at the rate of -48,6 % in 7 months. So, the average price reached about 48 dollar per barrel in the year 2015, against its average price in the year 2014 that reached about 95 dollar per barrel, that is to say there was remarkable decrease at the rate of -49,5%.

Kuwait Stock Exchange

Kuwait Stock Exchange concluded its dealings with decrease in its general indicators, compared to the end of the year 2014. The price indicator decreased at the amount of 920,6 point, at the rate of 14,1%. The weight indicator decreased at the amount of 57,2 point, at the rate of 13%. NIC50 indicator decreased at the amount of 563,6 point at the ratio of 11,2%. Kuwaiti 15 indicator decreased at the amount of 159,5 point, at the ratio of 15%. This is also the case regarding the general changes whereas the daily average of the amount of circulating shares and the circulating value were also decreased as the ratio of 19,1% and 35,2%, respectively. The average daily circulating value reached 15,8 million dinars during the year 2015 compared to 24,4 million dinars in the year 2014.
The title of market movement during the year 2015 was fluctuation and instability due to the negative effects resulting from the successive decreased in oil prices, not to mention the regional conditions.

Real estate market

The total real estate sales value reached the amount of 3,43 billion dinars (contracts and agencies) compared to the standard levels recorded in the year 2014 which reached the amount of 4,86 billion dinars. Whereas the indicator of the number of deals recorded, decreased at the ratio of 28% and reached the number of 5955 deal only, compared to about 8271 deals recorded during the year 2014.

On the other hand, the indicator of the deals value average has decreased for the first time since the year 2012 and reached the amount of 577 thousand dinar, that is to say it regressed at about 2% compared to the average recorded in the year 2014 which reached the amount of 588 thousand dinar.
Regression included the three main sectors. The investment sector recorded the largest ratio of regression in the indicator of total sales and the average of deal value. The housing sector witnessed more regression in the indicator of the total number of deals. Despite regression, the investment sector continued keeping some success that was prevalent during last November. This was driven by the increasing number of expatriates and the relatively good economic revenue of the investment real estates under the low interest rates and the regressing performance of Kuwait Stock Exchange.

When following up the total performance of market during the year 2015, compared to the standard levels recorded in the year 2014, we find that the real estate market is still relatively stable, regardless of the regressions that took place in the indicators of sales value and the prices of real estates, taking into consideration the economic developments Imposed by the low oil price levels and the negative economic developments witnessed by global economy.

Governance report

Within the framework of Tijara Company trying to apply the higher governance standards which the company has started since the year 2014, the company managed to realize great development in the year 2015. The company is quite certain that applying governance contributes to achieving effective management in the company and improving the services rendered. This is positively reflected on the company results and its credibility for investors.

Members of the board of directors

1- Chairman: Sheikha/ Yasmin Mubarak Al-Jaber Al-Sabah
2- Vice chairman: Mr. Tareq Farid Al-Othman
3- Independent member: Mr. Saad Naser Faraj
4- Independent member: Mr. Abdelwahab Ahmad Al-Awadi
5- Non executive member: Sheikh/ Ali Abdullah Al-Khalefa Al-Sabah

Achievements of the board of directors during the year 2015

- Developing the policies requiring the application of the best governance standards
- Determining the capacities and responsibilities and distributing them to reflect balance, capacities and powers between the board of directors and the executive management
- Developing the reporting policy to suit the size of the company
- Developing the policy of remunerations for the members of the board of directors and the executive management
- Follow up of the internal auditor reports and concluding the recommendations to the concerned departments

Meetings of the board of directors during the year 2015

SN	Meeting number	Date
1	1/2015	9/3/2015
2	2/2015	20/4/2015
3	3/2015	27/4/2015
4	4/2015	13/7/2015
5	5/2015	17/9/2015
6	6/2015	27/10/2015
7	7/2015	3/11/2015

The board committees:

- Internal auditing committee:

Member: Mr. Saad Naser Saeed Faraj (Joint member with risks)
Member: Mr. Tareq Farid Al-Othman
Chief: Sheikh/ Ali Abdullah Al-Khalefa Al-Sabah

- Risks management committee:

Member: Mr. Saad Naser Saeed Faraj (Joint member with auditing)
Member: Mr. Tareq Farid Al-Othman
Chief: Sheikh/ Ali Abdullah Al-Khalefa Al-Sabah

- Governance committee:

Member: Mr. Tareq Farid Al-Othman
Member: Mr. Saad Naser Saeed Faraj (Joint member with auditing)
Chief: Sheikha/ Yasmin Mubarak Al-Jaber Al-Ahmad Al-Sabah (chairman)

- Remunerations committee:

Member: Mr. Saad Naser Saeed Faraj (Joint member with auditing)
Member: Mr. Tareq Farid Al-Othman
Chief: Sheikh/ Ali Abdullah Al-Khalefa Al-Sabah

- Candidates committee:

Member: Mr. Saad Naser Saeed Faraj (Joint member with auditing)
Member: Mr. Tareq Farid Al-Othman
Chief: Sheikh/ Ali Abdullah Al-Khalefa Al-Sabah

Disclosure report:

The following schedule states all the remunerations decided by the company for the members of the executive body

The total remunerations for the executive body reached the amount of KD 30,000 (thirty thousand Kuwaiti dinar only), for their performance during the year 2015.

Respectable brothers,

The company policy demonstrated its success during the previous years as the company adopted special means to maintain the company ability to save cash liquidity. This matter enabled the company to finish its projects fully and change them into promising and profitable assets, so as to move forward towards regional and Gulf horizons to increase investment in such countries where there are good investment opportunities. The company also continued devoting its efforts to concentrate on real estate activity whereas the real estate assets value reached the ratio of 85% of total assets, divided into existing and profitable assets at the ratio of 92%. The remaining parts are assets which are expected to be changed into profitable ones. Such matter is expected to reflect positively on the financial data in the few coming years.

