Nominal Bonds Not Exceeding KWD 25,000,000 with Floating Interest Rate (2.25%) Per Annum Over the Central Bank of Kuwait Discount Rate Due 2021

Prospectus

National Industries Group Holding
Kuwait Public Shareholding Company

مجموعة الصناعات الوطنية ش.م.ك
(القابضة)

NI Group
National Industries Group
(Holding)

Issuer

أهلي كابيتال
AHLI CAPITAL

Lead Manager and
Subscription Agent

الأهلي
ABK

Payment Agent

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Prospectus Date:
17/11/2016

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Prospectus

This Prospectus contains information relating to the bonds to be issued by National Industries Group Holding K.P.S.C. (hereinafter referred to as the "**Issuer**"). The Issuer is offering nominal bonds with a total value of up to KWD 25,000,000 (Twenty-Five Million Kuwaiti Dinars) (hereinafter referred to as the "**Bonds**").

The Bonds shall be issued at 100% (One Hundred Percent) of their nominal value for a period of 5 (Five) years from the date of issuance. The Bonds shall be with a floating interest, whereby the total nominal value of the issued Bonds shall not exceed KWD 25,000,000 (Twenty-Five Million Kuwaiti Dinars). The floating interest rate will be 2.25% over the Discount Rate declared by the Central Bank of Kuwait. The interest rate shall apply from the date of issuance, payable in arrears on a quarterly basis from the date of issuance.

The Bonds were assigned a "**BBB**" rating as local Bonds by Capital Intelligence Ltd (the "**Rating Agency**") on 01/09/2016. The Rating Agency agreed to include the rating of the Bonds in this Prospectus. The security rating is not a recommendation by the Rating Agency to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

The Issuer shall repay the nominal value of the Bonds within 5 (Five) years from the date of issuance, which will be repaid on the interest payment date applicable for the last quarter of the 5 (Five) year term of the Bonds from the date of issuance, unless the Bonds have been redeemed at the option of the Issuer and repaid after 3 (Three) years from the date of issue or earlier for tax reasons in accordance with the conditions of the Bonds issue set out in this Prospectus. Please read the chapter "**Bonds Terms and Conditions**" in this Prospectus.

The Bonds shall be in the form of a nominal Global Bond Certificate (the "**Global Bond**"), without interest coupons exchangeable in specific circumstances set forth in the Global Bond to 2500 registered individual Bonds, for an individual value of KWD 10,000 (Ten Thousand Kuwaiti Dinars) each. Please see Chapter on "**Summary of Provisions Relating to the Global Bonds**" in this Prospectus.

The Bonds have been approved by the General Assembly Meeting of the Issuer on 20/05/2015 and Board of Directors on 08/02/2016. The Issuer has obtained the approval from the Capital Markets Authority in the State of Kuwait, to authorise the issue of the Bonds on 13/04/2016 and on this Prospectus on 07/11/2016.

The subscription period for the Bonds will commence from 17/11/2016 to 29/12/2016. The Subscription Agent may, after the approval of the Capital Market Authority, extend the subscription period for other period(s) provided that the total extension periods shall not exceed 60 days.

For the purpose of this Prospectus, a Business Day means any day on which the Kuwait Stock Exchange operates for general trading business.

NOTE FOR INVESTORS

INVESTORS ARE ADVISED TO CONSULT WITH A LICENSED PERSON AUTHORISED BY LAW TO PROVIDE INVESTMENT ADVISORY SERVICES AS DETAILED IN THIS PROSPECTUS PRIOR TO SUBSCRIPTION.

The Capital Markets Authority in the State of Kuwait has approved the Arabic version of this Prospectus on 07/11/2016 and in case of contradiction between the Arabic version and this translation, the Arabic version shall prevail. The Prospectus has been prepared in accordance with the provisions of the Kuwait Capital Markets Authority Law No. 7 of 2010, establishing the Capital Markets Authority and its Executive Regulations No. 72 of 2015 (as amended). The Board of Directors of the Issuer named in the Prospectus (bear jointly and individually the full responsibility of the correctness and completeness of the contents of this Prospectus) with respect to the information on the Issuer and the Bonds.

The Board of Directors of the Issuer has made reasonable endeavours to confirm the validity of the contents of this Prospectus and that no information and statement has been omitted from the Prospectus according to their knowledge.

The Lead Manager and the Subscription Agent bear the complete responsibility of inaccurate information presented. The Prospectus has been prepared, to their knowledge and after making reasonable inquiries, the Prospectus does not omit any material information and is prepared in accordance with the facts presented to them as reflected herein.

The legal consultants to the Lead Manager and Subscription Agent acknowledge that the contents of the Prospectus are based upon documents provided by the Issuer which has been completed and compiled with all reasonable inquiries to obtain the requisite legal formalities and necessary approvals. Therefore, the Issuer has completed required obligations to issue the valid and effective Bonds.

The Capital Market Authority does not bear any responsibility for the contents of the Prospectus and does not guarantee its accuracy or completeness and expressly is not liable for any potential damages, losses or claims that may arise from or in connection with the reliance upon this Prospectus or any part thereof.

Lead Manager & Subscription Agent
Ahli Capital Investment Company K.S.C.C.

Payment Agent
Al Ahli Bank of Kuwait K.S.C.P.

PERSONS RESPONSIBLE FOR THE PROSPECTUS RESPONSIBILITY UNDERTAKING

This Prospectus was prepared by:

Name	Position	Address
Mr. Ahmed Mohammed Hassan Hussein	Chief Executive Officer	National Industries Group Holding – K.P.S.C.
Mr. Reyadh Salem Al-Edrissi	Deputy Chief Executive Officer – Investments and Mega Projects	National Industries Group Holding – K.P.S.C.
Mr. Faisal Abdul Aziz Al Nassar	Deputy Chief Executive Officer – Finance and Administration	National Industries Group Holding – K.P.S.C.
Mr. Mubasher Hussain Sheikh, FCCA	Chief Financial Officer	National Industries Group Holding – K.P.S.C.
Ms. Hetaf Khajah, CFA	Executive Manager/ Chief Investment Officer	National Industries Group Holding – K.P.S.C.
Mr. Ihab Boulas, MBA, CPA	Group Risk and Compliance Manager	National Industries Group Holding – K.P.S.C.

Acknowledgement

Each of the Directors of the Issuer, whose names appear herein, bear responsibility for any information contained in this Prospectus and that to the best of their knowledge and belief, they have taken all reasonable care and conducted full due diligence to ensure that such is the case. The information contained in this Prospectus is complete, accurate and valid. The Issuer has disclosed complete information to the investors regarding the financial instruments of the Issuer to assist them in deciding whether or not to subscribe to the Bonds. This Prospectus complies with the requirements of the Kuwait Capital Markets Authority Law No. 7 of 2010, establishing the Capital Markets Authority, by Law No. 72 of 2015 and Book No. 11 from the By Law and regulating trading in securities issued by the Capital Markets Authority.

On behalf of the Board of Directors of the Issuer

Name	Position	Signature
Mr. Saad Mohammed Abdullah Al Saad	Chairman	

CONFIRMATION AND NOTES BY THE ISSUER
IMPORTANT NOTE

This Prospectus includes information relating to National Industries Group Holding K.P.S.C. and the Bonds. The Issuer does not authorise any other company or third party to submit any information pertaining to the Issuer and the Bonds except for those mentioned by the Issuer for the purposes discussed in this Prospectus. The investor shall not rely on statements, information or undertakings issued by a third party or assume that such statements, information or undertakings are approved by the Issuer, Lead Manager or the Subscription Agent whose names are in the preface of this Prospectus.

While the Issuer, after making reasonable inquiries relating to the accuracy of the information contained in this Prospectus at the date hereof, some general information contained in this Prospectus were obtained from independent sources. The Issuer, the Lead Manager and the Subscription Agent and their advisors have no grounds to challenge the accuracy of such information but they have not verified such general information independently. As such, this Prospectus does not include any undertaking as to the validity and completeness of such general information or their completeness.

Where the information in this Prospectus on the date hereof may become outdated and require amendments. Particularly, adverse inflation, finance cost, expenses, taxes and any other social, political, economic downturns and/or other circumstances beyond the control of the Issuer, may impact the actual financial position of the Issuer and the value of the Bonds. Delivery of this Prospectus does not act and may not be relied upon or interpreted to mean any form of verbal or written undertaking, promise or assurance relating to the Bonds of realizing any profit, results or future events. Delivery of this Prospectus and issuance, offering and sale of the Bonds may not be considered that the information in the Prospectus relating to the Issuer are correct on any date after the date herein. The Issuer cannot be held responsible for such change and will make reasonable endeavours to compile an accurate Prospectus. The Lead Manager and Subscription Agent has no obligation to revise the financial position or affairs of the Issuer during the term of the Bonds or to advise any investor about any information they become aware of relating to the foregoing or that there will be no changes in the financial position or affairs of any party whose names appears in this Prospectus following the date of this Prospectus.

This Prospectus does not act as a recommendation from the Issuer, the Lead Manager and the Subscription Agent, their advisors, subsidiaries and or affiliates of the Issuer when subscribing for the Bonds.

The information contained in this Prospectus is of a general nature and has been prepared without considering investment targets, financial position of investment needs of any potential investor. This Prospectus and any information therein are not meant to be basis for granting credit facilities or any other finance transactions. Prior to making any decision to subscribe in the Bonds, the potential investor is responsible to seek independent professional advice on the Issuer and the Bonds from a licensed person authorised by the Capital Market Authority, and shall be responsible to prepare its own independent valuation of the Issuer and the investment in the Bond, the information and assumptions in this Prospectus and to seek such consultations, analysis and expectations as it believe necessary to make an investment decision. Potential investors should not view this Prospectus as an investment, tax, business and legal advice. Before subscribing in the Bonds, potential investors must consult with an investment advisor licensed by the Capital Market Authority, in addition to seeking professional advice from its legal, tax and business advisors to determine the appropriateness and consequences of investing in the Bonds for such investor and to independently evaluate such investment. The sole purpose of this Prospectus is to provide basic information relating to the Issuer to assist potential investors for whom this Prospectus is addressed in making an independent valuation of the Bonds.

This Prospectus does not constitute an offer, acceptance or invitation on behalf of the Issuer and the Lead Manager for any other individual to join or purchase the Bonds.

Distribution of the Prospectus, offering and subscription in the Bonds is restricted in certain jurisdictions outside the State of Kuwait. As such, any holder of this Prospectus must ensure awareness and compliance with such restrictions whilst considering the subscription conditions required by the Issuer, the Lead Manager and the Subscription Agent.

The Bonds may not be an appropriate investment for all investors. Prior to investing in the Bonds, the investor will be expected to consider the following, namely:

1. The potential investor shall have sufficient knowledge and experience, with the specific ability to evaluate the Bonds, specifically the associated advantages and risks of investing in the Bonds, coupled with the information provided by the Prospectus;
2. The ability to analyse and evaluate his/her financial position prior to investing in the Bonds and consequences of investing in the same Bonds and its implications on his/her general investment portfolio;
3. He/she should have sufficient liquid monies to invest in such Bonds and be in a position to absorb the associated risks of fluctuating currency exchange/value and associated interest;
4. He/she should have a complete understanding of the Bond's terms and conditions and possess the associated leadership knowledge of such business markets; and
5. To be capable (separately and or with the assistance of a financial consultant) to evaluate the potential economic and or other factors bearing associated risk with such investment.

The Prospectus is limited to the advantages and associated benefits of investing in the Bonds (or coupons) to the holder of the Bonds (or coupons) or the potential holder of the Bonds (or coupons). Where the investor is concerned about the Bond, he/she may seek independent advice from a financial consultant broker, Lead Manager of the Issuer, lawyer, accountant or other financial consultant/affiliate. The value of the Bonds is subject to change, it can either increase of decrease depending on the market conditions.

No individual or entity is entitled to give an undertaking pertaining to the subscription of the Bonds except the individuals named in this Prospectus. Where information is obtained from an alternative source, such information may not be relied upon as given or provided by the Lead Manager and or the Issuer. Circulation of this Prospectus, the offering and the subscription should not be made on the assumption that there are no actual or potential changes in the position of the Issuer after the date hereof.

In relation to the Bonds subscription, the Lead Manager may (without imposing any responsibility upon the Issuer) process market price of the Bonds and maintain a reasonable level within the market place compared to the open market. The Issuer may stop any deal at any given time pertaining to the Bonds without notice to any party.
The financial information contained in this Prospectus after 31/12/2015 has not been audited. The financial information contained in the Prospectus for the period ended on 31/12/2015 was reviewed by the Issuer's auditors in accordance with the applicable laws and regulations.

The numbers and percentages discussed in this Prospectus are rounded up. Therefore, the current statistical information in the same may vary from a table to another.

"Kuwaiti Dinar" and "KWD" means Kuwaiti Dinar, the official currency of the State of Kuwait.

The financial information in this Prospectus may be considered as future predictions. This Prospectus relates to the following namely, Issuer planning, targets, strategy, future operation/performance and assumptions relating to general company performance. The following words in this Prospectus: "expect", "appreciate", "see", "intent", "planning", "belief", "target", "seek", "may", "will", "should" and any other similar expressions indicate future statements. The Issuer will tailor its Prospectus statement based upon future information pertaining to the Issuer Company's historical performance.

The Issuer prepared forward looking information based on its expectation of future events and future financial performance taking a reasonable approach on the date of this Prospectus. However, if one or more of the risks occurred or the expectations and the assumptions proved to be incorrect, the actual results may differ from those expected. The future information presented in this Prospectus is limited to the date hereof and is made without prejudice to any conditions stated by the applicable law and regulation. The Issuer, therefore, will not be obliged to update such information and hereby releases itself of any liability pertaining to information obtained following the publication date of this Prospectus. In the event of any change of circumstances/position relating to future predictions of the Issuer, the issuer of the Prospectus will not bear the responsibility of any such change.

RISK FACTORS

The Issuer believes that the following factors may affect the Issuer's ability to meet its obligations with respect to the Bonds. However, the majority of such factors are speculative and may or may not happen. The Issuer is in no position to advise or provide opinion upon such speculations becoming a reality.

In addition, before making any investment decision, the potential investors of the Bonds should carefully take into account the following risks associated with investments in Kuwaiti entities and organisations in general and in financial securities instruments issued by the Issuer in particular, as the case maybe, along with other issues mentioned in this Prospectus. These (not exhaustive though) may be instrumental for the purpose of evaluating market risks associated with such Bonds. Furthermore, potential investors must attach special importance to the fact that the Issuer is influenced by the legal and control environment within the State of Kuwait which may be different in some aspects from the prevailing legal and control environment in other countries.

In addition to the foregoing, below is a description of material factors which may affect the evaluation of market risks associated with the Bonds.

The Issuer believes that the risks addressed below represent key risks involved in the Bonds investment. The Issuer's inability to repay interest or the principal amounts or any other amounts with respect to the Bonds is likely for other reasons which in the opinion of the Issuer are not material risks based on information available at present, or based on information which the Issuer cannot predict at the present time. Potential investors must also read the specific information contained in any part of this Prospectus and must formulate their own opinion before making any investment decision. Furthermore, potential investors must consult with their own financial and legal advisors with respect to risks associated with any Bond investment and how convenient or attractive such Bond investment is, having regard to their own position and circumstances without relying on the Issuer or the Subscription Agent. Investors are advised to carry out their own due diligence with regard to such factors and exposures before making any Bonds investment decision. The Subscription Agent and the Issuer will assume that investors have already carried out such analysis and due diligence.

FACTORS WHICH MAY AFFECT THE ISSUER'S ABILITY TO MEET ITS OBLIGATIONS WITH RESPECT TO THE BONDS:

Geopolitical and Economic Factors

The operations and activities of the Issuer are largely concentrated in Kuwait in addition to the Middle East and North Africa. Therefore, the operations of the Issuer are exposed to such geopolitical risks associated with such countries that may affect the performance of the Issuer. The Issuer is particularly exposed to the negative changes affecting the economic conditions, as well as Kuwaiti, Middle Eastern and North African markets, as the same may have adverse effects on demand for the services offered by the Issuer and its affiliates. In addition, investors must be mindful that the activities of the Issuer and its performance may be affected by the socio-economic developments and their repercussions and fallouts within and outside of the countries in which the Issuer operates, bearing in mind the overlapping nature of such relationships among the international financial markets.

The economy of the GCC countries is dependent on oil export income and its exposure to turbulent oil markets and oil prices.

Moreover, investors must be aware that investment in developing countries like Kuwait are exposed to significant risks compared to investment in more developed markets, including in some cases but not limited to the material legal, economic and political risks. Furthermore, the market prices of Bonds are exposed to material fluctuations and turmoil, which may not be necessarily linked or associated with the financial performance of the Issuer. Investors must exercise all due care in assessing the risks involved in Bond investments and must decide for themselves whether their investment is a proper one in view of such risk exposure.

In view of the recent geopolitical events in the Middle East and the terrorist acts in some of these countries, the operations of the some of the subsidiaries of the Issuer remain exposed to terrorist attacks, sabotage and similar threats.

Regulatory Environment

Ongoing changes of governmental policies and interpretation of legislative and regulatory rules applicable in the markets within which the Issuer conducts business may have an adverse impact on the activities of the issuer, its reputation, cost of operations and efforts to progress a new investment or liquidation of existing assets, which impact the financial position of the Issuer.

The Issuer works directly or through various entities within the legal framework of various regulatory systems. The local legislation may restrict the actions of the Issuer and this may result (but not limited to) increasing market competition for the issue of a license, associated license conditions and adversely impacting the Issuer profits. The Issuer may therefore be restricted in its scope of activities. The Issuer is further subjected to legal and regulatory conditions in the State of Kuwait including execution of regulatory conditions of Ministry of Commerce and Industry and the Capital Markets Authority in the State of Kuwait.

Force Majeure

Some unpredictable events may happen which in turn may affect the ability of the Issuer to meet its obligations with respect to the current and planned operations. Force majeure events include but are not limited to accidents, wars, revolutions, riots, civil resurrection, acts of God, natural disasters, strikes or labour disputes.

There is no guarantee of steady performance for the Issuer in the future.

The Issuer may be exposed to risks including mismanagement, fraudulent acts and cheating.

FACTORS AFFECTING THE EVALUATION OF BONDS MARKET RISKS

Bonds may not be the right investment for all investors.

Each potential bond investor should decide on the suitability and convenience of investment in view of his own position. In particular, each potential investor should:

(A) Have adequate knowledge and expertise to make a reasonable evaluation of the Bonds, the benefits and risks of Bonds investment as well as the information contained in this Prospectus or information referred to in this Prospectus or any of its attachments.

(B) The investor should have access to proper analysis tools with adequate knowledge of such tools to examine and assess any investment in Bonds within the context of his own financial position and evaluate the effects of Bonds on his investment portfolio.

(C) The investor should have adequate financial and liquidity resources to take all Bonds investment risks, including such cases where the payment currency of the principle amounts or interest payment amounts are different from the potential investor's own currency.

(D) The investor should have fully familiarised himself/herself with the Bond's terms and conditions and must be aware of the conduct of business in any related financial market.

(E) The Investor (on his own or through a specialist financial and investment advisor) should be able to examine and assess the potential scenarios of economic factor, interest rate factors and other factors, which may affect his investment and his ability to take such potential risks.

GENERAL RISKS OF BONDS

Below is a brief description of some of the general risks associated with Bonds and Bonds investment.

Amendments of Bondholders' Rights

Terms and conditions of Bonds call for a meeting for Bondholders to review such issues, which may affect their interests in general. These terms and conditions allow specific majorities to bind all Bondholders, including Bondholders who do not attend and do not vote in such meetings as well as Bondholders who voted in a manner opposed to the majority.

Amendments of Legislations

The Bonds terms and conditions are dependent on and linked to the applicable Kuwaiti laws on the date of this Prospectus. No guarantee may be provided with respect to the effects of any decision or potential legal change in any of the Kuwaiti laws, controls or administrative practices after the date of this Prospectus.

GENERAL MARKET RISKS

Below is a brief description of key markets risks including liquidity, exchange rates, interest rate and credit risks:

Bonds Secondary Market in General

Bondholders may not be able to trade the Bonds after issuance thereof. The Bonds are not planned to be listed in the Kuwait Stock Exchange or on any other securities market. Therefore, the Bonds do not enjoy significant liquidity. Accordingly, investors may not be able to readily sell their Bonds or sell the Bonds at prices achieving such return comparable to similar investments which may have official trading market. Furthermore, the lack of liquidity and active trading market for the Bonds may have a significant adverse effect on the market price of the Bonds in case of trade or sale thereof.

Legal Investment Considerations that may Restrict Subscription in the Bonds

The investment activities of some investors are subject to investment laws, rules and regulations and review or regularisation by some official authorities. Each potential investor must seek proper legal advice from his own legal advisors to identify the following: (1) Whether the Bonds are legal investments for such investor and to what extent, (2) Whether Bonds can be used as guarantee and security for various kinds of loans and to what extent they can be used for such purpose, (3) Whether there are other restrictions applicable to the purchase or pledge of the Bonds and to what extent such restrictions apply to the Bonds. Financial organisations and entities investing in the Bonds should seek the advice of their legal advisors or related control authorities to identify proper handling tools of investment in these Bonds with regard to the rules of risk capital.

Reducing the Credit Rating of the Issuer and the Bonds

The purpose of obtaining a credit rating of the Issuer from a substantial and recognised credit ranking agent is to assess the Issuer's ability to honour its obligations irrespective of its debt. As such, the Issuer will be able to meet debt repayments upon the due date. Therefore, the ranking agent shall determine the capability of the Issuer upon its ability to honour its ongoing obligations.

Effects of New Regulations

The Issuer implements the requisite law, regulation, procedure and administrative policies within the State of Kuwait. The same regulation may limit the Companies activities, financial activities, operational and future activities during the existence of the Issuer in the State of Kuwait, namely as the State of Kuwait is at liberty to change any policies at any given time. Whilst the Issuer is working with regulatory entities, the regulatory bodies will be monitoring the development of the same in the State of Kuwait. Further, future regulatory changes may occur impacting financial policies, other policies and therefore, the same changes are unpredictable and beyond the control of the Issuer.

Risks related to the State of Kuwait

Investment in Securities Instruments and Generally Developing Markets Involves High Risk

The investors in the new market such as in the State of Kuwait shall have the knowledge of this market, specifically the understanding of high risk compared to investment in more developed markets, including in some cases but not limited to legal, economic and political risks. Furthermore, the market prices of Bonds are exposed to material fluctuations and turmoil, which may not be necessarily linked or associated with the financial performance of the Issuer in any other country, particularly in a new market.
The determined risk in the State of Kuwait and Middle East may cause a substantial adverse effect on the Issuer's activity, the Issuer Company's financial position and the result of future operations including but not limited to the following:

- Political, economic and social instability;
- Acts of war; conflict; and/or another acts of violence;
- Instability and/or violence inside the State of Kuwait;
- Increased inflation and living expenses;
- Change of tax law and regulation, including imposed tax in a tax free country, increase tax in a country of law tax;

- Government intervention and policies protecting economic stability;
- The change in negative policies relating to law and regulation, including legal structure and tax law;
- Challenging obstacles to appoint an employee and general management of operations;
- The restrictions imposed on the right to transfer, refund currencies and exporting assets;
- Currencies fluctuating; and
- Logistical challenges and associated communications.

Rights of Bondholders in Case of Bankruptcy or Liquidated under the Kuwaiti Bankruptcy Law

In the event of the Issuer becoming bankrupt, the Kuwaiti law may impact the Issuer's ability to honour its obligations by virtue of the Bonds, in order to obtain a bankruptcy judgment, it may take several years. Therefore, there is no certainty that the Bondholder will fully recover or recover any claims in case of bankruptcy of the Issuer.

Change of Law

The terms and conditions relating to the Bonds are subject to the Kuwaiti law which is applicable in the State of Kuwait as mentioned in this Prospectus. The Issuer will take no responsibility for any subsequent changes in Kuwaiti law (and administration) after the date hereof and the Issuer's ability to pay interest, principal amounts or any other payments under the Bonds.

GCC States May Enter into a Monetary Union

The Kingdom of Bahrain, the State of Kuwait, Saudi Arabia and Qatar can abandon their National currencies in favour of union gulf currencies in the future. If the same countries rely upon such union gulf currencies, the same will have a positive effect on the economic and socio political infrastructure of the Middle East, namely the GCC. The GCC is unable to declare a time scale for the union gulf currency and no legislation and or policy currently exist for the same. Although, the investor will be expected to possess knowledge of new legislation or any policy that may impact the capability of the Issuer to honour its obligation by virtue of such a guarantee.

Risks related to the Bonds

Fluctuation of the Market Price of the Bonds

The market value fluctuation may predict the operational result of the Issuer and its competitors. Factors such as political, socio economic instability or social strikes in the Middle East and the country the Issuer is in and affiliated subsidiaries may adversely impact the course of business.

Further, in the last few years, the international market had seen large financial fluctuation, if this crisis is repeated, it may have a negative effect on the value of the Bonds, regardless of the Issuer activity, financial position or future operations.

Bonds are connected to Un-Pledged Securities Portfolio

The potential investors shall be aware of the obligations of the Issuer arising from the Bonds are not a secured debt and such obligations rank pari passu with other un-pledged and un-secured general debts and obligations of the Issuer. In case of default by the Issuer to pay interest or principal amount of the Bonds on their due dates are subject to contractual arrangements to enforce such obligations against a Securities Portfolio made by an affiliate of the Issuer. Recovery proceeds from the liquidation of the Securities Portfolio may be adversely affected by the market price of the shares deposited in such Securities Portfolio or the manner of liquidation of such shares.

Redemption for Tax Reasons

Redemption of the Bonds for tax reasons means that the Issuer is or will be obliged to pay further amounts as a result of tax deduction or tax retention obligation as discussed in this Prospectus while the Issuer cannot avoid any of the foregoing despite reasonable precautionary measures available.

Interest Rate Risk

The Bonds investment may have a consequential risk relating to change in interest rate where such rate changes depending on the market climate and can cause adverse impact on the value of the Bonds.

Risks related to Taxation of Payments under the Bonds

Article 150 of the Capital Market Law provides that "without prejudice to any tax exemptions on the profit arising from disposal of securities issued by companies listed on the Stock Exchange, proceeds of securities, bonds and Sukuk and all other similar securities are exempted from tax regardless of the issuer thereof". However, there is no guarantee that such tax exemption may not be amended in the future, and if amended, payments paid by the Issuer relating to the Bonds may be subject to taxation and will trigger the Issuer's right to redeem all the Bonds and not only a part thereof.

Possible Application of Income Tax on Non GCC Bondholders

There can be no assurance whether the Kuwait income tax will apply upon Bondholders that are not GCC citizens. However, there is a possibility that in the future, income taxes may apply for Bondholders that are not GCC nationals if the Department of Income Tax at the Kuwait Ministry of Finance ("Tax Department") or the Kuwaiti Courts decide that proceeds from the Bonds are considered "lending of funds in the State of Kuwait (where as holding the Bonds will be considered exercising business in Kuwait for the purpose of application of the income tax laws) even if the Bondholder is not resident in Kuwait or registered outside Kuwait.

The Tax Department in the State of Kuwait have not yet made any official declaration on its interpretation or implementation of such tax in connection with any bonds issued in the State of Kuwait. There is no published court precedents relating to application of income tax in connection with bonds. Therefore, it is difficult to assure how the position of the Tax Department or the Kuwaiti Courts will be in connection with the application of the income tax on the Bonds in practice. In addition, the position of the Tax Department in connection with the application of tax laws was not generally unified.

In the event that the Tax Department or the Kuwaiti Courts decide that income tax applies upon the non-GCC Bondholders for lending funds in Kuwait (considering that holding the Bonds is business activity within the State of Kuwait for income tax purposes), such Bondholders will be subject to taxation in Kuwait (at a tax rate of 15%) applicable on the net profit and probably on the capital gain and such Bondholders will be required to register with the Tax Department and file complete tax returns within certain time periods. The Issuer in this case will be required to retain 5% from the amounts payable to Bondholders until the Bondholder clear their tax positions. It should be noted that the Issuer will be obliged in this case to gross up any payments to the Bondholders with the amount of the tax retention and also entitled to redeem the Bonds for taxation reasons.

The provisions relating to Kuwaiti tax laws are not certain and the Issuer cannot guarantee that the Bondholders (whether or not they are GCC nationals) will not be subject to income tax in Kuwait in the future. Therefore, potential investors must obtain a tax advice from a tax advisor to assist and understand the potential tax implications within the State of Kuwait and other countries that may have tax implications upon subscribing, purchasing, holding or trading the Bonds and receipt of interest or principal amounts thereof.

SUMMARY OF ISSUE TERMS

The summary below is a brief description and introduction to the main terms of the Bonds appearing in this Prospectus and do not represent all information relating to the Bonds. Potential investors are advised to read the full Prospectus and seek independent advice before investing in the Bonds. Any investment decision by any potential investor must be based on studying the full Prospectus and not only a part thereof.

Capitalized terms below and not defined herein shall have the same meaning assigned to them in the section titled “**Conditions of the Bonds**” in this Prospectus.

Issuer	National Industries Group Holding K.P.S.C.
Address of Issuer	P.O. Box 417, Safat 13005, Kuwait.
Nominal Value	Up to KWD 25,000,000 (Twenty-Five Million Kuwaiti Dinars).
Listing	The Bonds are not listed on Kuwait Stock Exchange and will not be listed or traded on any securities exchange at any time in the future.
Bonds Form	Nominal debt Bonds issued in KWD.
Subscription Period	Subscription shall commence from the date determined and announced by the Lead Manager and Subscription Agent after the approval of the CMA of this Prospectus and shall expire within a period not more than 30 Business Days thereafter, unless the Bonds are fully subscribed to before the expiry of such period. The Lead Manager and Subscription Agent may, with the prior approval of the Capital Market Authority, extend such period for other similar period(s) or less provided that the total extention period will not exceed 60 days.

Duration of Bonds	5 (Five) years from the issue date of the Bonds.
Bond Rating	BBB by Capital Intelligence Ltd. The Rating Agency agreed to inclusion of the rating in this Prospectus and that this rating is still valid.
Number & Domination of Bonds	The Bonds are issued in form of a single Global Bond certificate without interest coupons and exchangeable in certain circumstances into 2,500 individual Bond certificates each of a nominal value of KWD 10,000 (Ten Thousand Kuwaiti Dinars).
Interest Rate	The rate of interest is variable and consists of a margin of (225) basis point (i.e. 2.25%) over the KWD Discount Rate declared by Central Bank of Kuwait.
Interest Payment Dates	Interest shall apply from the date on which the Bonds are issued and is payable in arrear every 3 (Three) months until the final maturity date.
Redemption of the Nominal Value of Bonds	The Issuer shall pay the principal nominal value of Bonds and redeem the Bonds after 5 (Five) years from the date of issue which will be paid on the interest payment date applicable for the last 3 (Three) month period of the 5 (Five) year term, from the date of issue, unless the Bonds have been redeemed and settled earlier for tax reasons in accordance with the Conditions of the Bonds set forth in this Prospectus.
Converting the Bonds to Shares	Bonds are not convertible into shares.
Purpose and Use of Proceeds:	Proceeds shall be used to finance the Issuer's general corporate purposes.
Cost of Issue	The total costs of the issue including marketing, legal consultancy fees, and printing costs of the Prospectus as well as other costs and expenses are expected to be KWD 125,000 (One Hundred and Twenty-Five Thousand Kuwaiti Dinars).
Refunding Subscription Excess Cash	Subscription amounts shall be paid by subscribers during the subscription period and no later than the date of closing the subscription. Any excess amounts paid by subscribers into the subscription account shall be refunded to such subscribers without interest no later than 7 (Seven) Business Days after the date of allocation of the Bonds.
Securities Portfolio	The Bonds will be supported by the allotment portfolio, including shares that are listed on the Kuwait Stock Exchange and owned by the provider of such portfolio.

Previous Bonds & Securities:

Bonds and Sukuk

Amount	Issue Year	Term	Rate Interest	Rating	Rating Agent	Lead Manager	Type of Issue
KWD 35 Million	1998	3 Years	7.875%	-	-	Kuwait Financial Centre Gulf Investment Corporation	Bonds
KWD 35 Million	2001	5 Years	6.25%	BBB+	Capital Intelligence Ltd	National Bank of Kuwait Kuwait Financial Centre	None Secured Bonds
USD 60 Million	2004	5 Years	0.9 % + Libor 6 Months	A-	Capital Intelligence Ltd	City Bank Group International Gulf Bank Bahrain	None Secured Bonds
USD 475 Million	2007	5 Years	1.05 % + Libor 3 Months	A BBB	Capital Intelligence Ltd Moody’s	BNP WEST L.B	Mudaraba Sukuk

Shares

Date	Capital Post Increase	Increase %	Increase Form
2004	70,618,210	15% from the Capital	Bonus stock distributed to the Shareholders in record
2005	74,674,121	5% from the Capital	Bonus stock distributed to the Shareholders in record
2006	107,032,907	10% from the Capital	Bonus stock distributed to the Shareholders in record.
2007	117,736,197	10% from the Capital	Bonus stock distributed to the Shareholders in record
2008	129,509,816	10% from the Capital	Bonus stock distributed to the Shareholders in record
2014	135,985,307	5% from the Capital	Bonus stock distributed to the Shareholders in record

Approval Date of the Issuer's General Shareholders Assembly	20/05/2015
Issuer's Capital	The Issuer›s issued and paid-up capital as on 31st December 2015 is KWD 135,985,307.500 divided into 1,359,853,075 shares, each with a nominal value of 100 fils (KWD 0.100) per share and fully paid, including 34,796,079 treasury shares.
In-kind Contributions	None
Lead Manager	Ahli Capital Investment Co. K.S.C.C. P.O. Box 1387, Safat 13104, Kuwait
Subscription Agent	Ahli Capital Investment Co. K.S.C.C. P.O. Box 1387, Safat 13104, Kuwait
Payment Agent	Al Ahli Bank of Kuwait K.S.C.P. P.O. Box 1387, Safat 13104, Kuwait
Clearing Agent	Kuwait Clearance Company K.S.C.C. P.O. Box 22077, Safat, 13081, Kuwait
Potential Bondholders	All natural persons and legal entities including companies, businesses and banks unless restricted from acquiring the Bonds.
Bondholders Association	The Bondholders Association established in accordance with the provisions of the Capital Markets Law No. 7 of 2010 and its Executive Regulations No. 72 of 2015 (as amended).
Portfolio Manager	Ahli Capital Investment Co. K.S.C.C. P.O. Box 1387, Safat 13104, Kuwait
Credit Rating	BBB from Capital Intelligence Ltd who approved the credit rating to be used as part of this publication and deemed it as valid.
Currency	KWD
Final Maturity Date	5 years from the issue date of the Bonds.
Repayment of Nominal Value	One payment on the Final Maturity Date.
Discount Rate	The discount rate announced by the Central Bank of Kuwait for KWD at 12 noon Kuwait time on the interest determination date (as shown on the Central Bank of Kuwait web page, or, if not so available, the Central Bank Kuwait Discount Rate as determined by the Paying Agent in good faith and if the Paying Agent cannot determine such rate in good faith, the Central Bank Kuwait Discount Rate last determined in respect of the last interest period).
Call Option	The Issuer has the right to redeem all the outstanding Bonds at par on an interest payment date at any time commencing from the third anniversary of the date of the issue of the Bonds or to redeem the Bonds for taxation reasons as set forth in the Condition of the Bonds.

Portfolio Provider	Pearl National Holding Company K.S.C.C., an affiliate of the Issuer, that is subject to legal and contractual restrictions and undertakings that reduce bankruptcy exposure, is not subject to material secured debts and have sufficient assets in excess of the nominal value of the Bonds that are free of any encumbrances. Such affiliate has granted the Bondholders through the Bondholders' representative the right of recourse to the Securities Portfolio it opened with the Portfolio Custodian (Ahli Capital Investment Company K.S.C.C.).
Portfolio	The securities portfolio consisting of shares owned by the Portfolio Provider and listed on the Kuwait Stock Exchange issued by selected companies and/or (ii) cash. All assets in the portfolio will be registered in the name of the Portfolio Custodian (Ahli Capital Investment Company K.S.C.C.). Any dividends and distribution on the securities will be deposited in the Portfolio and may be released to the Portfolio Provider after ensuring that they exceed the applicable LTV.
Securities in the Portfolio	The Portfolio will initially include shares issued by the following companies 1. National Industries Company (K.S.C.) 2. Ikarus Petroleum Industries Company (K.S.C) 3. Mabanee Company (K.S.C.) 4. Kuwait Cement Company (K.S.C.) 5. Al Ahleia Insurance Company (S.A.K.P.) 6. Kuwait Finance House (K.S.C.) Any share that becomes delisted will be replaced by another listed share.
LTV - Loan to Value Ratio	The ratio of the principal amount of the Bonds compared to the market value of the Portfolio is 83% provided that the value of the following securities in the Portfolio at any time will not be less than 25% of the total market value of all securities in the Portfolio:- Kuwait Finance House (K.S.C.) Mabanee Company (K.S.C.) Kuwait Cement Company (K.S.C.)
Business Day	Means a day on which the Kuwait Stock Exchange is opened for normal business.
Initial LTV	83%
Liquidation Trigger LTV	89%
Liquidation Shares	In the event the LTV becomes 89% or more, the Issuer shall be obliged to cure within 30 Business Days by adding cash or shares to the Portfolio, failing which, the Payment Agent shall be entitled to instruct the Portfolio Custodian to liquidate securities in the Portfolio so that the LTV is 89% or less.

Legal Counsel to Lead Manager & Subscription Agent	Al Ruwayeh & Partners (“ASAR”).
Legal Counsel to Issuer	Al-Hossam Legal - Al-Turqi & Partners, Legal Consultants & Attorneys (Al-Hossam Legal).
Applicable Law	The Laws of the State of Kuwait.
Jurisdiction	Kuwaiti Courts.
Members of the Board of Director	• Mr. Saad Mohammed Al-Saad - Chairman; • Mr. Sulaiman Hamad Al-Dalali - Deputy Chairman; • Mr. Ali Morad Behbehani - Board Member; • Mr. Salah Khalid Al-Fulaij - Board Member; • Mrs. Maha Khalid Al-Ghunaim - Board Member; • Mr. Husam Fawzi Al-Kharafi - Board Member; • Mr. Abdul Aziz Ibrahim Al-Rabiah - Board Member; • Mr. Mohammed Abdulmohsen Asfour - Board Member; and • Dr. Abdul Aziz Al-Rashed Abdul Aziz Al- Rashed - Board Member.