On the local field, the company kept the occupation of 25 February tower in Sharq area in full. It is currently considered one of the most important sources of fixed revenues for the company. The tower realizes very good revenues compared to the market in such area. Regarding the remaining real estates of the company distributed in various areas inside Kuwait, they are still enjoying high occupation rates, they are promising and profitable real estates and work is going on to develop them and to increase the ratio of their revenues.

Regarding the company›s real estate investment outside Kuwait, they are stable and are being managed as per the set future plans. Works is also underway at the present time to study developing some of these investments or sell them and increase the productivity of the other investments.

The net profit for the year 2015 reach the amount of 777,980 Kuwaiti dinar compared to the year 2014 in which the net profit reached the amount of 1,820,801 Kuwaiti dinar. The share realized profitability at the amount of 2,01 fils per share in the year 2015, compared to profitability at the amount of 4,75 fils per share in the year 2014. The total revenues and expenses for the year 2015 reached the amount of 3,350,907 Kuwaiti dinar and the amount of 2,577,927 Kuwaiti dinar, respectively.

In conclusion:

I would like to thank the administrative and the executive bodies of the company and all the officers and employees in the company for their censer efforts. I also thank the respectable brothers, members of the Sharia Supervisory Committee and the financial auditors.

We also feel gratitude and thankful for all our dear shareholders who granted us their trust and support during the previous year and we ask God to grant us success to achieve the company interest.

Peace and blessings of Allah be upon you,,,

Sheikha/ Yasmin Mubarak Al-Jaber Al-Sabah
Chairman

Report of the Shariah Committee
For the period from 01/01/2015 till 31/12/2015

Praise be to Allah alone and peace and blessings be upon the Prophet and his family and companions.

To the shareholders of "Tijara & Real Estate Investment Company":

Peace and Allah's mercy and blessings be upon you.

According to the Agreement contract signed with us, we have audited the contracts and transactions carried out by the company during the financial period from **01/01/2015** to **31/12/2015** to introduce our opinion on the company's commitment to the provisions of Islamic law as described in the instructions and Islamic opinions and decisions that have been issued by us, however our responsibility is limited to introducing an independent opinion on the extent of company's commitment to do so based on our audit.

We have conducted our audit on the basis of examination of samples of each type of contracts and transactions executed during the period and we believe that our audit provides a suitable basis for our opinion towards company's commitment to the provisions of Islamic law.

In our opinion:

During the financial period from **01/01/2015** to **31/12/2015**, the company was committed to implementing its obligations towards the carrying out of contracts and transactions according to the provisions of Islamic law (Sharia), also we would like to inform you that the Company is not empowered to pay Zakat as it falls within the responsibility of the shareholders.

Finally, we ask the almighty Allah to reconcile those in charge of the company to serve our religion as well as our dear country & to grant guidance for all.

Sharia Supervisory Board

Dr Abdulaziz Al-Qassar	Dr Eisa Zaki	Dr Ali Alrashed.
Chariman	Member	Member

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العيبان والعصيمي وشركاهم
إرنست ويونغ

محاسبون قانونيون
صندوق رقم ٧٤ الصفاة
الكويت الصفاة ١٣٠٠١
ساحة الصفاة
برج بيتك الطابق ١٨ – ٢١
شارع أحمد الجابر

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Report on Consolidated Financial Statements

WE HAVE AUDITED THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS OF TIJARA & REAL ESTATE INVESTMENT COMPANY K.S.C.P. (THE "PARENT COMPANY") AND ITS SUBSIDIARIES (COLLECTIVELY THE "GROUP"), WHICH COMPRISE THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015, AND THE CONSOLIDATED STATEMENT OF INCOME, CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR THEN ENDED, AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION.

Management's Responsibility for the Consolidated Financial Statements

MANAGEMENT OF THE PARENT COMPANY IS RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION OF THESE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, AND FOR SUCH INTERNAL CONTROL AS MANAGEMENT DETERMINES IS NECESSARY TO ENABLE THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS THAT ARE FREE FROM MATERIAL MISSTATEMENT, WHETHER DUE TO FRAUD OR ERROR.

Auditors' Responsibility

OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THESE CONSOLIDATED FINANCIAL STATEMENTS BASED ON OUR AUDIT. WE CONDUCTED OUR AUDIT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING. THOSE STANDARDS REQUIRE THAT WE COMPLY WITH ETHICAL REQUIREMENTS AND PLAN AND PERFORM THE AUDIT TO OBTAIN REASONABLE ASSURANCE ABOUT WHETHER THE CONSOLIDATED FINANCIAL STATEMENTS ARE FREE FROM MATERIAL MISSTATEMENT.

AN AUDIT INVOLVES PERFORMING PROCEDURES TO OBTAIN AUDIT EVIDENCE ABOUT THE AMOUNTS AND DISCLOSURES IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE PROCEDURES SELECTED DEPEND ON THE 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 POLICES USED AND THE REASONABLENESS OF ACCOUNTING ESTIMATES MADE BY MANAGEMENT, AS WELL AS EVALUATING THE OVERALL PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

بيكرتلي الكويت

تدقيق وضرائب واستشارات

EY

نبني عالماً أفضل للعمل

العيبان والعصيمي وشركاهم

WE BELIEVE THAT THE AUDIT EVIDENCE WE HAVE OBTAINED IS SUFFICIENT AND APPROPRIATE TO PROVIDE A BASIS FOR OUR AUDIT OPINION.

THE OPINION

IN OUR OPINION, THE CONSOLIDATED FINANCIAL STATEMENTS PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHERMORE, IN OUR OPINION PROPER BOOKS OF ACCOUNT HAVE BEEN KEPT BY THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS, TOGETHER WITH THE CONTENTS OF THE REPORT OF THE PARENT COMPANY'S BOARD OF DIRECTORS RELATING TO THESE CONSOLIDATED FINANCIAL STATEMENTS, ARE IN ACCORDANCE THEREWITH. WE FURTHER REPORT THAT WE OBTAINED ALL THE INFORMATION AND EXPLANATIONS THAT WE REQUIRED FOR THE PURPOSE OF OUR AUDIT AND THAT THE CONSOLIDATED FINANCIAL STATEMENTS INCORPORATE ALL INFORMATION THAT IS REQUIRED BY THE COMPANIES LAW NO. 25 OF 2012, AS AMENDED AND ITS EXECUTIVE REGULATION, AND BY THE PARENT COMPANY'S MEMORANDUM OF INCORPORATION AND ARTICLES OF ASSOCIATION, THAT AN INVENTORY WAS DULY CARRIED OUT AND THAT, TO THE BEST OF OUR KNOWLEDGE AND BELIEF, NO VIOLATIONS OF THE COMPANIES LAW NO. 25 OF 2012, AS AMENDED AND ITS EXECUTIVE REGULATION, OR OF THE PARENT COMPANY'S MEMORANDUM OF INCORPORATION AND ARTICLES OF ASSOCIATION HAVE OCCURRED DURING THE YEAR ENDED 31 DECEMBER 2015 THAT MIGHT HAVE HAD A MATERIAL EFFECT ON THE BUSINESS OF THE PARENT COMPANY OR ON ITS FINANCIAL POSITION.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

MOHAMMED HAMED AL SULTAN
LICENCE NO. 100 A
AL SULTAN AND PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

11 February 2016 Kuwait

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 KD	2014 KD
Rental income		**2,681,226**	1,554,133
Other services and operating income		**135,895**	70,506
Property operating expenses		**(323,912)**	(449,556)
Unrealised (loss) gain from re-measurement of investment properties to fair value	7	**(179,401)**	28,559
Net profit on investment properties		**2,313,808**	1,203,642
Realised gain on sale of inventory properties	6	**265,595**	-
Net profit on inventory properties		**265,595**	-
Realised gain on sale of financial assets available for sale		**5,799**	147,975
Dividend income		**3,547**	-
Impairment loss on financial assets available for sale		**-**	(77,276)
Gain on sale of a subsidiary		**-**	393
Net investment income		**9,346**	71,092
Administrative expenses		**(1,277,174)**	(1,170,210)
Allowance for impairment of receivables		**(850)**	(252,217)
Reversal of provision for legal case		**-**	2,200,461
Operating profit		**1,310,725**	2,052,768
Finance costs		**(941,428)**	(648,643)
Foreign exchange gain		**437,142**	389,200
Other income		**1,104**	12,476
Gain on sale of property and equipment		**-**	15,000
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO ZAKAT AND NATIONAL LABOR SUPPORT TAX "NLST"		**807,543**	1,820,801
Zakat		**(9,875)**	-
National Labour Support Tax (NLST)		**(24,688)**	-
PROFIT FOR THE YEAR		**772,980**	1,820,801
BASIC AND DILUTED EARNINGS PER SHARE	4	**2.01 fils**	4.75 fils

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 KD	2014 KD
PROFIT FOR THE YEAR	**772,980**	1,820,801
Other comprehensive income:		
Other comprehensive income to be reclassified to the consolidated statement of income in subsequent periods:		
Net unrealized loss on financial assets available for sale	**-**	(163,990)
Exchange difference on translation of foreign operations	**158,278**	280,019
Total other comprehensive income to be reclassified to the consolidated statement of income in subsequent periods	**158,278**	116,029
Impairment loss transferred to consolidated statement of income	**-**	77,276
Other comprehensive income for the year	**158,278**	193,305
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**931,258**	2,014,106

The attached notes 1 to 17 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 KD	2014 KD
ASSETS			
Bank balances and cash		**2,743,142**	910,425
Accounts receivable and prepayments	5	**6,450,131**	7,384,232
Inventory properties	6	**3,501,027**	3,817,102
Investment properties	7	**47,785,193**	44,165,598
Property and equipment		**138,284**	143,217
TOTAL ASSETS		**60,617,777**	56,420,574
EQUITY AND LIABILITIES			
Equity			
Share capital	8	**38,446,256**	38,446,256
Share premium	8	**-**	47,418
Statutory reserve	8	**-**	3,640,756
General reserve	8	**-**	2,793,231
Share options reserve		**142,253**	142,253
Foreign currency translation reserve		**295,776**	137,498
Treasury shares reserve		**18,132**	18,132
Accumulated losses		**(1,464,488)**	(8,718,873)
Total equity		**37,437,929**	36,506,671
Liabilities			
Accounts payable and accruals	9	**1,180,445**	1,455,232
Islamic financing payables	10	**21,366,866**	18,006,107
Employees' end of service benefits		**632,537**	452,564
Total liabilities		**23,179,848**	19,913,903
TOTAL EQUITY AND LIABILITIES		**60,617,777**	56,420,574