SUBSCRIPTION TERMS

Subscription Period	Subscription shall be opened from 17/11/2016 and shall expire on 29/12/2016 within the official business hours designated for receiving subscribers at the headquarters of the Subscription Agent. The Lead Manager and the Subscription Agent may, subject to the prior approval of the Capital Market Authority, extend the subscription period for similar period(s) or less provided that the total extension period(s) shall not exceed 60 days. Subscription shall close at the end of official business hours designated for receiving subscribers, unless the Bonds are subscribed to in full prior to such date.
Minimum Subscription	Minimum subscription shall be KWD 50,000 (Fifty Thousand Kuwaiti Dinars) and multiples of KWD 10,000 (Ten Thousand Kuwaiti Dinars) thereafter.
Subscribers	All natural persons and legal entities including companies, businesses and banks unless restricted from acquiring the Bonds. Subscription entails deemed acceptance of the Bonds' issue terms and conditions as well as this Prospectus by the Subscriber.
Subscription Applications	Subscription applications are made on a special application form available with the Lead Manager and the Subscription Agent. The application information must be complete, in clear legible handwriting and duly signed by the applicant, supported by the required documents. Individual subscribers' applications shall be submitted and due amount paid within the subscription period. Subscribers must produce their original and a copy of their civil ID. Subscription applications by legal entities must be submitted signed by their authorised signatory along with the required evidence of authority to represent the legal entity and valid extract of the entity's commercial registration, commercial license and articles of associations.
Payment of Subscription Amount	The subscription amount shall be paid by a bank cheque or a bank transfer as indicated in the subscription application. No cash payments are accepted. The subscription amount must be received in full into the subscription account with the Subscription Agent for full value before the closing date of the subscription
Bonds Allotment	Bonds shall be allotted to subscribers within a maximum period of 7 Business Days, after the closing date of subscription. The Subscription Agent may reject any subscription application or any part thereof or cancel all or part of subscription as it deems appropriate. The Subscription Agent is under no obligation to apply a specific method for Bonds allotment. Subscribers shall be informed of the number and value of Bonds allotted to them.

Refund of Excess Subscription Amounts	Subscription amounts shall be paid prior to closing of he subscription. No payments are expected to be received in excess of the value of Bonds to be allotted to the subscriber. However, excess amounts, if any, shall be refunded to subscribers without interest no later than 7 Business Days after the allotment date of the Bonds.
Subscription Conditions	Subscriptions are final and cannot be reversed for any reason, even before the date of closing the subscription. The subscriber is not entitled to add any conditions or restrictions upon the subscription application. Subscriptions must be serious. Any subscription using false names and or any other methods in which the veracity of the subscription may be challenged are prohibited. The subscription form must conform to the requirements of the Prospectus and be made before the subscription closing date. Subscription Agent is entitled to ignore any incomplete, repeated or illegal subscription applications, unless corrected. The subscription application should include the subscriber's name so that the Bonds may be allocated accordingly. The Subscription Agent, without reverting to the subscriber, has the right to refuse any subscription application that breaches any terms or condition of the Prospectus, or if the information provided are incomplete, or requested documents are not attached and or the application has incomplete documents that the Subscription Agent will require to process such subscription. The Subscription Agent or the Issuer will issue the allotment notification for each subscriber with the number of allotted bond number and nominal value thereof. The Clearing Agent will deliver to the subscriber a receipt confirming the allotted number of Bonds which represent part of the Global Bond Certificate with a value of 10,000 Kuwaiti Dinars (Ten Thousand Kuwaiti Dinars) for each respective Bond. (For more details please refer to the summary of the section below relating to the Global Bond).

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds, which will appear on the reverse of the Global Bond and each Bond.

Official Approvals

The Bonds are issued pursuant to the Capital Markets Law No. 7 of 2010 and its Executive Regulations No. (72) of 2015 (as amended).

The issue of the Bonds was authorised by the resolutions of the General Shareholders Assembly meeting of the National Industries Group Holding K.P.S.C. The same being passed on 20/05/2015 and the Board of Directors of the Issuer passing by way of board meeting on 08/02/2016.

Regulatory Approvals

Permission has been granted for the Issuer to issue the Bonds and the Prospectus to offer the Bonds for public subscription by the Capital Markets Authority on 13/04/2016, pursuant to the Capital Markets Law No. 7 of 2010 and its Executive Regulations No. (72) of 2015 (as amended).

The Capital Markets Authority in the State of Kuwait approved this Prospectus on 2016/11/07.

AGREEMENTS RELATING TO THE BONDS (SUBSCRIPTION & SALE)

Subscription Agreement

The Lead Manager and Subscription Agent agreed with the Issuer by virtue of a subscription agreement dated 17/11/2016, and subject to satisfaction of certain conditions, to make appropriate endeavours to offer the Bonds for subscription at par value of the Bonds (100% of the nominal amount of the Bonds). The Lead Manager and Subscription Agent do not have any underwriting obligations to subscribe in the Bonds that are not subscribed to.

Sale of Bonds

The Lead Manager and Subscription Agent agree to comply with the complete regulations and law applicable in the State of Kuwait. The same shall ensure that the Bonds are issued, sold and allocated in accordance with the appropriate subscription method.

The Issuer, Lead Manager and Subscription Agent undertake to comply with the complete law and regulations relating to the Bonds which is valid in any foreign country. The same individuals will market, sell and distribute the Prospectus in bid to promote the requisite Bonds.

The Issuer, Lead Manager and Subscription Agent should possess the requisite qualifications and certificates required to practice such activities within the State of Kuwait and the associated law and regulation in each related foreign country. The Issuer and the Lead Manager are not guaranteed to sell the Bonds within a specific time frame and or within a specific foreign country, or in accordance with any exemptions in the same foreign countries, neither do the same have specific responsibilities for the selling facilities of the Bonds.

Subscription Process

The subscription application in the Bonds shall be filed with the Lead Manager and Subscription Agent. Subscription shall be opened from 17/11/2016 and shall expire on 29/12/2016 within the official business hours designated for receiving subscribers at the headquarters of the Subscription Agent. The Lead Manager and the Subscription Agent may, subject to the prior approval of the Capital Market Authority, extend the subscription period for similar period(s) or less provided that the total extension period(s) shall not exceed 60 days ("**Subscription Period**"). Subscription shall close at the end of official business hours designated for receiving subscribers, unless the Bonds are subscribed to in full prior to such date.

The Issuer has the right to close subscription before the expiry of the Subscription Period or close the subscription to the Bonds upon full subscription in the Bonds.

In this section day, Business day means a day that Kuwait Stock Exchange is opened for normal business.

Subscribers

All natural persons and legal entities including companies, businesses and banks unless restricted from acquiring the Bonds. Subscription entails deemed acceptance of the Bonds' issue terms and conditions as well as this Prospectus by the Subscriber.

Subscription Applications

Subscription applications are made on a special application form available with the Lead Manager and the Subscription Agent. The application information must be complete, in clear legible handwriting and duly signed by the applicant, supported by the required documents. Individual subscribers' applications shall be submitted and due amount paid within the subscription period. Subscribers must produce their original and a copy of their civil ID. Subscription applications by legal entities must be submitted and signed by their authorised signatory along with the required evidence of authority to represent the legal entity and valid extract of the entity's commercial registration, commercial license and articles of associations.

Payment of Subscription Amount

The subscription amount shall be paid by a bank cheque or a bank transfer as indicated in the subscription application. No cash payments are accepted. The subscription amount must be received in full into the subscription account with the Subscription Agent for full value before the closing date of the subscription.

Allotment of Bonds

Bonds shall be allotted to subscribers within a maximum period of 7 Business Days, after the closing date of subscription. The Subscription Agent may reject any subscription application or any part thereof or cancel all or part of subscription as it deems appropriate. The Subscription Agent is under no obligation to apply a specific method for Bonds allotment. Subscribers shall be informed of the number and value of Bonds allotted to them.

Refund of Excess Subscription Amounts

In case of cancellation or incompletion for any reason of the Bonds issuance process, or in case of over subscription in the bonds issuance which is not allotted; a written notice shall be forwarded to subscribers within (7) business days from the date of cancelation of the bond issuance or within a maximum period of (7) business days after the closing of the subscription period. Any subscription amounts that are due to the subscriber's will be returned either by a bankers cheque or through a bank transfer not later than (7) business days from the date of informing the subscribers of the matter or a maximum period of (7) business days after the closing date of the subscription period. In case of delay in transferring the due amounts after the (7) business days from the date of cancelation of the bond issuance or after the maximum period of (7) business days after the closing of the subscription period; a fee of 0.25% over Central Bank of Kuwait discount rate will be applied starting from the seventh business day mentioned as mentioned earlier and until the settlement date.

Other Subscription Rules

Subscriptions are final and cannot be reversed for any reason, even before the date of closing the subscription. The subscriber is not entitled to add any conditions or restrictions upon the subscription application. Subscriptions must be serious. Any subscription using false names and or any other methods in which the veracity of the subscription may be challenged are prohibited. The subscription form must conform to the requirements of the Prospectus and be made before the subscription closing date. Subscription Agent is entitled to ignore any incomplete, repeated or illegal subscription applications, unless corrected. The subscription application should include the subscriber's name so that the Bonds may be allocated accordingly. The Subscription Agent, without reverting to the subscriber, has the right to refuse any subscription application that breaches any terms or conditions of the Prospectus, or if the information provided is incomplete, or requested documents are not attached and or the application has incomplete documents that the Subscription Agent will require to process such subscription. The Subscription Agent or the Issuer will issue the allotment notification for each subscriber with the number of allotted bond number and nominal value thereof. The Clearing Agent will deliver to the subscriber a receipt confirming the allotted number of Bonds which represent part of the Global Bond Certificate with a value of 10,000 Kuwaiti Dinars (Ten Thousand Kuwaiti Dinars) for each respective Bond. (For more details please refer to the summary of the section below relating to the Global Bond).

CONDITIONS OF THE KWD 25,000,000 BONDS DUE 2021

The KWD 25,000,000 Bonds (the "**Bonds**") of National Industries Group Holding K.P.S.C. (the "**Issuer**") are issued subject to an Agency Agreement dated as of issuance date (the "**Agency Agreement**"), as amended and/or supplemented and/or restated from time to time, made between the Issuer and Al Ahli Bank of Kuwait K.S.C.P. as the paying agent and any other paying agent appointed by it from time to time (each the "**Paying Agent**") and Kuwait Clearance Company K.S.C. as registrar (the "**Registrar**") and clearing agent (the "**Clearing Agent**") (together the Paying Agent, the Registrar and the Clearing Agent are the "**Agents**").

The statements in these Conditions include summaries of and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Bonds (the "**Bondholders**") appertaining to the Bonds at the specified office of the Paying Agent. The Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Paying Agent, the Clearing Agent and the Registrar shall include any successor appointed under the Agency Agreement.

1. Form, Denomination and Title

1.1 The Bonds are issued in a global form, without interest coupons, in a form of a Global Bond certificate (the "**Global Bond Certificate**") in the abovementioned original principal amount of the Bonds (the "**Principal Amount**").

1.2 The Global Bond Certificate will be exchangeable in whole but not in part for 2,500 individual definitive and registered Bond certificates (each a "**Certificate**") in registered form in denominations of KWD 10,000 (Ten Thousand Kuwaiti Dinars) each, in the following circumstances: (i) if any Bond becomes due and payable in accordance with Condition 8; (ii) if the Clearing Agent is closed for business for a continuous period of 14 Business Days (other than by reason of holidays, statutory or otherwise) or announces its intention to permanently cease business or, in fact, does so; or (iii) if the Issuer would suffer any disadvantage as a result of a change in any applicable laws or regulations in the State of Kuwait (or change in the interpretation thereof by the relevant supervisory and official authorities) or as a result of a change in the practice of the Clearing Agent which would not have been suffered had the Bonds been in definitive form.

For the purposes of these Conditions (other than Condition 8), "**Business Day**" means a day that the Kuwait Stock Exchange is open for normal business in the State of Kuwait. Each Certificate, upon exchange of the Global Bond Certificate, will be numbered serially with an identifying number which will be recorded on the relevant Global Bond and in the Registrar and at the registered office of the Issuer.

1.3 Title to the Bonds passes by registration in the register of Bondholder with the Registrar. The Issuer shall keep a register at the specified office of the Registrar. No Bondholder may require the transfer of a Bond to be registered during the period of 15 Days ending on the due date for any payment of principal or interest on that Bond. All transfers of Bonds and entries on the register of Bondholders will be made subject to the detailed regulations concerning transfer of Bonds applicable in accordance with the laws of Kuwait and at the Registrar and Clearing Agent. The regulations may be changed by the Registrar and Clearing Agent without prior notice. The record of the Registrar and Clearing Agent shall be an absolute evidence of title to the Bonds. In these Conditions, Bondholder (in relation to a Bond) means the person in whose name a Bond is registered in the register of Bondholders with the Registrar. Upon exchange of the Global Bond Certificate, the holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Global Bond issued in respect of it) and no person will be liable for so treating the holder.

2. Bonds Status

The Bonds are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank at least pari passu among themselves and other unsecured obligations without any preference among themselves and all other present and future unsecured obligations other than those obligations which are preferred by mandatory provisions of the law, without prejudice to the recourse right to the securities held in the portfolio submitted by the subsidiary of the Issuer and registered under the name of the custodian of such portfolio.

3. Negative Pledge

So long as any of the Bonds remain outstanding, the Issuer shall not create or permit to be created (either directly or indirectly through whatever means) any mortgage, charge, pledge, lien or other encumbrance upon the whole or any part of its undertakings or assets, present or future, to secure the repayment of any bonds or issued securities (in whatever form), or any guarantee or indemnity in respect of bonds or issued securities (in whatever form); unless prior to or simultaneously with the creation of such liability or giving of such pledge, guarantee priority or indemnity, the Bonds are equally and rateably secured (at same terms) so as to rank pari passu with such indebtedness, guarantee or indemnity, as the case may be unless a waiver and/or consent from the Bondholders Association is obtained.

4. Bond Interest

4.1 Interest accrues on the Bonds at the Interest Rate (as determined below) from (the "**Issue Date**") and will be paid in arrears on a quarterly basis of each year (each of these dates an "**Interest Payment Date**") the first interest payment being made on beginning on the Issue Date or any Interest Payment Date and ending on the date falling three month after the preceding payment of the Interests (herein called an "**Interest Period**". Interest will cease to accrue on the Bonds on the Final Redemption Date (as defined below) unless payment of the Principal Amount is withheld or refused for any reason whatsoever. In such event, interest will continue to accrue (both before and after any judgment) up to the date on which payment in full of the principal thereof is made without accruing interest on the payment date.

4.2 The interest rate applicable to the relevant Interest Period shall be the Central Bank Kuwait Discount Rate (as defined below) plus a margin of (225) basis points (i.e. 2.25%) per annum (the “**Interest Rate**”). The Interest Rate is determined every 3 months by the Paying Agent two Business Days prior to the relevant Interest Period (the “**Interest Determination Date**”). The discount rate is the rate announced by the Central Bank of Kuwait for KWD at 12 noon Kuwait time on the Interest Determination Date (as shown on the Central Bank of Kuwait page, or, if not so available, the Central Bank Kuwait Discount Rate as determined by the Paying Agent in good faith and if the Paying Agent cannot determine the same in good faith, the Central Bank Kuwait Discount Rate last determined in respect of the last Interest Period) (the “**CBK Discount Rate**”).

5. Redemption, Purchase and Cancellation

5.1 Redemption
The Bonds will be redeemed at their Principal Amount (plus accrued interest) on the final maturity in December 2021 (the “**Final Redemption Date**”) unless redeemed earlier at the option of the Issuer at their Principal Amount in addition to the interests accrued at the date of redemption (without accruing interest on the redemption day) on the Interest Payment Date at any time commencing from the third anniversary of the Issue Date or for taxation reasons.

5.2 Redemption for taxation reasons
The Issuer is entitled, at its sole discretion, after provision of notice that is not less than 30 days and no more than 45 days, to request redemption of all Bonds (not partial) at their Principal Amount in addition to the interests accrued at the date of redemption (without accruing interest on the redemption day) due to any reasons beyond the Issuer’s control which results in the Issuer required to pay additional amounts according to these Conditions within the Prospectus

5.3 Purchase
The Issuer may at any time purchase Bonds at any price in the open market or otherwise.

5.4 Reselling or Cancellation
The Issuer is entitled to resell any Bonds purchased pursuant to Condition 5.3 above and to use the voting rights relating to Bonds purchased or to cancel them. In case of cancellation, the Bonds cancelled may not be resold or reissued.

6. Payments

6.1 Payment of the interest in respect of the Bonds represented by the Global Bonds will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bonds to the Issuer. A record of each payment made will be endorsed on the schedule to the Global Bond by or on behalf of the Issuer or an appointed Paying Agent (as defined below).

6.2 The Issuer will appoint a Paying Agent under an Agency Agreement for payments in respect of the Bonds. The Issuer may replace or terminate the appointment of the Paying Agent or any paying agent and/or appoint additional or other paying agents (each is a “**Paying Agent**”). Notice of any Agency Agreement or appointment or change in the Paying Agent or any change in or addition to the Paying Agents or of any change in their specified offices will be published in accordance with Condition 14 with respect to Notices.

6.3 If the due date for payment of any amount of the Principal Amount or interest in respect of any Bond is not a Business Day in Kuwait, then the Bondholder thereof will be entitled to payment at the relevant place of payment of the amount due in the next following Business Day and will be entitled to further interest in respect of any such delay calculated based on the interest rate applicable on the relevant interest period.

7. Taxation

All payments of the Principal Amount and interest by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the State of Kuwait or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay additional amounts as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the respective amounts of Principal Amount and interest which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Bonds presented for payment by or on behalf of a Bondholder who is liable for such taxes or duties in respect of such Bonds by reason of such Bondholder having some connection with the State of Kuwait other than the mere holding of such Bond(s) or the receipt of principal, or interest in respect thereof. In any event, the Issuer shall be entitled, at its sole discretion, to redeem all Bonds, not part thereof, in case of any tax charged if such tax is costly in comparison to the amount and the cost of the Bond issue.