Sheikha / Yasmin Mubarak Jaber Al-Ahmad Al-Sabah

Chairman

Tareq Fareed Al Othman

Vice Chairman and Executive President

The attached notes 1 to 17 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Share options reserve KD	Cumulative changes in fair values KD	Foreign currency translation reserve KD	Treasury shares KD	Treasury shares reserve KD	Accumulated losses KD	Total KD
Balance as at 1 January 2015	38,446,256	47,418	3,640,756	2,793,231	142,253	-	137,498	-	18,132	(8,718,873)	36,506,671
Profit for the year	-	-	-	-	-	-	-	-	-	772,980	772,980
Other comprehensive income for the year	-	-	-	-	-	-	158,278	-	-	-	158,278
Total comprehensive income for the year	-	-	-	-	-	-	158,278	-	-	772,980	931,258
Write-off of ccumulated losses (Note 8)	-	(47,418)	(3,640,756)	(2,793,231)	-	-	-	-	-	6,481,405	-
Balance at 31 December 2015	**38,446,256**	-	-	-	**142,253**	-	**295,776**	-	**18,132**	**(1,464,488)**	**37,437,929**
Balance as at 1 January 2014	38,446,256	47,418	3,640,756	2,793,231	142,253	86,714	(142,521)	(52,984)	-	(10,539,674)	34,421,449
Profit for the year	-	-	-	-	-	-	-	-	-	1,820,801	1,820,801
Other comprehensive (loss) income for the year	-	-	-	-	-	(86,714)	280,019	-	-	-	193,305
Total comprehensive (loss) income for the year	-	-	-	-	-	(86,714)	280,019	-	-	1,820,801	2,014,106
Sale of treasury shares	-	-	-	-	-	-	-	52,984	18,132	-	71,116
Balance at 31 December 2014	38,446,256	47,418	3,640,756	2,793,231	142,253	-	137,498	-	18,132	(8,718,873)	36,506,671

The attached notes 1 to 17 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015 KD**	2014 KD
OPERATING ACTIVITIES			
Profit for the year before contribution to zakat and NLST		**807,543**	1,820,801
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation		**68,926**	17,566
Provision for employees' end of service benefits		**179,973**	68,656
Realised gain on sale of inventory properties	6	**(265,595)**	-
Unrealised loss (gain) from re-measurement of investment properties to fair value	7	**179,401**	(28,559)
Realised gain on sale of financial assets available for sale		**(5,799)**	(147,975)
Impairment loss on financial assets available for sale		**-**	77,276
Dividend income		**(3,547)**	-
Gain on sale of a subsidiary		**-**	(393)
Finance costs		**941,428**	648,643
Allowance for impairment of receivables		**850**	252,217
Legal case provision reversed		**-**	(2,200,461)
Foreign exchange gain		**(437,142)**	(389,200)
		1,466,038	118,571
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**364,195**	(4,350,233)
Inventory properties		**(169,691)**	(1,170,000)
Accounts payable and accruals		**(397,478)**	(804,246)
Cash flows from (used in) operations		**1,263,064**	(6,205,908)
Employees' end of service benefits paid		**-**	(5,883)
Net cash flows from (used in) operating activities		**1,263,064**	(6,211,791)
INVESTMENT ACTIVITIES			
Purchase of property and equipment		**(63,993)**	(156,874)
Proceeds from sale of financial assets available for sale		**5,799**	234,376
Purchase of investment properties	7	**(3,468,323)**	(6,156,796)
Proceeds from sale of investment properties	7	**1,736,680**	-
Proceeds from sale of a subsidiary		**-**	1,871,721
Dividend income received		**3,547**	-
Net cash flows used in investment activities		**(1,786,290)**	(4,207,573)
FINANCING ACTIVITIES			
Proceeds from sale of treasury shares		**-**	71,116
Islamic financing payables obtained		**3,750,000**	10,250,000
Repayment of islamic financing payables		**(550,183)**	(573,149)
Finance costs paid		**(866,741)**	(786,469)
Net cash flows from financing activities		**2,333,076**	8,961,498
NET INCREASE (DECREASE) IN BANK BALANCES AND CASH		**1,809,850**	(1,457,866)
Net foreign exchange difference		**22,867**	153,919
Bank balances and cash at the beginning of the year		**910,425**	2,214,372
BANK BALANCES AND CASH AT THE END OF THE YEAR		**2,743,142**	910,425

The attached notes 1 to 17 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

The consolidated financial statements of Tijara & Real Estate Investment Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively "the Group") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 11 February 2016.

The consolidated financial statements of the Group for the year ended 31 December 2014 approved by the shareholders of the Parent Company during annual general assembly meeting held on 20 April 2015.

The Parent Company is a public Kuwaiti shareholding company registered and incorporated in Kuwait on 18 April 1983. The Group operates in accordance with the Islamic Share'a and is engaged in the following activities:

- Purchase and sale of land and real estate and exchange thereof; constructing buildings, commercial and residential complexes, and lease and rental thereof.
- Management of own properties and of third parties both inside and outside Kuwait.
- Sale and purchase of securities of companies carrying on similar activities.
- Development and building of real estate properties for the Group and for third parties.
- Maintenance works of buildings and real estate properties owned by the Group, including civil, mechanical, air-conditioning works to preserve all buildings and properties.
- Investing in equities and other investments.

The registered office of the Parent Company is P.O. Box 5655, Safat, 13057 Kuwait. The Parent Company was listed on the Kuwait Stock Exchange on 26 September 2005.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Statement of compliance
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).

Basis of preparation
The consolidated financial statements are prepared under the historical cost convention as modified for the revaluation at fair value of investment properties.

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

2.2 CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations
The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in previous year, except for the adoption of the following new standards / amendments to IFRS effective as of 1 January 2015:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and thus, this amendment did not impact the Group's accounting policy.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

IFRS 8 Operating Segments
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2015 and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The Group has not applied the aggregation criteria in IFRS 8.12 and, thus, this amendment did not impact the Group's accounting policy.

The Group has presented the reconciliation of segment assets to total assets in previous years and continues to disclose the same in Note 13 in this year's consolidated financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of its decision making.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively for annual periods beginning on or after 1 January 2015 and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

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.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instrumets

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 consolidated financial statements, when adopted.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 and is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue recognition requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is in the process of evaluating the effect of IFRS 15 on the group and do not expect any significant impact on adoption of this standard.

Annual improvements for 2010-2012 and 2011-2013 cycle which are effective from 1 January 2016 are not expected to have a material impact on the Group.

Additional disclosures will be made in the consolidated financial statements when these standards, revisions and amendments become effective. The Group, however, expects no material impact from the adoption of the amendments on its consolidated financial position or performance.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2015.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, 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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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.
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 BASIS OF CONSOLIDATION

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Details of the subsidiaries included in the consolidated financial statements set out below:

Name of company	Equity interest		Country of incorporation	Activities
	2015	2014		
Madar Al Kuwait Trading and Contracting Company W.L.L.	**100 %**	98 %	Kuwait	General trading
Tilal Real Estae Company W.L.L.	**95 %**	95 %	Saudi Arabia	Real Estate

The remaining shares in the subsidiary are held by related parties who have confirmed in writing that the Parent Company is the beneficial owner.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of consolidated income due to its operating nature.

Income from real estate investment portfolio

Income from real estate investment portfolio is recognised when the Group's right to receive payment is established.

Sale of inventory properties

Sale from inventory properties is recognised when risk and rewards of ownership have passed to the buyer, usually on delivery of the properties.

Finance costs

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognized as an expense in the period in which they are incurred.

The finance cost capitalized is calculated using the weighted average cost of borrowing after adjusting for borrowing associated with specific development. Where borrowings are associated with specific developments, the amount capitalized is the gross finance cost incurred on those borrowing less any investment income arising on their temporary investment. Finance cost is capitalized as from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Finance cost is also capitalized in the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year (net of accumulated losses brought) after accounting for the transfer to statutory reserve.

National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. In determining taxable profit, profit of associates and subsidiaries subject to NLST and cash dividends from listed companies subject to NLST are deducted.

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.

Bank balances and cash

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value.

Financial instruments – initial recognition and subsequent measurement

(i) **Financial assets**

Initial recognition and measurement

Financial assets within scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or financial assets available for sale, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include bank balances and cash, receivables, financial assets at fair value through profit or loss and financial assets available for sale.

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses, if any. Losses arising from impairment are recognised in the consolidated statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)
(i) **Financial assets (continued)**

Derecognition
A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive the cash flows from the asset have expired
- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and loans and borrowings or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Parent Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in case of borrowings, plus directly attributable transactions costs.

The Group's financial liabilities include payables and Islamic financing payables.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Payables
Payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Islamic financing payables
Ijara payable represents the amount payable on a deferred settlement basis for assets purchased under ijara and leasing arrangements. Ijara payable is stated at the aggregate of the minimum lease payment due, net of any deferred costs.

Tawarruq payables represent amounts payable on a deferred settlement basis for commodities purchased under Sukuk arrangements. Tawarruq payables are stated at the gross amount of the payables, less deferred profit payables.

Murabaha payable is stated at the gross amount payable, net of deferred profit payable. Murabaha profit payable and Ijara costs are recognised on a time proportion basis so as to yield a constant periodic rate of return.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

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

Inventory properties
Inventory properties are measured initially at cost. Subsequent to initial recognition, inventory properties are carried at the lower of cost or net realizable value determined on an individual basis.

Cost comprises the purchase cost of the property and other costs incurred in association with the construction or development of property to bring it to the condition necessary to make the sale.

Net realisable value is the estimated selling price in the ordinary course of the business, less costs to completion and the estimated costs necessary to make the sale.

Investment properties
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the year in which they arise. The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation techniques.

Investment properties are derecognised 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. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
Properties under construction
Properties under construction are carried at cost less any impairment in value. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset.

The carrying values of properties under construction are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Capitalisation of borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of finance costs and other costs that an entity incurs in connection with the borrowing of funds.

Property and equipment
Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial year in which they are incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares
The Parent Company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. Any realised 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 then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed 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.

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Parent Company makes contributions to social security calculated as a percentage of the employees' salaries. The Parent Company's obligations are limited to these contributions, which are expensed when due.

Foreign currencies translation

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies
As at the reporting date, the carrying amount of foreign subsidiaries is translated into the Parent Company's presentation currency at the rate of exchange ruling at the reporting date. Exchange differences arising on translation are taken directly to foreign exchange translation reserve within other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to the particular foreign subsidiary is the recognized in the consolidated statement of income.

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

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

Leases
Leases where the Group transfers substantially all the risks and benefits of ownership of the asset are financial leases.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as lease rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 15;
- Financial risk management and policies Note 14;
- Sensitivity analysis disclosures Note 7.

Judgements

In the process of applying the Group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements:

Business combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Classification of real estate

Management of the Group decides on acquisition of a developed and under development property whether it should be classified as inventory, investment property or properties and equipment.

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

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

The Group classifies property as property and equipment when it is acquired for owner occupation.

Classification of equity investments

All investments are classified as available for sale.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTION

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

Impairment of receivables
An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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:

Valuation of unquoted equity instruments
Valuation of unquoted equity instruments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same;
- An earnings multiple or industry specific earnings multiple;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. There are a number of investments where this estimation cannot be reliably determined. As a result, these investments are carried at cost less impairment.

Fair value measurements
The Group measures certain financial instruments, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements. 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 Group must be able to access the principal or the most advantageous market at the measurement date. 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTION

Fair value measurements (continued)

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

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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

An analysis of fair values of financial instruments and further are provided in Note 16.