8. Events of Default

If one or more of the following events (each, an "**Event of Default**") shall have occurred and be continuing:

1. the Issuer fails to pay the Principal Amount of any of the Bonds (whether at maturity, upon redemption or otherwise) for a period of 3 Business Days after the date when due; or

2. the Issuer fails to pay any interest on any of the Bonds for a period of 3 Business Days after the date when due; or

3. the Issuer fails to cure any acceleration event arising from or in connection with any indebtedness of the Issuer for borrowed money or issued securities (in whatever form) equivalent to at least KWD 10,000,000 (Ten Million Kuwaiti Dinars) for a period of 3 Business Days, and regardless whether the acceleration event is a result of a default, legal action, action or omission by the Issuer in accordance with the terms and conditions of such indebtedness of the Issuer for borrowed money or issued securities;

4. without prejudice to Conditions 8 (i), (ii), and (iii) above, the Issuer fails to duly to perform or observe any other term, covenant (negative pledge, financial, or otherwise), representations and warranties and/or any other agreement contained in any of the documents relating to the Bonds for a period of 30 days after the date on which written notice of such failure, requiring the Issuer to remedy the same, shall first have been given to the Issuer or its appointed Paying Agent by the Representative of Bondholders (as defined in Condition 12); or

5. the Issuer stops payment of any of its debts when due or cease to carry on business or substantially the whole of its business or threaten to do so; or

6. an order is made or an effective resolution passed for the winding up or the dissolution of the Issuer; or

7. the Issuer sells, transfers, or otherwise disposes of, directly or indirectly, the whole or a substantial part of its undertaking or assets except a disposal at market value or in the ordinary course of business or a disposal the terms of which have been previously approved by a Resolution of the Bondholders Association referred to in Condition 12. For these purposes a certificate of the auditors of the Issuer that in their opinion the undertaking or assets (or the relevant part) disposed of is or is not substantial shall, in the absence of manifest error, be conclusive and binding on the Issuer, any appointed Paying Agent and the Bondholders; or

8. an encumbrance takes possession of, or a receiver or judicial officer is appointed over, the whole or any material part of the assets or undertaking of the Issuer or an attachment, execution or other process shall be levied or enforced upon or sued against the whole or any material part of the chattels or property of the Issuer following upon a decree or judgment of a court of competent jurisdiction and shall not be removed, discharged or paid out within 30 Business Days; or

9. the Issuer becomes insolvent or is unable to pay its debts generally as they mature or applies for or consents to or suffers the appointment of a liquidator or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors or stops or threatens to cease to carry on its business or any substantial part thereof; or

10. the Issuer fails to issue its annual audited consolidated financial statements within 120 Days from the end of its fiscal year or the quarterly reviewed interim consolidated financial statements within 90 Days from the end of each quarter; and

then in each and every case above the Principal Amount of each Bond (together with accrued interest) shall, at the option of and upon written notice in English and Arabic to the Issuer by the Representative of Bondholders become immediately due and payable, without the necessity of any judicial proceedings upon the date that such written notice is received by the Issuer unless prior to such date all Events of Default in respect of all the Bonds shall have been cured.

9. Prescription

9.1 Each Bond will become void unless presented for payment in the Principal Amount within a period of 10 years from the Final Redemption Date.

9.2 Payment of interest in relation to any Bond will become void unless presented for payment within a period of 5 years from maturity date of the relevant Bond.

10. The Payment Agent

10.1 The Payment Agents appointed pursuant to the Agency Agreement will be acting solely as agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with the Bondholders.

10.2 Any Agency Agreements may be amended by the parties thereto, without the consent of the Bondholders, for the purpose of curing any ambiguity, defective provision or manifest error or in any manner which the parties thereto may deem necessary or desirable which will not be inconsistent with the Bonds and will not, in the opinion of such parties, be materially prejudicial to the interests of the Bondholders, or any appointed Paying Agent or Paying Agent.

11. Replacement of Bonds

Should any of the Bonds be mutilated, defaced, destroyed, stolen or lost, such may be replaced at the office of the Issuer in Kuwait (or such other place(s) as the Issuer may from time to time decide and notify in accordance with Condition 12) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

12. Association of Bondholders

An association of all holders of the Bonds will be created and will have a legal representative elected among the Bondholders or third parties. The Issuer will within a month from the Issue Date call for the association of the Bondholders to approve its articles and elect or appoint its representative. If the Issuer does not call the association for a meeting during such period, every interested party may request the Capital Market Authority to call for such meeting within no more than 15 Business Days from the date of such request. The quorum and voting required to pass resolutions of the association will be made in accordance with the provisions of the Capital Markets Law No. 7 of 2010 and its Executive Regulations No. (72) of 2015 (as amended).

13. Notices

13.1 Notices to Bondholders shall be deemed to have been duly given and valid if delivered by hand or published in a leading newspaper of general circulation in Kuwait and if the notice is for the purposes of a Bondholder's meeting, such notice shall also apply to the regulatory authority for publication in the Official Gazette (Al-Kuwait Al-Youm). Any such notice shall be deemed to have been given on the date of publication in such leading newspaper provided that if such notice is for the purposes of a Bondholder's meeting, such notice shall be deemed to have been given on the date of publication in the Official Gazette (Al-Kuwait Al-Youm). If such notice is published more than once, the notice shall be deemed to have been given on the date of the first such publication. Attendance of the Bondholders at the meeting of the Association shall rectify any deficiency or defects in the invitation procedures.

13.2 Unless the notice is given for meeting of the Association, all notices to be given to any Bondholder shall be in writing and given by lodging the same with the Paying Agent or, as long as the Bonds are held in a clearing system with a Clearing Agent, notices may be given through the clearing system in accordance with its standard rules and procedures applicable by the Clearing Agent.

14. Governing Law

The Agency Agreement and the Bonds are governed by the laws of the State of Kuwait.

15. Court Jurisdiction

15.1 The Issuer has irrevocably agreed for the benefit of the Bondholder that the courts of the State of Kuwait are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly has submitted to the exclusive jurisdiction of the courts of the State of Kuwait.

15.2 The Bondholders may take any suit, action or proceeding arising out of or in connection with the Bonds (together referred to as "Proceedings") against the Issuer in any other Court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

SUMMARY OF PROVISIONS RELATING TO THE GLOBAL BONDS

Each of the Global Bonds contain provisions which apply to the Bonds represented by such Global Bond, some which modify the effect of the Terms and Conditions of the Bonds set out in this document. The effects of such provisions contained in the Global Bond are set out below.

The KWD Floating Rate Bond will be evidenced by a Global Bond Certificate without coupons in registered form representing 2,500 individual Certificates each in denominations of KWD 10,000. The Global Bond will be deposited for credit to the accounts of the subscribers with Kuwait Clearing Company K.S.C. on the date of issuance of the Bonds. While the Bonds are evidenced by the Global Bond Certificate, the Bonds evidenced by such Global Bonds Certificate may be transferred through Kuwait Clearance Company in accordance with the rules and procedures in effect thereat.

The Global Bond will be exchangeable in whole but not in part for individual definitive Bond Certificates if (a) any Bond becomes due and payable in accordance with Condition 8 of the Bond, (b) if the Kuwait Clearing Company K.S.C. is closed for business for a continuous period of 14 Business Days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or, in fact, does so, or (c) the Issuer would suffer any disadvantage as a result of a change in any laws or regulations (or in the interpretation thereof by the relevant authorities) or as a result of a change in the practice of Kuwait Clearing Company K.S.C. which would not be suffered if the Bonds were to be in definitive form. For the purposes of this provision "**Business Day**" means a day that the Kuwait Stock Exchange opens for normal business in Kuwait.

So long as the Global Bond is held by Kuwait Clearing Company K.S.C., notices required to be given to holders of Bonds may be given by such notices being delivered to Kuwait Clearing Company K.S.C., so long as notices are also published in Kuwait in accordance with the Conditions of the Bond.

The holder of the Global Bond Certificate shall be the only person entitled to receive payment of principal and interest in respect of the Bonds represented by the Global Bond Certificate and each person entitled to a Bond represented by the Global Bond Certificate must look solely to Kuwait Clearing Company K.S.C., for its share of each payment made by the Issuer to the holder of the Global Bond Certificate.

Payments of principal and/or interest in respect of Bonds represented by the Global Bond Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond Certificate to the Issuer. A record of each payment made will be endorsed on the schedule attached to the Global Bond Certificate by Kuwait Clearing Company K.S.C. on behalf of the Issuer or an appointed Paying Agent.

USE OF PROCEEDS

The gross proceeds from the issue of the Bonds will be used by the Issuer for general corporate purposes. Management commissions and certain expenses incurred in connection with the issue of the Bonds will be deducted from the gross proceeds of the Bonds.
The following table shows the detailed uses of the Bond proceeds:

Use of Proceeds	Amount (KWD)
Financing various company activities	24,531,250
Costs of Bonds issue, marketing, administrative, legal and printing costs	125,000
Estimated costs of assistant Lead Manager	343,750
TOTAL	25,000,000

DESCRIPTION OF THE ISSUER

1. OVERVIEW

NIG Holding was established to participate in developing Kuwait's infrastructure and promote its industrial advancement through the development of the building materials industry. Having played an instrumental role in the foundation of Kuwait's industrialisation ambitions, NIG Holding has emerged as the largest listed investment holding company on the KSE in terms of assets and one of the leading investment houses in the region. NIG Holding now holds a diverse investment portfolio of core operating businesses ("**Core Operating Businesses**"), strategic investments and financial investments in the building materials, specialist engineering, petrochemicals, financial services, utilities, oil and gas services and real estate sectors.

2. HISTORY AND BACKGROUND

NIG Holding is one of the largest listed investment holding companies on the KSE in terms of total assets and shareholder equity. NIG Holding was incorporated in 1961 as a closed Kuwaiti shareholding company in accordance with the Commercial Companies Law (Law No. 15/1960 of Kuwait). NIG Holding's initial paid up capital was 20 Million rupees (the then equivalent of approximately KWD 1,500,000 (One Million Five Hundred Thousand Kuwaiti Dinar)). NIG Holding's founding shareholders included the Government of Kuwait (the "**Government**"), with a 51% stake and certain prominent Kuwaiti trading families, which retain stakes in NIG Holding today. NIG Holding was made responsible for the operation of two manufacturing plants, which had been owned by the Government since 1955, one producing cement-based products and the other producing bricks and limestone-based products. In 1962, NIG Holding diversified into the manufacturing of pipes and fittings for water and sewage through the incorporation of the Kuwait Asbestos and Plastic Industries Company.

NIG Holding was instrumental in the development of Kuwait's industrial base in the 1960s and 1970s through its participation in the establishment and development of companies such as Kuwait Cement Company ("**KCC**"), Kuwait Metal Pipes Industries and Contracting and Marine Services Company, as well as Gulf Cable and Electrical Industries Company. NIG Holding's rate of growth accelerated in the 1960s and its production capacity and turnover expanded significantly in the mid-1970s with the establishment of two complexes which continue to constitute its principal operations in the building materials sector: the Sulaibiya complex, which specialises in cement-based products and the Mina Abdullah complex, which specialises in limestone-based products and plastics. In the 1970s, NIG Holding diversified into the production of household goods such as washing detergents under license from Henkel (Germany) as well as the production of automotive batteries. Other industries in which it became involved in the 1970s included tyre production. This broad spread of businesses was consistent with NIG Holding's public sector ownership and its role in fostering the process of industrialisation in Kuwait.

Also during the 1970s, NIG Holding's operations extended to other GCC countries, particularly Saudi Arabia and the United Arab Emirates ("**UAE**"). It was a founding shareholder in Saudi Sand Lime Bricks & Building Materials Company (a Saudi Arabian company), Gulf Gravel Company (a UAE company) and the National Quarries Company (a UAE company). By the 1980s, NIG Holding had established itself as a broad based industrial conglomerate with a strategy of identifying sectors for development both nationally and regionally in other GCC countries. Its expansion involved extending its product range through adding new plants for the production of plastic pipes and fittings and aerated concrete blocks.

Following its decision to draw back from certain sectors of the national economy, the Government divested its ownership of NIG Holding through the flotation of its 51% shareholding on the KSE in 1995. At the same time, NIG Holding embarked on a strategy of industrial specialisation while divesting some of its less profitable non-core operations through disposals and plant closures.

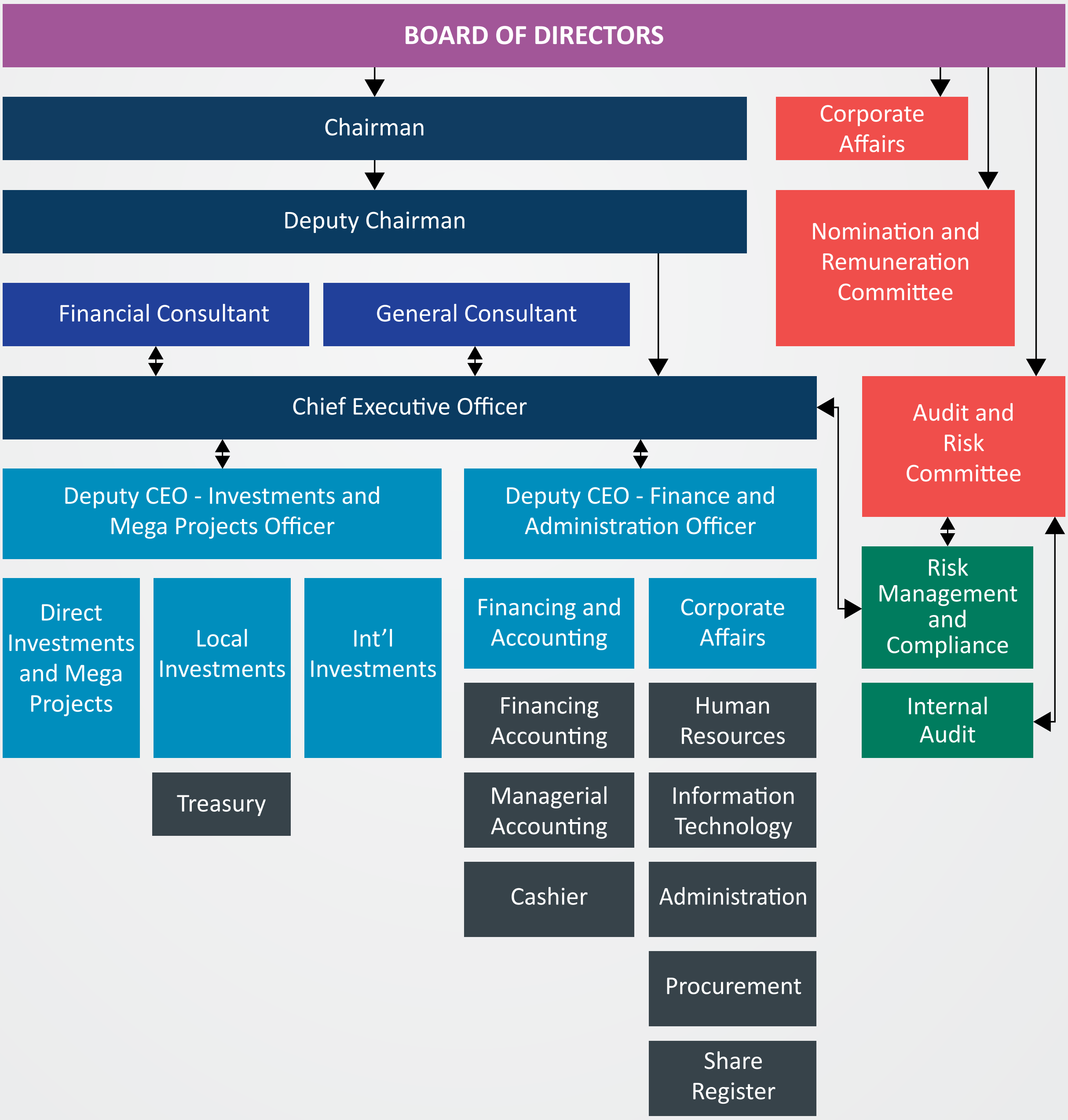
3 OWNERSHIP

NIG Holding diversified its investor base to include major institutional investors, who hold 28%; the general public, who hold approximately 58.9% via the KSE and the Dubai Financial Market; KCC and the Public Institute for Social Security, who own 9.828% and 9.95%, respectively; and prominent Kuwaiti families, including the Al-Kharafi, Al Rabia, Al-Rashid, Al-Saad, Al-Fulaij and Behbehani groups, who together hold the remaining 11.7%

The only three shareholders who own in excess of 5% of the total outstanding shares are Al-Khair National for Stocks and Real Estate (9.649%), KCC (9.828%) and the Public Institute for Social Security (9.95%).

4 MANAGEMENT

4.1 Management Overview
The following chart sets out the management structure of NIG Holding:



NIG Holding's articles of association provide that it shall be managed by a board of directors consisting of 9 members, elected by the shareholders at the general assembly meeting. The term of board membership is 3 years, subject to renewal. The board may appoint directors, including the non-executive Chairman.

The CEO reports to the Chairman and is responsible for the day-to-day management of NIG Holding through a team of executive managers.

The board of directors has three committees, the Audit and Risk Committee and the Nomination and Remuneration Committee. The Investment Committee develops, monitors and enforces the investment strategy of NIG Holding. Any potential investments to be made by NIG Holding's subsidiaries, which exceed the equivalent of US$50,000,000 (Fifty Million US Dollars) must be approved by the Investment Committee.

4.2 Board of Directors

Mr. Saad Mohammed Al-Saad - Chairman
Mr. Al-Saad became Chairman and Managing Director of NIG Holding in 2004. Prior to this appointment, Mr. Al-Saad was Deputy Chairman and Managing Director of NIG Holding since 1973. He was also a member of the board of Kuwait National Petroleum Company (1971-1975) and Director of a number of NIG Holding's associated companies including the KCC, the Saudi Sand Lime Bricks and Building Materials Company and the Gulf Cable and Electrical Industries Company. Mr. Al-Saad obtained a bachelor's degree in Business from Cairo University in 1968.

Mr. Sulaiman Hamad Al-Dalali – Deputy Chairman
Mr. Al-Dalali was elected as Deputy Chairman of NIG Holding in 2004. He has been the Chairman and Managing Director of Ahleia Insurance Company since 1999. Mr. Al-Dalali is also currently a board member of three companies, the Kuwait Financial Centre (Kuwait) the Arab Life Insurance Company, (Lebanon) and the Arab & Accident Insurance Company (Jordan) He graduated with a degree in Business from Cairo University in 1968.

Mr. Ali Morad Behbehani
Mr. Behbehani was elected to the board of NIG Holding in 1996. He is the Vice President of Morad Yousef Behbehani and a director of the Kuwait Insurance Company and the Kuwait National Cinema Company. Mr. Behbehani holds a bachelor's degree in English literature from Kuwait University.

Mr. Salah Khalid Al-Fulaij
Mr. Al-Fulaij was elected to the board of NIG Holding in 1995. He is the Vice President of Khalid Al Fulaij & Sons Company which is involved in banking, real estate and investments. Mr. Al-Fulaij is also vice president of Sulaiman Al-Fulaij Trading and Contracting Company. Mr. Al-Fulaij has been a director of Gulf Bank, the second largest bank in Kuwait, since 1992. He graduated with a degree in Business Administration and Economics from Emporia State University in the United States in 1979.

Mrs. Maha Khalid Al-Ghunaim
Mrs. Al-Ghunaim was elected to the Board of NIG Holding in 1996. Mrs. Al Ghunaim is a specialist in investment management and sits on the boards of various investment funds. She is currently a director of the Industrial Bank of Kuwait (1999) and is Chairman and Managing Director of Global Investment House. Mrs. Al-Ghunaim graduated from San Francisco State University with a BSc in mathematics.

Mr. Husam Fawzi Al-Kharafi
Mr. Al-Kharafi was elected to the board of NIG Holding in 2007. In addition, he has been Chairman of Noor since 2005 and a member of the board of the National Real Estate Company since 2004. He was a member of the board of Mabanee from 1998 to 2005 and Harf Company from 1999 to 2004. Mr. Al-Kharafi has held numerous positions in M.A. Al Kharafi & Sons WLL Kuwait and has been the Assistant General Manager since 2002.

Mr. Abdul Aziz Ibrahim Al-Rabiah
Mr. Al-Rabiah was elected to the board of NIG Holding in 1979. He has been General Manager of Mohammed Abdullah Al-Rabiah & Partners Company since 1981. He was also a director of KCC (1992-1998) and the Kuwait Pipe Industries & Oil Services Co. (1980 to 1992). Mr. Al-Rabiah graduated with a degree in accounting from Kuwait University in 1975.