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the year by the weighted average number of shares outstanding during the year less treasury shares.

	2015 KD	2014 KD
Profit for the year	**772,980**	1,820,801
Weighted average number of shares outstanding (excluding treasury shares)	**384,462,560**	383,718,427
Basic and diluted earnings per share	**2.01 fils**	4.75 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

Accounts receivables and prepayments includes advance payment for an investment to be acquired in the Kingdom of Saudi Arabia for an amount of SAR 73,680,000 equivalent to KD 5,941,650 (31 December 2014: KD 5,756,066).

6 INVENTORY PROPERTIES

	2015 KD	2014 KD
Carrying value at 1 January	**3,817,102**	4,480,973
Addition	**2,260,255**	1,170,000
Disposals	**(1,070,522)**	(1,833,871)
Transfer to investment properties (Note 7)	**(1,505,808)**	-
Carrying value at 31 December	**3,501,027**	3,817,102

During the year ended 31 December 2015, the Group disposed inventory properties with a carrying value of KD 1,070,522 for a consideration of KD 1,336,117, which resulted in a gain on sale of inventory property of KD 265,595 recorded in consolidated statement of income.

7 INVESTMENT PROPERTIES

	2015 KD	2014 KD
Carrying value at 1 January	**44,165,598**	37,421,129
Additions	**3,468,323**	6,156,796
Disposals	**(1,736,680)**	-
Unrealised (loss) gain from re-measurement to fair value	**(179,401)**	28,559
Transfer from inventory properties (Note 6)	**1,505,808**	-
Net foreign exchange gain	**561,545**	559,114
Carrying value at 31 December	**47,785,193**	44,165,598

During the year the year ended 31 December 2015, the Group acquired two buildings located in the Kingdom of Saudi Arabia for a cash consideration of KD 3,468,323 (equivalent to SAR 61,710,900) (31 December 2014: KD 6,156,796 equivalent to SAR 82,000,000).

During the year ended 31 December 2015, the Group sold 50% of its ownership in property located in the Kingdom of Saudi Arabia for a cash consideration of KD 1,736,680 equivalent to SAR 21,525,000.

As at 31 December 2015, certain investment properties with the fair value of KD 20,143,945 (2014: KD 19,984,165) are held under Ijara payable agreement (Note 10).

The fair value measurement of investment properties of KD 47,785,193 (2014: KD 44,165,598) has been categorised as level 3 fair value based on inputs to the valuation technique used and the movement in the fair value of the investment properties is shown in the table below.

The fair value of the investment properties amounting to KD 46,274,238 (2014: KD 44,165,598) has been determined based on valuations obtained from two independent valuers, who are an industry specialised in valuing these types of properties. One of these valuers is a local bank who has valued the local investment properties using the Yield Method for some properties, and the combination of the market comparison approach for the land and cost minus depreciation approach of the building for the investment properties. The other is a local reputable accredited who has valued the investment properties using the Yield Method. For the valuation purpose, the Group has selected the lower value of these two valuations as required by the Capital Market Authority.

Certain investment properties held through a real estate portfolios with a fair value of KD 1,510,955 (2014: KD Nil) are managed by external managers and are valued at the valuation advised by the real estate portfolios' managers. No revaluation gain on investment properties has been recognised in the consolidated statement of income in respect of these properties (2014: KD Nil).

7 INVESTMENT PROPERTIES (CONTINUED)

The significant assumptions used in the valuations are set out below:

2015	Kuwait	GCC
Estimated market price for the land (per sqm) (KD)	**1,934**	**683**
Construction costs (per sqm) (KD)	**1,033**	**628**
Average monthly rent (per sqm) (KD)	**19**	**10**
Yield rate	**7.5 %**	**9 %**
Vacancy rate	**24 %**	**35%**
2014		
Estimated market price for the land (per sqm) (KD)	1,913	701
Construction costs (per sqm) (KD)	1,066	743
Average monthly rent (per sqm) (KD)	17	9
Yield rate	6.8 %	7.2 %
Vacancy rate	10 %	52 %

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment property.

2015	Changes in valuation assumptions	Kuwait KD	GCC KD
Estimated market price for the land	**+/- 5%**	**947,900**	**447,981**
Average rent	**+/- 5%**	**1,454,230**	**859,482**
Yield rate	**+/- 5%**	**1,384,981**	**818,554**
Vacancy rate	**+/- 5%**	**1,454,230**	**859,482**

2014	Changes in valuation assumptions	Kuwait KD	GCC KD
Estimated market price for the land	+/- 5%	937,700	363,257
Average rent	+/- 5%	1,460,150	748,130
Yield rate	+/- 5%	1,390,619	712,505
Vacancy rate	+/- 5%	1,460,150	748,130

8 SHARE CAPITAL, GENERAL ASSEMBLY MEETING AND RESERVES

a) Share capital, general assembly meeting

The authorised, issued and fully paid up share capital at 31 December 2015, comprises 384,462,560 shares (2014: 384,462,560 shares) of 100 fils each paid up in cash.

The Annual General Meeting of the shareholders of the Parent Company held on 20 April 2015 approved the consolidated financial statements for the year ended 31 December 2014 and approved not to distribute cash dividend or bonus shares for the year ended 31 December 2014 (31 December 2013: Nil).

The Board of Directors' meeting held on 11 February 2016 recommended not to distribute dividends for the year ended 31 December 2015. This recommendation is subject to the approval of the Ordinary Shareholders' Annual General Assembly.