Mr. Mohammed Abdulmohsen Asfour
Mr. Asfour has been elected as an independent board member in 2013, Mr. Asfour was a Minister of Public Authority for Housing Welfare and also Chairman of the Kuwaiti Building Material Manufacturing Co (KBMMCO). Mr. Asfour is currently is Deputy Chairman and board member of other companies in Kuwait. Mr. Asfour graduated from Cairo university, Faculty of Commerce.

Dr. Abdul Aziz Al-Rashed Abdul Aziz Al-Rashed
Dr. Al-Rashed is a Director on the board of NIG Holding since 2016 and currently Chairman for Kuwait Drilling Company and Director on the board of Contracting & Marine Services Co. K.S.C. respectively. Dr. Al-Rashed has a Masters Degree and PHD holder in Electronic Engineering from Wisconsin University, USA and graduated with a degree in engineering from Kuwait University.

4.3 Executive Management

The executive management team of NIG Holding is responsible for running the daily operations of the company. The current members of the team are:

Mr. Ahmed Mohammed Hassan Hussein - Chief Executive Officer
Starting July 2013, Mr. Hassan has been selected by the board consensus to be the Chief Executive Officer. Previously, Mr. Hussein was the General Manager/Finance Manager at the NIG Holding since 1982. Throughout his extensive career at NIG Holding, Mr. Hussein has been responsible for overseeing the financial management of the company to ensure consistent growth and profitability. He held previous positions in comparable roles before joining NIG Holding, having worked as the Audit Manager and Partner at Adel Al Ghanim & Partners Office as well as serving as the Financial Manager at Kuwait Asbestos Industries. Mr. Hussein completed his BA in Accounting at Ain Shams University and is currently a member of several boards, including National Industries Company K.S.C.C., Proclad Group Ltd., DIFC and FTV Proclad.

Mr. Reyadh S. Ali Al-Edrissi - Deputy Chief Executive Officer – Investments and Mega Projects

Based on a board resolution, Effective March 31, 2014 Mr. Al-Edrissi was hired as a Deputy CEO for investments and Mega projects to oversee all the holding company investment activities and the mega projects. Prior to that Mr. Al-Edrissi was Executive Manager of direct investments. Mr. Al-Edrissi joined NIG Holding in 1999. In this role, he is responsible for the overall management of the company at the executive level. Mr. Al-Edrissi held several comparable positions at NIG before being promoted to Executive Manager, including Senior Manager, Projects Development Manager and Deputy Manager for Petrochemical Projects. He graduated from Newcastle Upon Tyne University with a BSc degree in Chemical Engineering in addition to receiving an MSc degree in Chemical Engineering from Kuwait University. Mr. Al-Edrissi has taken many technical training courses and continues to serve on a multitude of boards, including Chairman at Privatisation Holding Co., Vice Chairman at Gas & Oil Fields Services Co., Ikarus Petroleum Industries, Markaz Energy Fund, Kuwait Ceramic Company, Investment Committee of Bouniyan Fund of the Kuwait Investment Co., Middle East Complex for Eng., Electronics & Heavy Industries Co. and Saudi International Petrochemical Company.

Mr. Faisal Abdul Aziz Al Nassar - Deputy Chief Executive Officer – Finance and Administration

Based on a board resolution Effective March 31, 2014, Mr. Al Nassar was hired to oversee all the holding company finance and administration affairs. Previously he held the position of Corporate Affairs Executive Manager at NIG Holding since joining NIG Holding in 2005. His current responsibilities include managing all finance and administration activities, participating in investment committee meetings and managing a variety of company relationships. Prior to joining NI Group in 2005, Mr. Nassar served as Auditor for Governmental Agencies at the Kuwait Bureau of Accountancy as well as holding the position of Auditor at the Ministry of Finance. Mr. Al Nassar obtained his BSc from the Faculty of Commerce at Kuwait University and currently serves on a wide range of boards, including Chairman and CEO of Al Durra National Real Estate Company, and board member of numerous of companies as Al Ruwad Real Estate Company, Gas & Oil field Services Company, Abu Dhabi Real Estate Investment Company and Noor Financial Investment Company, Noor Telecommunication Company, Noor Al Salehia Real Estate, Arabic Investment Group, and Shorfat al Safwa in KSA.

Mr. Mubasher Hussain Sheikh, FCCA - Chief Financial Officer

Mr. Sheikh being currently the Chief Financial Officer, has been with NIG Holding since 2001, where he has an extensive experience with multinational companies and a solid experience in Holding and investment companies. Mr. Sheikh’s role in the group is overseeing the activities of the subsidiaries and reporting on different panels. Prior to joining NIG Holding, Mr. Sheikh was an Audit Manager in a leading Audit Firm Grant Thornton International in Kuwait. He graduated with a degree in Mathematics and Statistics and is a fellow of Chartered Certified Accountant, UK. He is a currently a board member of K- Electric Limited and Non-Executive Director of the Proclad group.

Ms. Hetaf M. Khajah, CFA - Chief Investment Officer
Ms. Khajah is currently the Chief Investment Officer and has been at NIG Holding since 2003. In this position, Ms. Khajah is responsible for overseeing the company's international and regional investment strategies, including analysing potential investment opportunities and monitoring the company's current holdings. Prior to her current role at NIG,
Ms. Khajah served as Investment Funds Manager at the National Bank of Kuwait K.S.C..
Ms. Khajah studied at The George Washington University, receiving her Masters of Science in Information Systems and subsequently completed her studies at Harvard Executive Education.

Mr. Ihab Boulas, MBA, CPA - Group Risk, And Compliance Manager
Effective March 31, 2014 Mr. Boulas was promoted to be the Group risk and Compliance Manager. Previously, Mr. Boulas was the Internal Audit Manager since his joining in 2002. Throughout his career at NI Group, Mr. Boulas had held a wide range of responsibilities. Throughout his extensive career at NI Group, Mr. Boulas had established the internal audit department, performing advanced auditing tasks, managing audits and projects, developing the holding company's policies and procedures, the supervision and planning of auditing daily activities. Mr. Boulas is Certified Public Accountant (CPA) from the University of Illinois and obtained a Master in Business Administration (MBA) from Kuwait Maastricht Business Studies.

4.4 Employees
NIG Holding and its consolidated subsidiaries currently employ 3,620 full time staff in Kuwait and internationally.
The following table sets out the number of full time employees in each Core Operating Business:

Parent Company	Building Materials	Specialist Engineering	Petro-chemicals	Financial Services	Real Estate
73	1,821	1,237	14	467	8

Source: NIG Holding

5 CORPORATE STRUCTURE

NIG Holding is an investment holding company with shareholdings in a portfolio of fully or partly owned companies. Under NIG Holding's business model, it classifies these investments into three main categories:

(i) Core Operating Businesses;
(ii) Strategic Investments; and
(iii) Financial Investments.

National Industries Group								
Core Operating Businesses							Investments	
Building Materials	Real Estate	Specialist Ebgineering	Petrochem-icals	Financial Services	Utilities	Oil & Gas Services	Strategic Investments	Financial Investments

NIG Holding's investments in Core Operating Businesses consist of: (a) holdings in companies that are majority owned and controlled by NIG Holding, as well as (b) holding companies that own significant minority stakes in companies over which NIG Holding exerts significant influence. NIG Holding undertakes its Core Operating Businesses in the following six industries: (i) building materials; (ii) oil, gas services and specialist engineering; (iii) petrochemicals; (iv) financial services; (v) utilities; and (vi) real estate.

Strategic investments include long term investments in companies operating in industries in which NIG Holding is actively involved, yet holds a minority stake. Financial investments are investments where NIG Holding has no or limited operating involvement and a minority stake and are typically in funds, debt and other financial markets products.

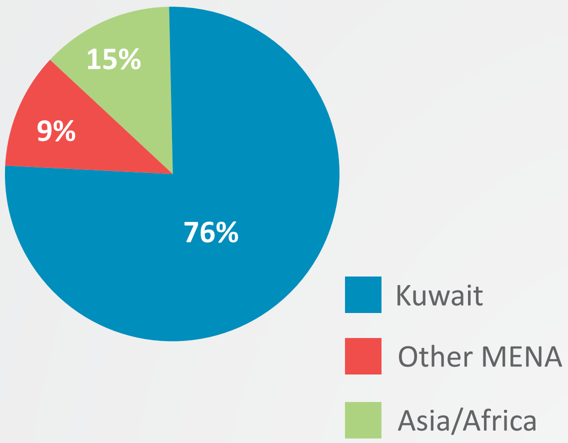
The following tables summarises NIG Holding's fully owned subsidiaries and key investments:

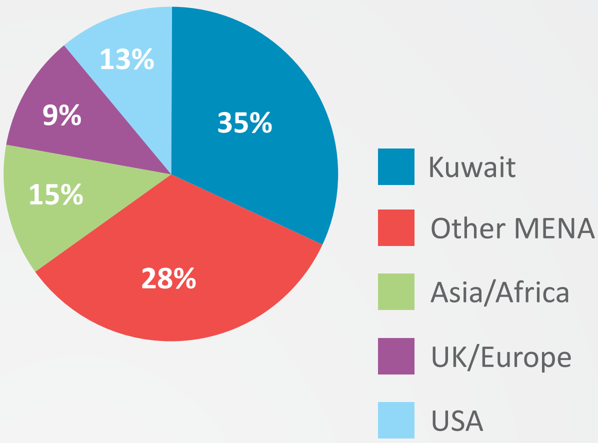
Company	Category	% Owned	Type	Industry
Proclad Group Limited	Core	100%	Unlisted	Oil & Gas / Specialist Engineering
National Combined Industries Holding Company for Energy	Core	100%	Unlisted	Utilities
Eagle Proprietary Investments Limited	Core	100%	Unlisted	Investment
Al-Durrah National Real Estate Company	Core	100%	Unlisted	Real Estate
Ikarus Petroleum Industries Company	Core	64.6%	Listed	Petrochemical
National Industries Company	Core	50.5%	Listed	Industrial
Noor Financial Investment Company	Core	50.3%	Listed	Investment
Kuwait Privatisation Holding Company	Strategic	29.8%	Listed	Services
Kuwait Cement Company	Strategic	26.8%	Listed	Industrial
Airport International Group	Strategic	24.0%	Unlisted	Services
Mabanee Company	Strategic	17.5%	Listed	Real Estate
Contracting & Marine Services Company	Strategic	17.8%	Listed	Oil and Gas
Kuwait Financial Centre	Strategic	4.4%	Listed	Investment
Jordan Telecom	Strategic	6.3%	Listed	Telecom
Foulath Holding B.S.C	Strategic	10%	Unlisted	Industrial
Boubyan International Industries Co.	Strategic	9.3%	Unlisted	Investment
Bayan Holding Co	Strategic	6.2%	Unlisted	Real Estate
Al-Ahleia Insurance	Strategic	5.8%	Listed	Insurance
Egypt Kuwait Holding Company	Strategic	4.0%	Listed	Investment
KGL Logistics	Strategic	0.1%	Listed	Services
National Bank of Kuwait	Strategic	1.1%	Listed	Banking
Dana Gas	Strategic	2.2%	Listed	Oil and Gas
Kuwait Finance House	Strategic	1.5%	Listed	Banking

6 GEOGRAPHIC COVERAGE

In line with NIG Holding's investment strategy to source focused and privileged investments, the company's investment portfolio is concentrated in the GCC and broader Middle East and North Africa ("**MENA**") region. NIG Holding also maintains significant investments in the United States, the United Kingdom ("**UK**"), Europe and selected investments in other geographies.

Investments in Associates	Financial Assets





7 CORE OPERATING BUSINESSES

NIG Holding's Core Operating Businesses are in the following six industries: (i) building materials; (ii) oil, gas and services specialist engineering; (iii) petrochemicals; (iv) financial services; (v) utilities and (vi) real estate.

7.1 Building Materials

7.1.1 National Industries Company

NIC's building materials manufacturing activities are undertaken by NIC and its consolidated subsidiary, Building Systems Industries Company (W.L.L.).

The principal shareholder in NIC is NIG Holding with a 51% shareholding. NIC's shares are traded on the "industrial" section of the KSE (Ticker: NICBM, Stock Code: 520). NIC is therefore regulated as a listed company by the KSE, with a market capitalisation of KWD 78,600,000 (Seventy Eight Million and Six Hundred Thousand Kuwaiti Dinar)[1] as of 31 December 2015.

The principal objective of NIC is to provide complementary products to meet the demands of housing and infrastructure projects in Kuwait. The strategic development of NIC is guided by a focus on core business activities and a streamlined organisation. NIC owns and operates 16 production plants, one quarry and has 1,821 employees. NIC has the largest production capacity in Kuwait and as a result, enjoys economies of scale not available to its smaller domestic competitors. NIC is also the only domestic manufacturer of certain products such as lime, sand lime bricks, concrete pipes and large diameter high-density polyethylene ("HDPE") pipes.

[1] Based on a closing price of KWD 0.226 and 347,794,578 shares outstanding.

NIC manufactures building materials and concrete pipes for infrastructure usage. NIC also produces plastic pipes and fittings and extracts rocks from its one quarry, which are leased from the Government. Production is carried out in two groups of factories in Kuwait and other factories located in Saudi Arabia, Bahrain and Oman, which are operated in partnership with local manufacturing companies. The factories located in Kuwait are the Mina Abdullah Port factory complex and the Sulaibiya factory complex. The factories offer the following products:

Factory	Facilities / products
Mina Abdulla Port Factory Complex	• Autoclaved aerated concrete block factory (also known as gas aerated concrete blocks ("**AAC**") • Sand lime bricks factory • PVC factory • Quarry (located nearby at Al Ahmedi area) • Lime factory • Plaster and wall covering and cladding factory • High-density polyethylene ("**HDPE**") factory • Polypropylene factory • Paint factory • Ready mix plant • Ceramic and porcelain factory • Special use materials
Sulaibiya factory complex	• Ready mix factory • Tiles and curbstones factory • Concrete pipes factory • Interlock tiles factory • Sand washing station
Other operations	• Saudi Lime Industries Co (10%) • Saudi Insulated Blocks Co (Riyadh and Jeddah Factories) (50%) • Insulated Building System Factory, Bahrain (50%) • Omani German Co for Building Materials, Oman (32.50%) • United Gulf Pipe Manufacturing Co (Oman) (30%) • National Industries Co for Ceramics, Kuwait (60%)

NIC also carries out certain operations outside Kuwait by entering into strategic partnerships with local manufacturers. In particular, NIC has established the Saudi Insulated Block Company, a 50:50 joint venture with the Saudi Sand Brick Company, a Saudi Arabian company, to manufacture light blocks in Riyadh and Jeddah.

NIC also owns: (i) 50% of a joint venture established in Bahrain, to manufacture aerated concrete blocks and slabs; (ii) 32.50% of a joint venture established in Oman, to manufacture various building materials; (iii) 30% of a joint venture in Oman to manufacture of HDPE pipes and (iv) 10% of a joint venture in Saudi Arabia, which manufactures sand lime bricks. The HDPE factory in Oman has already started commercial production and the AAC factories in both Bahrain and Oman are currently in production.

In 2012, NIC completed the construction of a porcelain and ceramic factory in the Mina Abdullah Port area of Kuwait. The factory has a production capacity of 7 Million square meters of porcelain and ceramics per annum. The production of the new factory is principally intended for export, particularly to the GCC, Europe and the United States.

NIC had available for sale investments worth KWD 37,000,000 (Thirty Seven Million Kuwaiti Dinar) as of 31 December 2015.

The following table sets out some key financial information for NIC as at 31 December 2015 and for the year-end of 2014, 2013 and 2012:

KWD Million	2015	2014	2013	2012
Total Assets	113.8	111.0	107.0	114.2
Total Liabilities	18.3	18.8	23.9	30.3
Total Shareholder's Equity	89.8	89.3	80.3	81.1
Revenue	48.2	47.6	44.7	43.5
Net Profit	8.0	7.4	0.5	5.03

Source: NIC

7.2 Oil, Gas and Services Specialist Engineering

7.2.1 Proclad Group

Proclad Group Limited is a fully owned subsidiary of NIG Holding and primarily comprises of two main divisions (i) oil & gas services division (Proclad), and (ii) the Specialist engineering metal division (United Cast Bar).

7.2.1.1 Oil and Gas Services division – Proclad

Proclad is a major player in the Cladding business on worldwide basis and is a leader in the oil & gas industry mainly because of its recognised and accepted products and its commitment to high standard of quality. Proclad was initially established in 1985 and developed protective weld cladding systems and processes to clad the internal surfaces of pipes and associated pipeline components used in highly corrosive metal loss environments. Proclad technology is now installed in all of the major oil and gas producing regions of the world.

The scope of Proclad has been broadened from supplier of weld overlay, cladding, supply of Hydroformed Lined Pipe, spooling and site installation in to many sectors and applications to EPC contractors as well as oil & gas companies.

Proclad continues to invest in new technology and research & development in order to maintain its position at the forefront of the cladding industry with its innovative technology and processes, providing niche products and services to the Oil & Gas industry.

Proclad operates and supplies its products and services to the world oil & gas markets which cover the Middle Eastern region, Brazil, CIS, North and West Africa, North Sea, North America, China and South East Asia.

Over the last 20 years, Proclad has supplied products and services for major projects across different countriesvia EPC contractors and multinational oil & gas companies, including BP, Exxon, Chevron, ADNOC (UAE), KOC (Kuwait), NPCC (UAE), Pertamina, Petrobras, Hyundai, SKEC (Korea), Worley Parsons, Petrofac (UAE) and many others.

Proclad has manufacturing facilities in Scotland (UK), UAE and Singapore and has physical sales offices in Perth (Australia), Houston (USA), Shanghai (China), Jakarta (Indonesia) and Seoul (South Korea) for its oil & gas markets.

7.2.1.2 Specialist Engineering Metal Division - United Cast Bar Ltd

United Cast Bar manufactures continuous cast iron bars providing a high quality, sophisticated product for use in the niche European engineering and manufacturing industries.

The company, which is today part of the Proclad Group, was formed in February 1998 by the merger of three of Europe's most prestigious continuous cast iron bar foundries: Eurocast Bar Limited (UK), Starkey's Technicast Limited (UK) and Cast Profil SA (Spain), together with their associated stockists and service centres.

United Cast Bar has over the years strengthened and extended its sales structure and logistics network by providing a manufacturing base to produce over 80,000 tonnes of Unibar (out of the UK and Spain), with over 20,000 tonnes permanently held as standard stock in its foundries and distributors, throughout Europe, North America and the Far East.

United Cast Bar is a product market leader having more than 55% of Europe and Asia market share. The company has now opened new markets in China, Korea and Turkey and is focusing on product range with more of downstream manufacturing and hence providing it with a competitive edge.