8 SHARE CAPITAL, GENERAL ASSEMBLY MEETING AND RESERVES (continued)

b) Reserves

As required by the Companies Law and the Parent Company's articles of association, 10% of profit of the Group for the year before contribution to Zakat and NLST and after offsetting accumulated losses brought forward, is required to be transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve equals or exceeds 50% of paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

In accordance with the Parent Company's articles of association, 5% of the profit of the Group before contribution to Zakat and NLST and after offsetting accumulated losses brought forward is to be transferred to voluntary reserve. The Group may resolve to discontinue such transfers by a resolution of the Group's board of directors. There are no restrictions on distribution of voluntary reserve provided the distribution is approved by the shareholders general assembly.

In accordance with the Law of Companies and the Parent Company's articles of association, no transfers have been made to reserves since accumulated losses brought forward have not yet been fully recovered.

On 2 November 2015, the Ordinary General Assembly meeting of Parent Company's shareholders approved the partial write-off the Parent Company's accumulated losses as at 30 June 2015 of KD 8,241,012 against share premium, general reserve and statutory reserve of KD 47,418, KD 2,793,231 and KD 3,640,756 respectively.

9 ACCOUNTS PAYABLE AND ACCRUALS

	2015 KD	2014 KD
Payable and retention to contractors	**109,049**	241,316
Accrued expenses	**320,573**	338,985
Advances and refundable deposit	**317,220**	451,195
Other payables	**433,603**	423,736
	1,180,445	1,455,232

10 ISLAMIC FINANCING PAYABLES

2015	**Ijara KD**	**Tawaruq KD**	**Total KD**
Gross amount	**17,697,770**	**6,686,102**	**24,383,872**
Less: deferred profit	**(2,697,770)**	**(319,236)**	**(3,017,006)**
	15,000,000	**6,366,866**	**21,366,866**

10 ISLAMIC FINANCING PAYABLES (continued)

2014	Ijara KD	Tawaruq KD	Total KD
Gross amount	14,452,906	7,262,340	21,715,246
Less: deferred profit	(3,202,906)	(506,233)	(3,709,139)
	11,250,000	6,756,107	18,006,107

Islamic finance payables represent facilities obtained from a Islamic financial institutions and carry profit rate of 3% (2014: 3%) per annum over Central Bank of Kuwait discount rate.

Islamic finance payables amounting to KD 14,000,000 (2014: KD 10,250,000) are secured by the investment properties of KD 20,143,945 (2014: KD 19,984,165) (Note 7).

11 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders, directors and senior management of the Group, and companies of which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Parent Company's management.

There were no balances at year end or transactions entered with related parties during the year.

Compensation of key management personnel is shown below:

	2015 KD	2014 KD
Key management compensation		
Salaries and other short term benefits	**330,250**	276,600
Employees' end of service benefits	**120,417**	59,361
	450,667	335,961

12 CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitment
The Group does not have capital commitments in respect of construction agreements as of the reporting date.

Contingent liabilities
At 31 December 2015, the Group has contingent liabilities representing a letter of guarantee amounting to KD 4,833,000 (2014: KD 4,833,000) and from which it is anticipated that no material liability will arise.

The attached notes 1 to 17 form part of these consolidated financial statements.

13 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real estate investing activities comprise investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- Equity and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.

Year ended 31 December 2015	Real estate investing activities KD	Equities and other investing activities KD	Unallocated KD	Total KD
Segment revenue	2,817,121	-	-	2,817,121
Segment results	2,493,209	-	-	2,493,209
Unrealised loss from re-measurement of investment properties to fair value	(179,401)	-	-	(179,401)
Realised gain on sale of inventory properties	265,595	-	-	265,595
Realised gain on redemption of financial assets available for sale	-	5,799	-	5,799
Dividend income	-	3,547	-	3,547
Unallocated expenses - net	-	-	(1,815,769)	(1,815,769)
Segment profit	2,579,403	9,346	(1,815,769)	772,980
Segment assets	60,479,493	-	138,284	60,617,777
Segment liabilities	22,547,311	-	632,537	23,179,848

13 SEGMENT INFORMATION (continued)

Year ended 31 December 2014	Real estate investing activities KD	Equities and other investing activities KD	Unallocated KD	Total KD
Segment revenue	1,624,639	-	-	1,624,639
Segment results	1,175,083	-	-	1,175,083
Realised gain from sale of financial assets available for sale	-	147,975	-	147,975
Unrealised gain from re-measurement of investment properties to fair value	28,559	-	-	28,559
Gain on sale of a subsidiary	-	393	-	393
Impairment loss on financial assets available for sale	-	(77,276)	-	(77,276)
Legal case provision reversed	-	-	2,200,461	2,200,461
Unallocated expenses - net	-	-	(1,654,394)	(1,654,394)
Segment profit	1,203,642	71,092	546,067	1,820,801
Segment assets	56,277,357	-	143,217	56,420,574
Segment liabilities	19,461,339	-	452,564	19,913,903

14 RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into profit rate risk, foreign currency risk and equity price risk.

Risk management structure

The Board of Directors of the Parent Company is ultimately responsible for identifying and controlling risks and for the overall risk management approach and for approving the risk strategies and principles.

Executive management

The Executive management of the Group formulates the risk management policies of the Group and makes recommendations to the Board of Directors.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

With respect to credit risk arising from the other financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks.

14 MANAGEMENT (continued)

Credit risk (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements (if any).