The following table sets out some key consolidated financial information for the Proclad Group Limited (Proclad and UCB) as at year-end 2015, 2014, 2013 and 2012:

US Dollar Million	2015	2014	2013	2012
Sales	250.5	228.4	225.3	229.3
Profit from Operations	22.3	13.5	17.7	15.4
Net profit	19.0	10.5	20.9	20.7
Total Assets	266.7	268.0	290.8	258.8
Total Liabilities	104.1	114.6	138.3	121.5
Total Shareholder's Equity	162.6	134.8	132.7	114.2

Source: NIG (figures above exclude inter-company balances)

7.3 Petrochemicals

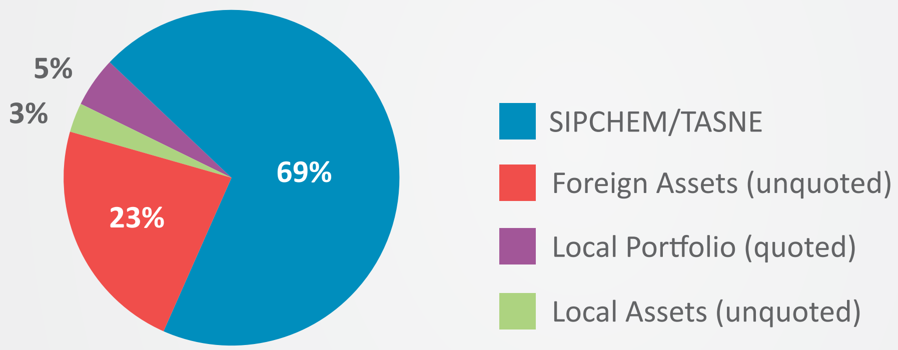
7.3.1 Ikarus Petroleum Industries Company

In 1996, NIG Holding established the Ikarus Petroleum Industries Company (formerly known as the National Company for Cement Industries) ("**Ikarus**"). Ikarus is an investment holding company, which is 64.6% owned by NIG Holding and its subsidiaries (excluding 7% owned by NIC), whose objective is to invest in companies that engage in the development of, and investment in, local and regional petroleum and petrochemicals ventures. Ikarus' geographical focus for its investments is the MENA region. Ikarus investment focus is on the petrochemical, oil and gas sectors (both upstream and midstream).

The shares of Ikarus have been listed on the KSE since April 2008. As of 31 December 2015, Ikarus had a market capitalisation of KWD 70.01 Million.[2]

As at 31 December 2015, Ikarus had a total investment portfolio of KWD 76.6 Million including stakes in the Saudi International Petrochemical Company ("**Sipchem**") and the Tasnee Petrochemical Company ("**Tasnee**") (which are both Saudi Arabian listed companies operating in chemical and petrochemical sectors), unlisted Saudi companies, listed Kuwaiti companies and local Kuwaiti funds.

Ikarus' Investment Portfolio as of 31 December 2015



Source: Ikarus

The following table sets out some key financial figures for Ikarus as at 31 December 2015 and for the year-end 2014 and 2013:

KWD Million	2015	2014	2013
Total Assets	104.1	181.3	206.6
Total Liabilities	34	37.0	33.3
Total Shareholder's Equity	70.1	144.3	173.3
Net Profit (Loss)	(7.8)	10.11	11.1

[2] Based on closing price of KWD 0.090 and 779,574,083shares outstanding.

7.3.2 Saudi International Petrochemical Company

Sipchem was founded in Saudi Arabia in September 1998, has a fully paid up share capital of SAR 3.67 Billion and is listed on Tadawul, the Saudi Arabian stock market (symbol: 2310). As of 31 December 2015, the market capitalisation of Sipchem was SAR 4.6 Billion.[3]

Ikarus and the Al-Zamil Group are the largest shareholders of Sipchem, with Ikarus holding 8.16% of the issued shares. Ikarus is entitled to appoint one representative to Sipchem's board of directors. Other shareholders in Sipchem include the Saudi Arabian Public Pension Agency and the Al-Olayan Financial Company.

SAR Million	2015	2014	2013
Current Assets	2,877	3,528	4,172
Inventory	698	532	303
Fixed Assets	13,294	12,888	11,547
Other Assets	190	261	667
Total Assets	**17,059**	**17,209**	**16,689**
Current Liabilities	1,790	1,562	1,288
Non-Current Liabilities	7,565	7,693	7,979
Shareholders Equity	5,812	5,968	5,793
Minority Interests	1,892	1,986	1,628
Total Liabilities and Shareholder Equity	**17,059**	**17,209**	**16,689**
Sales	3,515	4,124	4,006
Gross Profit	833	1,397	1,299
Net Income Before Zakat	319	693	676
Net Income	288	606	620
Cash Dividends	220	238	238

7.3.3 Tasnee Petrochemical Company

Tasnee was established in 1985 in Saudi Arabia to operate in the industrial and petrochemical sector and has a fully paid share capital of SAR 6.69 Billion and is listed on Tadawul (symbol: 2060). As of 31 December 2015, the market capitalisation of Tasnee stood at SAR 6.19 Billion.[4]

[3] Based on a closing price of SAR 14.01 and 326,456,172 shares outstanding.
[4] Based on a closing price of SAR 10.61and 583,118,929 shares outstanding.

Ikarus owns 5.13% of Tasnee, the other principal shareholders are the Al-Shaer Co. for trading industry and contracting, the Gulf Investment Company (Saudi Arabia) and the Kingdom Holding Co. Ikarus is entitled to appoint one representative to Tasnee's board of directors.

In the petrochemical sector, Tasnee operates a 720,000 tonnes per year polypropylene plant in Jubail, Saudi Arabia. Production began in June 2004. It also operates a polyethylene plant which started production in 2008 and has an annual capacity of 1 Million tonnes per annum.

Tasnee owns 66% of Crystal Global, which is a manufacturer of titanium dioxide and is one of only 5 plants in the world that is capable of manufacturing titanium.

Financial summary:

SAR Million	2015	2014	2013
Current Assets	8,203	10,110	10,020
Inventory	4,816	5,781	5,802
Investments	1,926	1,754	1,615
Fixed Assets	22,749	23,993	17,437
Other Assets	7,281	6,254	12,397
Total Assets	**44,975**	**47,892**	**47,270**
Current Liabilities	9,974	7,576	8,181
Non-Current Liabilities	21,253	21,337	19,506
Other Liabilities	-	-	-
Shareholders Equity	7,968	11,626	12,006
Minority Interests	5,780	7,353	7,577
Total Liabilities and Shareholder Equity	**44,975**	**47,892**	**47,270**
Sales	15,146	18,693	18,199
Sales Cost	(12,933)	(14,080)	(13,362)
Gross Profit	2,213	4,612	4,837
Net Income Before Zakat	(1,302)	2,086	2,355
Net Income / (Net Loss)	**(1,423)**	**1,071**	**1,177**
Cash Dividends	-	-	1,338

7.3.4 International Acetyl Company Limited

International Acetyl Company Limited ("**IAC**") was established in 2006 in Saudi Arabia and is headquartered in Jubail Industrial City, Saudi Arabia. IAC's main activity is the production of acetic acid and acetic anhydride. IAC currently has a production capacity of 460 thousand metric tonnes per annum.

Sipchem owns 76% and Ikarus owns 11% of IAC.

7.3.5 International Vinyl Acetate Company Limited

International Vinyl Acetate Company Limited ("**IVAC**") was established in 2006 in Saudi Arabia and is headquartered in Jubail Industrial City, Saudi Arabia. IVAC's main activity is the production of vinyl acetate monomer. IVAC currently has a production capacity of 330 thousand metric tonnes per annum.

Sipchem owns 76% and Ikarus owns 11% of IVAC.

7.3.6 Kuwait Energy Co.

The Kuwait Energy Plc Co. ("**Kuwait Energy**") was established in August 2005 as an independent oil and gas exploration and production company. In 2010, Ikarus made its first investment in the oil and gas sector, with a US Dollar 10,000,000 (Ten Million US Dollars) purchase of shares in Kuwait Energy. Kuwait Energy has a diverse portfolio of reputable oil and gas assets and is primarily focused on the exploration, production and development of oil and gas reserves in the MENA region. Kuwait Energy has a number of producing assets in Egypt, Yemen, and Oman with a total current production of 27 thousand barrels of oil equivalent per day. Recently, Kuwait Energy also announced a number of successful oil discoveries in Egypt. They also have a number of exploration and development blocks in Iraq.

Kuwait Energy Plcc has an issued and paid share capital of approximately pounds 357 Million and Ikarus owns 1.3% of Kuwait Energy.

7.4 Financial Services

7.4.1 Noor Financial Investment Company

Noor Financial Investment Company ("**Noor**") was established in Kuwait in 1996 and its shares were listed on the Kuwait Stock Exchange in May 2006. Noor is engaged in investment activities and financial services primarily in Kuwait, the Middle East, Asia and other emerging markets. Noor offers a full spectrum of innovative and unrivalled investment and financial services which include both advisory and asset management.

Noor's strength rests on its diversified portfolio of Direct Capital Market Investments, Real Estate and Alternative Investments. Noor manages a proprietary listed equity portfolio comprising of local, GCC and international equities. The Marketable Securities Unit continues to successfully deploy funds in GCC and International equity markets achieving strong returns.

To achieve consistent income and stable capital gain, Noor's Real Estate Unit has made acquisitions in both commercial and residential properties during 2014 and is also undertaking development of new complexes in Kuwait. It owns a commercial building located in the heart of Kuwait city, in addition to several residential buildings across Kuwait. Noor's Alternative Investments unit continues to grow with participation in transactions with an aggregate equity value of over US Dollar 1.7 Billion since 2005 including 27% investments for its own account. The unit pursues a strategic investment opportunity that aims to achieve synergies among existing investments as well as to open new opportunities for the Issuer. As part of its strategy to grow in IT services, it has acquired new companies in that sector during 2014, in addition to substantial growth achieved in its existing IT businesses. Furthermore, continuing its focus towards an asset light model, Noor has expanded its footprint in the hospitality sector in Jordan through acquiring management services for an airport lounge, along with securing a hotel management concession at Queen Alia International Airport. Real Estate and Alternate Investments diversify Noor's portfolio from the market volatility.

Noor has achieved 45% growth in net profit for 2015 and has repaid another KWD 13,600,000 (Thirteen Million and Six Hundred Thousand Kuwaiti Dinar) to the lenders during the year, which reflects its strong commitment to all its stakeholders. Noor aims at achieving calculated and smart growth through excellence and high standards of achievements backed by its core values. Supported by a strong talented team of professionals, Noor is well poised for future success and growth.

Noor owns 49.11% of Meezan Bank Pakistan. Meezan Bank, Pakistan's first and largest Islamic bank, is one of the fastest growing financial institutions in the banking sector of the country. Founded with the vision of establishing 'Islamic banking as banking of first choice', the Bank commenced operations in 2002, after being issued the first ever Islamic commercial banking license by the State Bank of Pakistan. The bank is listed on the Karachi Stock Exchange and had a market capitalisation of Pakistani Rupee ("**PKR**") 45.9 Billion PKR (KWD 132.9 Million) as of 31 December 2015.

Meezan Bank has completed 12 years as a full-fledged Islamic commercial bank. During this period the bank has the distinction of being the fastest growing bank in the industry and the dominant leader of the Islamic Banking industry. With a network of 551 branches in 143 cities and a total deposit of PKR 472 Billion (KWD 1.4 Billion), Meezan now represents over 50% of the total deposits of the dedicated Islamic banks operating in Pakistan.

A significant achievement during the year 2014 was the successful acquisition of the Pakistan operations of HSBC Bank, one of the leading retail banks in the world. All assets and liabilities were amalgamated into Meezan Bank and these have now been converted into Shariah compliant products. Ten branches were added to Meezan's network and 324 employees of HSBC became part of the Meezan family as a result of this acquisition.

Meezan Bank recorded commendable all round results for the year ended December 31, 2015. The Bank's profit after tax increased to PKR 5 Billion (KWD 14.5 Million) from PKR 4.57 Billion (KWD 13.4 Million) earned in the previous year, reflecting an increase of PKR 452 Million (KWD 1.3 Million) while the Bank's total assets reached PKR 531 Billion (KWD 1.5 Billion), up 21.5% from PKR 437 Billion (KWD 1.3 Billion) in 2014. Deposits increased by 24%, closing the year at PKR 472 Billion (KWD 1.4 Billion) from PKR 380 Billion (KWD 1.1 Billion) a year ago; almost three times higher than the banking industry average deposit growth rate of 13% during 2015.

The Bank's equity increased to PKR 25.6 Billion (KWD 74 Million) in the year 2015 from PKR 23.3 Billion (KWD 68 Million) a year earlier, notwithstanding the fact that a healthy cash dividend of PKR 3 Billion (KWD 8.7 Million) was paid during the year Bank's return on equity ratio is 20.57%. The capital base of the Bank is also strong with a Capital Adequacy Ratio of 10.98% compared to the minimum 10.25% prescribed by State Bank of Pakistan.

7.4.2 Eagle Proprietary Investments Limited
Eagle comprises two entities engaged in investments and financial advisory based out of the Dubai International Financial Center ("**DIFC**") in Dubai, United Arab Emirates and are wholly owned by NIG Holding. Eagle operates under two entities:

7.4.2.1 Eagle Proprietary Investments Limited ("EPIL")
EPIL was established in January 2008 as a DIFC registered company and engages in direct international private equity investments with a concentration in the financial services sector. Today, its current investment portfolio includes companies based in Asia (China and Sri Lanka) and North America (USA), with an Available for Sale portfolio in excess of US Dollar 38.5 Million. It plans to commence monetising its investments in 2015.

As of 31 December 2015, the paid up share capital of EPIL was US Dollar 75,000,000 (Seventy Five Million US Dollars).

7.4.2.2 Eagle Investments Limited ("EIL")
EIL was established in June 2012 as a DIFC registered company and is authorised under a CAT4 license by the Dubai Financial Services Authority ("**DFSA**") to operate as a regulated financial advisory firm that advises clients on:

- strategic and corporate finance activities: mergers and acquisitions, divestitures, financial restructuring, refinancing, advice on capital structure and strategies; and
- structuring advice and private placement activities in both debt and equity. As of 31 December 2015, the paid up share capital of EIL was US Dollar 4.5 Million.

As part of its growth strategy, Eagle plans to continue expanding its current business lines as well as to establish and grow an asset/funds management platform that focuses on key investment strategies that offer recurrent income and capital growth to its own investments and that of its clients. In 2015, Eagle plans to establish and launch a U.S focused income generating real estate investment platform that targets mid-market real estate assets in partnership with select US based operators.

7.5 Utilities

7.5.1 National Combined Industries Holding Company for Energy
National Combined Industries Holding Company for Energy ("**NI Energy**") was established in 2006 and is 100% owned by NIG Holding. NI Energy's objective is to focus on the power, utility, infrastructure and renewable energy sectors primarily via direct investment within the GCC. NI Energy also has a secondary focus on the MENA region and other emerging markets. NI Energy's main activities are to participate and invest directly into build-operate-transfer ("**BOT**") projects within a Public–Private Partnership ("**PPP**") framework.
NI Energy has concluded agreements with Chinese engineering, procurement and construction ("**EPC**") contractors and trading companies with a view to positioning itself to participate in a number of BOT schemes in Kuwait and in selective EPC tenders.

The company is targeting to enter in new project in the upcoming years and particularly in the BOT/PPP projects offered by the state of Kuwait including Umm Al-Hayman WWTP, Khairan 2500 MW/125 MIGD IWPP, Al-Zour 1500MW/107 MIGD IWPP-Phase 2 and many other projects, in cooperation with sister and parent companies.

As of 31 December 2015, the net assets of NI Energy were KWD 64.8 Million. Key NI Energy investments are as follows:

7.5.2 Airport International Group

In 2007, the Airport International Group ("**AIG**") officially took over the terminal operations of Queen Alia International Airport in Amman, Jordan. This contract was awarded for a 25-year concession period that is due to end on 15 November 2032. The project won the Euro Money Project Finance Transport Deal of the Year award for the Middle East in 2007.

In 2013, Queen Alia International Airport was completed and the new terminal was inaugurated which has increased the annual passenger capacity to 9 Million passengers and it is expected to complete the second phase of expansion in 2016 and increase the annual passenger capacity to 12 Million passenger.

As at 31 December 2015, the company's investment in AIG amounted to KWD 22,000,000 (Twenty Two Million Kuwaiti Dinar).

NI Energy owns 24% of AIG. Other shareholders in AIG are EDGO Ventures (a Jordanian investment group), InvestAD (an Abu Dhabi government-owned investment company), Aéroports de Paris Management, Joannou & Paraskevaides (Overseas) Ltd and J&P- AVAX S.A.

7.5.3 Denham Investment Limited (Denham)

Denham, a Cayman registered company, primarily owns 18% stake of KES Power Limited ("**KESP**"), whereas KESP primary investment is 66.4% stake of K-Electric Limited ("**KE**") (formerly Karachi Electric Supply Company Limited).

KE is an integrated electric utility company based in Pakistan that has a monopoly over the generation, transmission and distribution of electricity to the metropolitan city of Karachi and its surrounding areas. KE is listed on the Karachi Stock Exchange. It has a customer base of around 2.4 Million and has a total installed generation capacity of 2,341 Mega Watts. The total area that KE is licensed to distribute electricity is approximately 6,500 square kilometres.

KE is 'turning the corner' and recorded a net profit of US Dollar 26 Million in 2012 after 17 years of losses and since then for the year ended 30 June 2015 its net profit has increased to US Dollar 283 Million.

As of 31 December 2015, the ownership of KE was as follows: KESP (66.4%); Government of Pakistan (24.4%); International Finance Corporation and Asian Development Bank (2.57%), with the remaining 1.9% being free float shares.

As of 31 December 2015, NI Energy owned 70% of Denham and the remaining 30% was held by other related companies.

7.6 Real Estate

7.6.1 Al Durra National Co.

In December 2005, NIG Holding established Al Durra National Real Estate Co. ("**Al Durra**") (formerly known as National Company for Storage and Refrigeration K.S.C.C.) as a 100% owned subsidiary. Al Durra's principal objective is to invest in real estate related assets in Kuwait, but also, to a lesser extent, within the GCC, United States, Europe and Asia.

As at 31 December 2015, Al Durra's paid-up share capital was KWD 100 Million, with company assets totalling KWD 201.8 Million). To date, Al Durra's most significant investments are:

Name	% Ownership	% of Total Investments
Marsa Abu Dhabi Real Estate	20.00%	1.5%
Mabanee Company K.S.C..	17.50%	76.2%
Kuwaiti Real Estate Holding Co.	15.00%	0.3%
Al-Ruwade Real Estate Co.	15.00%	0.7%
Hadaek Al-Nasser Holding Co.	10.00%	0.6%
Mena Capital Holding Co.	10.00%	0.8%
Ikarus Petroleum Industries Co	4.00%	1.5%
Investments in properties	-	9.84%
Real Estate Funds	-	4.4%
Marina Al-Sharja	-	0.9%
Other Investments	-	3.3%

As per the recommendation from the Investment Committee to invest directly in the local market real estate, in the year 2011, Al Durra acquired its first residential building with a value of KWD 880,000 as of 31 December 2015, the total investment properties stood at KWD 27.6 Million.

Al Durra's major Investments:

7.6.1.1 Mabanee Company (K.S.C.)

Mabanee Company ("**Mabanee**") is the largest listed real estate company on the KSE (symbol "MABANEE"), and is ranked 12 out of total 193 listed companies in terms of market capitalisation. As of 31 December 2015, its market capitalisation stood at KWD 794 Million.[5]

[5] Based on a closing price of KWD 0.940 and 844,864,285 shares outstanding.