	Gross maximum exposure 2015 KD	*Gross maximum exposure 2014 KD*
Cash and bank balances (excluding cash on hand)	**2,739,640**	907,616
Accounts receivables and prepayments	**6,450,131**	7,384,232
Total credit risk exposure	**9,189,771**	8,291,848

Risk concentrations of the maximum exposure to credit risk
The Group's financial assets, before taking into account any collateral held or other credit enhancements (if any), can be analysed by the following geographical regions and industrial sectors:

	2015				2014			
	Banking and financial services KD	Construction and real estate KD	Other KD	Total KD	Banking and financial services KD	Construction and real estate KD	Other KD	Total KD
Kuwait	**2,739,640**	**6,408,985**	**41,146**	**9,189,771**	907,616	7,357,709	26,523	8,291,848

Liquidity risk
Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

Liquidity risk and funding management
The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Analysis of financial liabilities by remaining contractual maturities
The contractual maturities of liabilities have been determined on the basis of the remaining period at the consolidated statement of financial position date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profiles of the financial liabilities at the year-end are based on contractual undiscounted repayment arrangement or on management's estimate of planned exit dates.

14 RISK MANAGEMENT (continued)

Liquidity risk (continued)
The maturity profile of the undiscounted financial liabilities at 31 December was as follows:

31 December 2015	**Within 3 months KD**	**3 to 6 months KD**	**6 to 12 months KD**	**1 to 3 years KD**	**Over 3 years KD**	**Total KD**
LIABILITIES						
Accounts payable and accruals	**-**	**-**	**1,180,445**	**-**	**-**	**1,180,445**
Islamic financing payables	**560,727**	**97,206**	**460,158**	**8,758,330**	**14,507,451**	**24,383,872**
TOTAL LIABILITIES	**560,727**	**97,206**	**1,640,603**	**8,758,330**	**14,507,451**	**25,564,317**

31 December 2014	Within 3 months KD	3 to 6 months KD	6 to 12 months KD	1 to 3 years KD	Over 3 years KD	Total KD
LIABILITIES						
Accounts payable and accruals	-	-	1,455,232	-	-	1,455,232
Islamic financing payables	341,577	416,211	493,658	9,789,963	10,673,837	21,715,246
TOTAL LIABILITIES	341,577	416,211	1,948,890	9,789,963	14,423,836	23,170,478

Market risk
Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as profit rates and foreign exchange rates, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a) Profit rate risk
Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Group is exposed to profit rate risk on its floating profit bearing Ijara agreements (Note 10). Other than this the Group is dealing with Islamic financial institutions, hence is not exposed to profit rate risk on their facilities.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in profit rates, with all other variables held constant:

	Increase in basis points	Effect on profit for the year KD
2015	**+/-1 %**	**150,000**
2014	+/-1 %	112,500

14 RISK MANAGEMENT (continued)

Market risk (continued)

b) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk is managed by the treasury department of the Parent Company on the basis of limits determined by the Parent Company's board of directors and a continuous assessment of the Group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge foreign currency exposures.

The effect on profit (due to change in the fair value of monetary assets and liabilities) as a result of change in currency rate, with all other variables held constant is shown below:

	2015		2014	
Currency	**Change in currency rate in %**	**Effect on profit for the year KD**	Change in currency rate in %	Effect on loss for the year KD
SAR	**+/-3%**	**223,578**	+/-3%	-

15 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

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

Changes were made in objectives, policies or processes for managing capital during the year ended 31 December 2015 as disclosed in note 8 to the consolidated financial statements for the year ended 31 December 2015. No changes were made in objectives, policies or processes for managing capital during the year ended 31 December 2014.

	2015 KD	*2014 KD*
Accounts payable and accruals	**1,012,024**	1,130,174
Islamic financing payable	**21,366,866**	18,006,107
Less: Cash and balances with banks	**(2,743,142)**	(910,425)
Net debt	**19,635,748**	18,225,856
Equity	**37,437,929**	36,506,671
Total capital	**37,437,929**	36,506,671
Capital and net debt	**57,073,677**	54,732,527
Gearing ratio	**34%**	33%

16 FAIR VALUES MEASUREMENTS

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements:

As at 31 December 2015	**Level 3 KD**	**Total KD**
Investment Properties	**47,785,193**	**47,785,193**

As at 31 December 2014	Level 3 KD	Total KD
Investment Properties	44,165,598	44,165,598

During the year ended 31 December 2015, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

The attached notes 1 to 17 form part of these consolidated financial statements.

17 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets carried at fair value through profit or loss, financial assets available for sale, investment properties and inventory properties is based on management's estimate of liquidation of those assets.

The maturity profile of assets and liabilities is as follows:

31 December 2015	**Within 1 year KD**	**1 to 5 years KD**	**Total KD**
ASSETS			
Bank balances and cash	2,743,142	-	2,743,142
Accounts receivable and prepayments	6,450,131	-	6,450,131
Inventory properties	3,501,027	-	3,501,027
Investment properties	-	47,785,193	47,785,193
Property and equipment	-	138,284	138,284
TOTAL ASSETS	12,694,300	47,923,477	60,617,777
LIABILITIES			
Accounts payable and accruals	1,180,445	-	1,180,445
Islamic financing payables	551,606	20,815,260	21,366,866
Employees' end of service benefits	-	632,537	632,537
TOTAL LIABILITIES	1,732,051	21,447,797	23,179,848

31 December 2014	Within 1 year KD	1 to 5 years KD	Total KD
ASSETS			
Bank balances and cash	910,425	-	910,425
Accounts receivable and prepayments	7,384,232	-	7,384,232
Inventory properties	3,817,102	-	3,817,102
Investment properties	-	44,165,598	44,165,598
Property and equipment	-	143,217	143,217
TOTAL ASSETS	12,111,759	44,308,815	56,420,574
LIABILITIES			
Accounts payable and accruals	1,455,232	-	1,455,232
Islamic financing payables	537,488	17,468,619	18,006,107
Employees' end of service benefits	-	452,564	452,564
TOTAL LIABILITIES	1,992,720	17,921,183	19,913,903