Mabanee built, owns and operates ‘The Avenues Mall’, the largest mall in Kuwait with the highest footfall: the number of mall visitors reached around 48 Million in 2014, doubling from its 2011 level. The Avenues consists of 4 phases of development and won the Best International Retail Development prize at the International Property Awards 2011. The first three phases were completed and Phase 4 is expected to be inaugurated in Q1-2018. This new phase will include a 5star hotel and an extension of the Grand Avenue and Prestige. Phase 4 will be built over an area of 130,000 s.q.m., with a total leasable area of 100,000 s.q.m., at a total cost of KWD 265 Million. This will bring the total leasable area in the mall to around 360,000 s.q.m. Several of the world’s largest retailers have expressed interest in reserving leasable space in the new phase, given the success of The Avenues year after year. Market research and tourism reports have started placing it on the regional tourism map.

Mabanee’s major shareholders are Alshaya United Commercial Company (34.17%) and Al Durra (17.5%).

KWD Million	2015	2014	2013
Non-current assets	579.1	486.5	376.5
Current assets	38.1	32.3	29.8
Total Assets	617.2	518.8	406.3
Current Liabilities	44.2	59.0	56.3
Non-Current Liabilities	269.6	196.7	120.0
Shareholders Equity	303.4	263.2	230.0
Total revenues	86.6	85.4	86.2
Profit from operations	56	56.2	57.8
Profit for the period	48.4	48.2	47.9

7.6.1.2 Other investments

AFS – Foreign Funds:
Al Durra has 25 active real estate foreign funds by the value of KWD 8.2 Million including the US, UK, China & European countries etc.

AFS – Equity Investments:
AFS equity investments for the real estate sector are located in Kuwait & MENA by the value of KWD 12.1 Million.

Investment Properties:
Investment Properties represent income generating buildings and lands under construction with a total value of KWD 27.6 Million and include:

- Income generating buildings such as residential buildings, commercial complexes, hotels, etc.
- Land under construction in Kuwait, UAE, KSA. The same projects are for residential buildings, commercial complexes and administrative towers etc.
- Projects under final stage:
  - Beneid Al Gar buildings with 987.5 s.q.m under the final stage for leasing. The project will be an apartment hotel with 36 Flats, 2 shop and 2 basements.
  - Mekkah Hotel, located in Makkah, Saudi Arabia (104 Rooms) in the final stage for legalisation process to start in active operation.
- Projects Under Development:
  - Hawally land with 1,528 s.q.m. Al Durra has received the License to build a 4-star hotel. The designing stage for the hotel is completed and is under the process of construction.
  - Land in Riyadh, Saudi Arabia with 2,500 s.q.m.. Al Durra has received the license to construct service apartments. The design stage for the land is finalised.
- Projects in the Initial Stage:
  - Al Qiblah Land located in the heart of Kuwait city of 1,222 s.q.m., planning to construct an administrative tower.
  - Al Mehboula land with 4,700 s.q.m, planning to build multi-purpose complex (residential, commercial etc.).
  - During the year 2015 Al Durra acquired land in Dubai (UAE) 2,250 s.q.m. with a plan to build a residential tower.

7.6.2 Al Raya Global Real Estate Company

Al Raya is a leading real estate investment company investing in Kuwait and the GCC region. Al Raya has the following subsidiaries, Bait Al Raya Real Estate Company (Saudi Arabia) with 100% ownership and Bait Al Raya Global Real Estate Development Company (Jordan) with 50% interest.

NIC owns 20% and Al Durra owns 3% of Al Raya. Al Raya's shares are not listed on the KSE.

8 STRATEGIC INVESTMENTS

8.1 Overview

Strategic Investments are usually investments made in one of the industries of the Core Operating Businesses and in which NIG Holding take an active involvement. Strategic Investments are subdivided into four categories:

- available for sale investments;
- investments at fair value;
- associate investments (investments where NIG Holding has significant influence but not control); and
- Murabaha and Wakala investments.

Set out below is a brief description of NIG Holding's significant Strategic Investments as at the date of this Prospectus. These investments are either made directly by NIG Holding or held indirectly through one or more NIG Holding fully owned subsidiares or affiliates.

Company Name	Category	% Owned	Listed / Unlisted	Industry
Kuwait Privatisation Holding Co.	Strategic	29.8%	Listed	Services
Kuwait Cement Company	Strategic	26.8%	Listed	Industrial
Airport International Group	Strategic	24%	Unlisted	Services
Mabanee Company	Strategic	17.5%	Listed	Real Estate
Contracting & Marine Services	Strategic	17.8%	Listed	Oil and Gas
Kuwait Financial Centre	Strategic	4.4%	Listed	Investment
Jordan Telecom	Strategic	6.3%	Listed	Telecom
Foulath Holding B.S.C	Strategic	10%	Unlisted	Industrial
Boubyan International Industries Co.	Strategic	9.3%	Unlisted	Investment
Al-Ahleia Insurance	Strategic	5.8%	Listed	Insurance
Egypt Kuwait Holding Company	Strategic	4.0%	Listed	Investment
National Bank of Kuwait	Strategic	1.1%	Listed	Banking
Dana Gas	Strategic	2.2%	Listed	Oil & Gas
Kuwait Finance House	Strategic	1.5%	Listed	Banking

8.2 Available for Sale Investments

8.2.1 Foulath Holding BSC Closed

Established in June 2008 in the Kingdom of Bahrain, Foulath Holding B.S.C. (“**Foulath**”) is an investment vehicle and holding company primarily focused on investing in the growth of the steel industry in the Gulf Cooperation Council (“**GCC**”) countries and broader Middle East and North Africa (“**MENA**”) region.

Foulath has made significant investments across the entire steel value chain, it operates on the premise that its investments and activities will span from “**Mine to Metal**”. In doing so, Foulath and its subsidiaries aim to become the world’s first fully integrated group of steel companies as well as one of the most competitive producers of steel products ranging from pellets to light, medium and heavy structural steel sections.

Foulath has already established and is developing world-class subsidiaries in each of these areas in the Kingdom of Bahrain, where it operates a fully integrated 1.3 Million square meter plant known as the Foulath Steel Complex, with a total investment of approximately US Dollar 3.5 Billion. Foulath (together Yamato Kogyo Co., Ltd., Japan) also owns a light and medium section rolling mill that located in Jubail, Kingdom of Saudi Arabia.

Foulath's business model originates from processing proprietary steelmaking raw materials, such as DR Pellet feed, and goes all the way to production of high quality steel products consumed mainly by large infrastructure players. Foulath targets to create value at each step of the integrated value chain. The commitment to economically efficient vertical integration allows guaranteeing supplies, cost control and quality of raw materials to ensure low cost positions and competitiveness of saleable products.

The shareholders of Foulath are the Gulf Investment Corporation (50%), Qatar Steel Company (25%), Gulf Cable & Electrical Industries Company (10%), NIG Holding (10%), and the Kuwait Foundry Company (5%). Foulath share capital as of 31 December 2015 was US Dollar 566 Million.

Foulath's Subsidiaries include:
Bahrain Steel ("BS"): Established in 1984, BS, wholly owned by Foulath, is a leading producer of iron-ore pellets used in the production of steel. It operates two pelletising plants in the Kingdom of Bahrain with a total capacity of 11 Million tonnes per year. It is one of the three major merchant pelletising producers in the world.

United Stainless Steel Company ("USCO"): Wholly owned by Foulath, USCO is the Middle East's first stainless steel re-roller. It is located in the Kingdom of Bahrain and has a production capacity of 90,000 tonnes per year of cold rolled stainless steel. USCO commenced operations in the fourth quarter of 2008 and was producing high quality stainless steel products, which were sold to customers throughout the world. Due to the challenges faced in the stainless steel business, which negatively impacted USCO's financial performance, production facilities have been idled since December 2011.

SULB Company ("SULB"): A joint venture between Foulath (51% shareholding) and Japan's Yamato Kogyo Co. Ltd. (49% shareholding), SULB has completed constructing its facilities in the Kingdom of Bahrain with a production capacity of 1 Million tonnes per year. SULB now is the Middle East's first fully integrated producer of medium and heavy beams and structural steel sections. The facility comprises of a Direct Reduction Iron Plant with a nameplate capacity of 1.5 mtpy, a 1.0 mtpy Melt Shop and medium and heavy Section Rolling Mill with a capacity of 0.6 mtpy.

United Steel Company – SULB – Bahrain Venture Company ("SULB BV"): A limited liability company incorporated in 2011 in the Kingdom of Bahrain, owned 51% by Foulath and 49% by Yamato Kogyo Co. Ltd., the principal activity of the company is to act as a holding company. During 2011, SULB BV, established a wholly owned subsidiary, United Sulb Company (Saudi "Sulb") L.L.C., in the Kingdom of Saudi Arabia. Saudi Sulb acquired all the assets of United Gulf Steel Mill Company Limited ("UGS"), a standalone light and medium structural steel section Rolling Mill, with a capacity of 0.45 mtpy, producing beams, channels, angles and flat bars. Saudi Sulb's requirement of billets will be substantially met by SULB. SULB's medium and heavy section rolling mill complements Saudi Sulb's light and medium section rolling mill, thus serving the customers with the full size range of section products.

By way of these subsidiaries, Foulath is the only producer in the world with a combination of pellets, DRI, billets, blooms, medium,heavy beams,structural steel sections and stainless steel all manufactured at the same large industrial site. The integrated nature of its subsidiaries and its single- site manufacturing complex also ensures that Foulath is a steel producer with a competitive cost structure.

Foulath has recorded a net profit of US Dollar 17.9 Million for the year ended 31 December 2015.

8.2.2 Kuwait Financial Centre

Kuwait Financial Centre ("Markaz") is a leading asset management and investment banking institution in the GCC. Rated BBB+ by Capital Intelligence Ltd. Markaz offers fully fledged asset management, investment banking services and currently manages approximately KWD 1.1 Billion in assets. Markaz has earned a credible name for itself amongst the top performing fund managers in Kuwait.

NIG Holding owns 4.4% of Markaz.

8.2.3 Jordan Telecommunications Company

Jordan Telecommunications Company ("**Jordan Telecom**") provides fixed, mobile and internet services in Jordan. Jordan Telecom adopted the Orange brand in 2007 and currently has presence in 337 locations.
Jordan Telecom is listed on the Amman Stock Exchange and its main primary investors are NIG Holding (6.3%), Noor (3.6%), France Telecom (51%), and the Jordanian Social Security Corporation (25%).

8.2.4 Boubyan International Industries Company

Boubyan International Industries Company ("**BIIHC**") was established in July 2004 as a vehicle to enable the private sector to invest in international industry. BIIHC owns 10% of Arabian Waterproofing Industries Company, one of the largest waterproofing manufactures in the Middle East.

NIG Holding owns 9.3% of BIIHC.

8.2.5 Al Ahleia Insurance Company

Al Ahleia Insurance Company ("**Al Ahleia**") was established in 1962 and provides conventional life and non-life insurance services including medical, property, marine and aviation. Al Ahleia has 10 branches in Kuwait.

NIG Holding owns 5.8% of Al Ahleia and the company is listed on the Kuwait Stock Exchange with a market capitalisation of KWD 104 Million[6] as of 31 December, 2015.

8.2.6 Egypt Kuwait Holding Company

Egypt Kuwait Holding Company ("**EKHC**") operates as a venture capital and buyout company and has investments in several small to medium size companies. EKHC is listed on the Cairo and Alexandria Stock Exchange in Egypt. EKHC's key investments include:

- Fertiliser: Alexandria Fertilizers Co. and Bawabet Al Kuwait
- Energy: National Gas Co., Gas Chill and Shell Compressed Natural Gas Egypt
- Oil: Tri-Ocean Energy, Egyptian Oil Tankers
- Manufacturing: Building Material Industry Company, African Paints Company, Sprea Misr and Plastichem
- Insurance: Delta Insurance Company
- Information Technology: Global Telecom, Psion Teklogix, Intergraph and Beltronic

NIG Holding currently holds 4.0% of EKHC.

8.2.7 National Bank of Kuwait

National Bank of Kuwait ("**NBK**") is the largest financial institution in Kuwait by market capitalisation and assets. NBK is rated Aa3, A+ by Moody's and S&P, respectively, which represent the highest assigned ratings of any financial institution in the MENA region.
NIG Holding owns 1.1% of NBK.

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[6] Based on a closing price of KWD 0.530 and 196,234,677outstanding shares.

8.2.8 Dana Gas Company PJSC

Dana Gas Company PJSC ("**Dana Gas**") was one of the first regional private sector natural gas resource enterprises to be established in the GCC. It holds assets and contractual entitlements to a private sector integrated natural gas supply chain in the Gulf. Dana Gas is listed on the Abu Dhabi Stock Market.

NIG Holding owns 2.2% of Dana Gas.

8.2.9 Kuwait Finance House

Kuwait Finance House ("**KFH**") is the largest Islamic bank in Kuwait by market capitalisation and assets. KFH has operations in 20 countries and 175 branches worldwide. KFH offers real estate services and treasury services through the real estate and investment divisions respectively.

NIG Holding currently holds a 1.5% stake in KFH.

8.3 Associate Investments

8.3.1 Privatisation Holding Company

Privatisation Holding Company K.S.C. ("**PHC**") was established in 1994, is a Kuwaiti Shareholding Company listed on the Kuwait Stock Exchange. PHC is an associate of National Industries Group ("**NI Group**").

PHC's investment portfolio is diversified and includes direct investments in more than 30 companies operating in primarily services and infrastructure sectors in Kuwait and abroad. PHC's portfolio also includes indirect investments in stocks/shares of quoted companies.

PHC focuses on maintaining its investments in companies active in the sectors of interest (infrastructure, power, water, renewable energy, services, utilities, healthcare and education), and in investment opportunities in Brownfield and operating projects in the MENA/GCC region with an emphasis on The State of Kuwait.

PHC focuses parallel efforts to position itself to participate in the BOT/PPP development projects in Kuwait and selectively in the MENA region, by concluding alliances/teaming consortia with international specialised partners.

PHC is 29.8% owned by NIG Holding. PHC had a market capitalisation of KWD 34.8 Million as of 31 December 2015.

8.17 Kuwait Cement Company ("KCC")

KCC was founded in 1968 and is the largest cement company in Kuwait. KCC's production plant was commissioned in 1972 and has a grinding capacity of approximately 2 Million tonnes per annum. In 2006, KCC completed a reverse integration project to create a production capacity equivalent to 1.8 Million tonnes per annum at a cost of US Dollar 142,000,000.

In the year of 2014, the second kiln began to produce clinker, which is the main material in the cement industry. Following the final delivery of this project from the equipment supplier M/S F. L. Smidth, a Danish Company, with the production of the first kiln, KCC will be able to provide all its clinker requirements which amounts to over 15 thousand tonnes of clinker per day (i.e. 5 Million tonnes per year), thus, allowing KCC to produce 16 thousand tonnes per day of various types of cement which enables it to meet the needs of the strategic projects of the development plan of the Government of Kuwait and the private projects in the long term, provide better services, maintain the high level of quality of its products and keep abreast of global technological development in the cement industry in line with environmental conditions and requirements set out by the Environment Public Authority.

During the year 2014, KCC has achieved a turnover amounting to KWD 83.5 Million) as compared to KWD 69,000,000 (Sixty Nine Million Kuwaiti Dinar) for the year 2013, with an increase of 21%. Company's operating profit has increased 23% for the year 2014 to amount of KWD 18,700,000 (Eighteen Million Seven Hundred Thousand Kuwaiti Dinar) as compared to KWD 15,200,000 (Fifteen Million Two Hundred Thousand Kuwaiti Dinar) for the same period in 2013.

KCC had a market capitalisation of KWD 282 Million[7] as of 31 December 2015.
NIG Holding owns 26.8% of KCC, with the Kuwait Investment Authority owning 29%.

8.18 Contracting and Marine Services Company
The Contracting & Marine Services Co. (K.S.C.) ("**CMSC**") provides marine and oil contracting services in Kuwait and the GCC and was founded in 1973. CMSC owns the International Marine Construction Company and has strategic investments in Kuwait Drilling Company and Kuwait Rocks Company. CMSC is 17.8% owned by NIG Holding. CMSC had a market capitalisation of KWD 24.2 Million[8] as of 31 December 2015.

9 FINANCIAL INVESTMENTS

Financial investments are shares, funds or debt and other financial market products in which NIG Holding has limited or no involvement. The financial investments portfolio is principally used as a cash management tool that enables NIG Holding to take advantage of opportunistic short-term investments.

NIG Holding's financial investments comprise primarily of managed funds, international managed portfolios,funds, and GCC funds.

The following table sets out some key financial investments for NIG Holding as of 31 December 2015 and for the years 2014, 2013 and 2012:

KWD Million	2015	2014	2013	2012
Managed Funds (Available for Sale)	116	123	155	190
International managed portfolios and funds (Fair Value)	52	19	16	15
Local Funds (Fair Value)	8	8	11	14

Source: NIG Holding

[7] Based on a closing price of KWD 0.395 and 713,103,141 outstanding shares.
[8] Based on a closing price of KWD 0.106 and 228,662,052 outstanding shares.

Available for Sale: this includes managed funds, amounting to over 100 investments that are well diversified and comprise of private equity, hedge funds, real estate and bonds. Fund Managers include NBK Capital, Blackstone, Providence Equity, Coller International, Silver Lake and others.

The international managed portfolios and funds comprise discretionary and non-discretionary portfolios managed by major international institutions such as Bank of America, Merrill Lynch, Credit Suisse and J.P. Morgan as Portfolio Managers.

The Local funds component of NIG Holding's financial investments primarily contains a portfolio of mutual funds vested.

The main objectives of the Parent Company as per the Articles of Association are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as a guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the group by investing them in investment and real estate portfolios managed by specialised companies.

SUMMARY OF FINANCIAL INFORMATION

Summary of Balance Sheet

Assets Non-current assets	KWD '000 Unaudited 31/12/2015	KWD '000 Audited 31/12/2014	KWD '000 Audited 31/12/2013
Goodwill and intangible assets	12,823	17,530	9,221
Property, plant and equipment	70,668	70,647	70,712
Investment in associates	337,187	330,968	294,406
Investment properties	69,482	61,425	49,943
Available for sale investments	493,909	616,919	673,285
Account receivable	1,550	2,102	2,086
Total non-current assets	**985,619**	**1,099,591**	**1,099,653**
Current assets			
Inventories	34,054	32,023	31,908
Available for sale investments	47,328	63,352	75,958
Accounts receivable and other assets	87,264	70,609	66,174
Murabaha and wakala investments	1,000	598	4,500
Investments at fair value through profit or loss	84,033	59,706	65,199
Short-term deposits	16,661	6,715	2,061
Bank balances and cash	43,383	53,354	32,253
Total current assets	**313,723**	**286,357**	**278,053**
Total assets	**1,299,342**	**1,385,948**	**1,377,706**
Total equity	**512,911**	**587,102**	**563,408**
Non-current liabilities			
Long-term borrowings	437,845	370,254	529,632
Other	15,860	16,287	12,819
Total non-current liabilities	**453,705**	**386,541**	**542,451**
Current liabilities			
Accounts payable and other liabilities	49,621	55,178	48,398
Short-term borrowings	263,190	335,453	200,375
Due to banks	19,915	21,674	23,074
Total current liabilities	**332,726**	**412,305**	**271,847**
Total equity and liabilities	**1,299,342**	**1,385,948**	**1,377,706**

Summary of Income Statement

	KWD '000 Unaudited 31/12/2015	KWD '000 Audited 31/12/2014	KWD '000 Audited 31/12/2013
Sales	139,877	126,563	116,857
Cost of sales	(107,269)	(96,918)	(89,965)
Gross Profit	32,608	29,645	26,892
Income from investments	37,547	56,016	48,659
Share of results and gains from associates	27,330	42,860	19,287
Gains and rentals from investment properties	3,351	6,431	5,267
Interest and other income	5,690	1,359	4,559
General, administrative and other expenses	(23,592)	(23,857)	(21,524)
Other expenses	(10,858)	(10,403)	(6,289)
Finance costs	(28,740)	(30,520)	(34,841)
Impairments	(12,801)	(31,817)	(25,722)
Profit/(Loss) for the period before taxation, other statutory contributions and directors' remunerations	30,535	39,714	16,288
Taxation and other statutory contributions	(1,195)	(2,453)	(1,375)
Directors' remuneration	(430)	(430)	(90)
Profit/(Loss) for the period	28,910	36,831	14,823
Profit from extraordinary operations		0	1,824
Owners of the parent	25,427	28,282	10,176
Minority non-controlling interests	3,483	8,549	6,471

PREVIOUS BONDS ISSUED BY THE ISSUER

Amount	Issue Year	Term	Rate Interest	Rating	Rating Agent	Lead Manager	Type of Issue
KWD 35 Million	1998	3 Years	7.875%	-	-	Kuwait Financial Centre Gulf Investment Corporation	Bonds
KWD 35 Million	2001	5 Years	6.25%	BBB+	Capital Intelligence Ltd	National Bank of Kuwait Kuwait Financial Centre	None Secured Bonds
USD 60 Million	2004	5 Years	0.9% + Libor 6 Months	A-	Capital Intelligence Ltd	City Bank Group International Gulf Bank Bahrain	None Secured Bonds
USD 475 Million	2007	5 Years	1.05% + Libor 3 Months	A BBB	Capital Intelligence Ltd Moody's	BNP WEST L.B	Mudaraba Sukuk

PREVIOUS SHARES ISSUED BY THE ISSUER

Date	Capital Post Increase	Increase %	Increase Form
2004	70,618,210	15% from the Capital	Bonus stock distributed to the Shareholders in record
2005	74,674,121	5% from the Capital	Bonus stock distributed to the Shareholders in record
2006	107,032,907	10% from the Capital	Bonus stock distributed to the Shareholders in record.
2007	117,736,197	10% from the Capital	Bonus stock distributed to the Shareholders in record
2008	129,509,816	10% from the Capital	Bonus stock distributed to the Shareholders in record
2014	135,985,307	5% from the Capital	Bonus stock distributed to the Shareholders in record

LIST OF MAJOR SHAREHOLDERS OWNING %5 OR MORE IN THE CAPITAL OF THE ISSUER

Full Name	Percentage %
Al Khair National for Stocks and Real Estate subsidiaries and its related parties	9.649 %
Kuwait Cement Company and its subsidiaries	9.828 %
Public Institution for Social Security	9.950 %

LAST FIVE YEARS DIVIDENDS DISTRIBUTION BY THE ISSUER

Kind of Distribution	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015
Bonus Shares	None	None	None	5% amounting to 64,754,908 shares which equals to KWD 6,475,491	None	None
Cash Dividends	None	None	None	None	12% (equal to 12 Fils per Share) with a total amount of KWD 15,900,684	10% (equal to 10 Fils per Share) with a total amount of KWD 13,598,531
In-Kind Distribution	None	None	None	None	None	None

TOTAL FINANCIAL AND IN-KIND PAYMENTS TO THE BOARD OF DIRECTORS OF THE ISSUER AND TOP MANAGEMENT

The total value of the financial year paid to the Board of Directors for the financial year 2015 was KWD 430,000. It is expected that the remuneration for the financial year 2016 will be around the same amount paid for the financial year 2015.

OVERVIEW OF THE LEAD MANAGER & SUBSCRIPTION AGENT

Ahli Capital Investment Company K.S.C.C.

Ahli Capital Investment Company K.S.C.C. is a thriving subsidiary of Al Ahli Bank of Kuwait K.S.C.P. that was established in June of 2006, to be the main investment arm of the bank. During 2007, the groundwork was laid for expansion in several strategic areas, such as tapping investments in the Kuwaiti stock market as well as GCC countries, portfolio management, advisory and IPO activities.

Ahli Capital was established in 2007 and has been able to secure a customer base comprised of Kuwaiti corporations and mid-high net worth individual accounts. Since then, Ahli Capital has been successful at providing good alpha for its client base.

Ahli Capital is the local and GCC manager for the iconic ABK funds which have continuously provided excellent returns. Ahli Capital aims to create and launch more successful funds and products as well as enhance other services provided during its current expansion. Ahli Capital has been offering advisory services to corporate customers as well as to customers of the bank's branches.

OVERVIEW OF THE PAYING AGENT

AL AHLI BANK OF KUWAIT K.S.C.P.

ABK was established in 1967 and since incorporation brought together diverse banking services to individual and corporate clients. ABK currently has 30 local branches and two overseas branch in Dubai and Abu-Dhabi, UAE. ABK plans to develop and increase its network of branches within and outside the GCC in addition to developing all its electronic services to international competitive edge standards.

TAXATION

The following is a general description of certain Kuwaiti tax considerations relating to the Bonds and is based upon the Issuer's understanding of the historical and current interpretations and practices of the Kuwait Directorate of Income Tax regarding the tax laws of Kuwait. It does not purport to be a complete analysis of all tax considerations relating to the Bonds. Prospective purchasers of Bonds should consult their tax advisers as to the consequences under the tax laws of the country in which they are resident for tax purposes and the tax laws of Kuwait when acquiring, holding, disposing of Bonds, receiving payments of interest, principal and/or other amounts under the Bonds. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law (and in the interpretations and practices of the Kuwait Directorate of Income Tax regarding the same) that may take effect after such date.

Payments Under the Bonds

The Issuer commits that all principal amounts and interests related to Bonds shall be paid in accordance with the current practice without any deduction or retention for the account of taxes, local charges or government fees of any nature whatsoever which may be imposed in the State of Kuwait or on its behalf or which may be imposed by any official authority in the State of Kuwait, or by any other official authority in the state of Kuwait who has the authority to impose such taxes if the Bondholder is a natural person or a Kuwaiti company.

Income Tax

Income tax at the rate of 15% is levied on the net income and capital gains of any corporate entity that conducts business in the State of Kuwait. In practice, the Department of Income Tax does not collect tax from Kuwaiti companies whose capital is wholly owned by Kuwaiti or GCC nationals. Income tax is levied on any foreign corporate entity which is a shareholder in a Kuwaiti company. Under current practice, a foreign "corporate entity" would not be considered as conducting business in Kuwait by reason only of the holding of the Bonds, receiving any payments of principal and interest under the Bonds, or receiving any capital gain on the disposal thereof. However, the Executive Bylaws of Law No. 2 of 2008 on the amendment of certain provisions of Kuwait Income Tax Decree No. 3 of 1955 (the "Bylaws") state that an income tax will be levied on the income of every institution conducting business in Kuwait and in particular the income achieved "from any contract which is fully or partly executed in the State of Kuwait" and "from lending funds inside Kuwait". However, as noted above, in practice income tax levied on the net income and capital gains of any foreign "corporate entity" that conducts business in Kuwait.

Individuals at present are not subject to any Kuwaiti income tax on their income or capital gains.

For the purposes of this section, the term "corporate entity" includes a joint liability company, limited partnership company and joint venture. The term "foreign corporate entity" would not include a Corporate Entity established in one of the countries comprising the GCC whose owners comprise only nationals of the GCC states. The GCC states being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

Stamp Duty

No stamp, registration, similar duties or taxes will be payable in the State of Kuwait by Bondholders in connection with the issue of the Bonds.

Tax Exemption under the Capital Market Law

Article 150 bis of the Capital Market Law provides that "without prejudice to any tax exemptions on the profit arising from disposal of securities issued by companies listed on the Stock Exchange, proceeds of securities, bonds and Sukuk and all other similar securities are exempted from tax regardless of the issuer thereof".

GENERAL INFORMATION

Change in Financial Position

Save as disclosed in this Prospectus, there has been no material adverse change in the financial position of the Issuer since 31/12/2015, the date of its last audited financial statements.

Auditors

The Issuer's financials have been audited by Grant Thorton - Al Qatami, Al Aiban & Partners and Parker Randall (Allied Accountants).

Corporate Authorisations

The Bonds are issued pursuant to the Capital Markets Law No. 7 of 2010 and its Executive Regulations No. (72) of 2015 (as amended).

The issue of the Bonds was authorised by resolutions of the General Shareholders Assembly of National Industries Group Holding K.P.S.C. passed on 20/05/2015 and the Board of Directors of the Issuer passed on 08/02/2016.

Approval of the Capital Market Authority in State of Kuwait

Approval has been granted for the Issuer to issue the Bonds by the Capital Markets Authority on 13/04/2016 pursuant to the Capital Markets Law No. 7 of 2010 and its Executive Regulations No (72) of 2015 (as amended).

Capital Markets Authority in the State of Kuwait

The Capital Market Authority is the regulatory body regulating all types of securities instruments (including Bonds) according to Law No. 7 of 2010 and its Executive Regulations No (72) of 2015 (as amended) and have the authority to license and approve issuance and offering the Bonds.

Supervision

The Issuer is incorporated in the State of Kuwait. The Issuer is subject to the supervision of the Capital Markets Authority and the Ministry of Commercial Industry in the State of Kuwait.

Martial Contracts

The Issuer has not created a prime contract out of the remit of its usual course/scope of business activity. The Issuer has an obligation/financial due that may affect the Issuer's capability to fulfil its obligations towards the Bondholders in relation to the Bonds to be issued.

Clearance

The Bonds have been accepted for clearance through Kuwait Clearing Company K.S.C. with the following International Securities Identification Number ("ISIN"): KW0DI0500564

Rating

As noted elsewhere in this Prospectus, the Bonds have been rated "BBB" by Capital Intelligence Ltd. Capital Intelligence Ltd approved the rating and this approval has been submitted to the CMA. Furthermore, Capital Intelligence Ltd has not withdrawn their approval before submitting the Prospectus for registration with the CMA. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

LEGAL PROCEEDINGS AGAINST THE ISSUER

There is not pending, outstanding or threaten court or arbitration proceedings against the Issuer or any of its affiliates which may lead to material adverse impact on the financial position of the Issuer.

UNDERTAKING BY THE ISSUER

مجموعة ش.م.ك
الصناعات الوطنية
(القابضة)
NI Group
National Industries Group (Holding)

Head Office الإدارة العامة
ص . ب : 417 الصفاة الكويت 13005
P.O.Box : 417, Safat, Kuwait, 13005
Tel.: (965) 24849466 هاتف :
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Fax: (965) 24839582 فاكس :
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www.nig.com.kw

الكويت 2016/7/31

الموضـوع: اقرار المصدر

نقر نحن شركة مجموعة الصناعات الوطنية القابضة ش.م.ك.ع بصفتها الجهة المصدرة للاوراق المالية بأننا نتحمل المسؤولية في حال عدم صحة البيانات التي تضمنتها نشرة الاكتتاب وأن نشرة الاكتتاب لم تغفل عن أي معلومات جوهرية وأنه تم اعدادها وفقا للمعلومات والبيانات التي تتطابق مع الواقع.

رئيس مجلس الإدارة

شركة مجموعة الصناعات الوطنية القابضة ش.م.ك.ع

UNDERTAKING BY THE LEAD MANAGER & SUBSCRIPTION AGENT

أهلي كابيتال
AHLI CAPITAL

الكويت في: 2016/9/20

إلى: السادة/ **هيئة أسواق المال**
برج الحمرا
دولة الكويت

إلى: السادة/ **حملة السندات المحتملين**

تحية طيبة وبعد،،،

الموضــوع: اقرار مدير الإصدار ووكيل الإكتتاب بشأن نشرة الاكتتاب المتعلقة بإصدار وطرح وتسويق وبيع سندات دين صادرة عن شركة مجموعة الصناعات الوطنية القابضة (ش.م.ك.ع) للإكتتاب العام في دولة الكويت بقيمة لا تتجاوز 25 مليون دينار ولمده استحقاق خمس سنوات من تاريخ الإصدار

نقر نحن شركة أهلي كابيتال للاستثمار ش.م.ك (مقفلة) بصفتنا مدير الإصدار ووكيل الاكتتاب للاوراق المالية المشار إليها أعلاه بأننا نتحمل المسؤولية في حال عدم صحة البيانات التي تضمنتها نشرة الاكتتاب المشار إليها أعلاه والمرفق صورة عنها، وبأن نشرة الإكتتاب على حد علمنا وبعد قيامنا بكافة الاستفسارات المعقولة، لم تغفل اي معلومات جوهرية، وقد تم إعدادها وفقاً للمعلومات والبيانات التي تتطابق مع الواقع.

رئيس الجهاز التنفيذي

أهلي كابيتال
AHLI CAPITAL

شركة أهلي كابيتال للإستثمار ش.م.ك.م
صندوق البريد ١٣٨٧ الصفاة ١٣٠١٤ الكويت
تلفون ١٨٣٢٨٣٢ • فاكس ٢٢٤٦٦١٨٧ (٩٦٥)
رأس المال المكتتب به ١٨٠٠٠٠٠٠ د.ك
رأس المال المدفوع ١٨٠٠٠٠٠٠ د.ك

Ahli Capital Investment Co. K.S.C.C
P.O.Box 1387 Safat, 13014 Kuwait
Tel: 1 832 832 • Fax: (965) 2246 6187
Subscribed capital: KD 18,000,000
Paid up capital: KD 18,000,000

Addresses

Issuer
National Industries Group Holding
Kuwait Public Shareholding Company
Kuwait, Safat 13005, P.O. Box 417

Payment Agent
Al Ahli Bank of Kuwait K.S.C.P.
Kuwait, Safat 13104, P.O. Box 1387

Lead Manager and Subscription Agent
Ahli Capital Investment Co. K.S.C.C.
Kuwait, Safat 13104, P.O. Box 1387

Clearing Agent
Kuwait Clearing Company
Kuwait, Safat 13081, P.O. Box 22077

Legal Counsel to Issuer
Al-Hossam Legal - Al-Turqi & Partners,
Legal Consultants & Attorneys
Kuwait, Safat 13059, P.O. Box 5819

Legal Counsel to Lead Manager
& Subscription Agent
Al Ruwayeh & Partners (“ASAR”).
Kuwait, Safat 13005, P.O. Box 447

Annex (1)
Issuer Articles of Association

مجموعة ش.م.ك.
الصناعات الوطنية
(القابضة)
NI Group
National Industries Group
(Holding)

شركة الصناعات الوطنية ش.م.ك (سابقا)
تأسست بموجب المرسوم الأميري رقم 1960/8

النظام الأساسي
وفقا لآخر تعديلات في 2005/5/4

الفصل الأول
في تأسيس الشركة

عناصر تأسيس الشركة

(مـــادة – 1)

تأسست، طبقا لأحكام قانون الشركات التجارية وهذا النظام الأساسي، بين مالكي الأســهم المبينة أحكامها فيما بعد، شركة قابضة كويتية تسمى مجموعة الصناعــــــات الوطنيـة القابضة (National Industries Group Holding). (1)

(مـــادة – 2)

مركز الشركة الرئيسي ومحلها القانوني في مدينة الكويت .
ويجوز لمجلس الإدارة أن ينشئ لها فروعا أو توكيلات في الكويت أو في الخارج .

(مـــادة – 3)

مدة هذه الشركة غير محددة وتبدأ من تاريخ صدور المرسوم الأميـري المـرخص فـي تأسيسها. (2)

---

(1) ٭ كان النص في النظام الأساسي عند التأسيس كما يلي:
" تأسست، طبقا لأحكام قانون الشركات التجارية وهذا الأساسي، بين مالكي الأسهم المبينـة أحكامها فيما بعد، شركة مساهمة كويتية تسمى شركة الصناعات الوطنية.

٭ وقد عدل هذا النص بموجب قرار الجمعية العامة غيـر العاديـة المنعقـدة بتـاريخ 1997/5/11.

٭ وعدل هذا النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 14 / 5 / 2000 إلى النص الحالي المبين في المتن.

(2) كان النص عند التأسيس كما يلي:
المدة المحددة لهذه الشركة هي خمس وعشرون سنة ابتداء من تاريخ المرســوم الأميــري المرخص في تأسيسها. ويجوز مدها بقرار الجمعية العامة غير العادية.

وقد عدل هذا النص إلى النص الحالي المبين في المتن بموجب قرار الجمعية العامة غيــر العادية المنعقدة بتاريخ 1985/5/31

الأغراض التي أسست من أجلها الشركة:

(1) تملك أسهم شركات مساهمة كويتية أو أجنبية وكذلك تملك أسهم أو حصص في شركات ذات مسئولية محدودة كويتية أو أجنبية أو الاشتراك في تأسيس هذه الشركات بنوعيها وإدارتها وكفالتها لدى الغير.

(2) إقراض الشركات التي تملك فيها أسهما وكفالتها لدى الغير وفي هذه الحالة يتعين ألا تقل نسبة مشاركة الشركة القابضة في رأس مال الشركة المقترضة عن 20 % على الأقل.

(3) تملك حقوق الملكية الصناعية من براءات اختراع أو علامات تجارية صناعية أو رسوم صناعية أو أية حقوق أخرى تتعلق بذلك وتأجيرها لشركات أخرى لاستغلالها سواء في داخل الكويت أو خارجها.

(4) تملك المنقولات والعقارات اللازمة لمباشرة نشاطها في الحدود المسموح بها وفقا للقانون.

(5) استغلال الفوائض المالية المتوفرة لدى الشركة عن طريق استثمارها في محافظ مالية تدار من قبل شركات وجهات متخصصة. (1) ، (2) ، (3)

ويجوز للشركة أن تكون لها مصلحة أو أن تشترك بأي وجه مع الهيئات التي تزاول أعمالا شبيهة بأعمالها أو التي قد تعاونها على تحقيق أغراضها في الكويت أو في الخارج ولها أن تشتري هذه الهيئات أو أن تلحقها بها.

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(1) كان النص عند التأسيس كما يلي:
" الأغراض التي أسست من أجلها الشركة كما يأتي: شراء مصنع الطابوق الرملي الجيري، ومصنع منتجات الاسمنت الحكومي وشراء وإنشاء أية مصانع أخرى وإدارة هذه المصانع وتصريف منتجاتها في داخل البلاد وخارجها.
ويجوز للشركة أن تكون لها مصلحة أو أن تشترك بأي وجه مع الهيئات التي تزاول أعمالا شبيهة بأعمالها أو التي قد تعاونها على تحقيق غرضها في الكويت أو في الخارج ، ولهما أن تشتري هذه الهيئات أو أن تلحقها بها".

- عدلت الفقرة الأولى من النص الوارد أثناء التأسيس بموجب قرار الجمعية العامة غير العادية بتاريخ 1977/6/15 إلى النص التالي: " الأغراض التي أسست من أجلها الشركة هي: صناعة الطابوق الرملي الجيري، و صناعة المنتجات الإسمنتية، وإنشاء وشراء أية مصانع أخرى وإدارة هذه المصانع لحسابها أو لحساب الغير وتصريف ونقل منتجاتها داخل البلاد وخارجها ".
- عدلت الفقرة الأولى من النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1986/3/31 إلى النص الحالي الوارد في المتن باستثناء البندين (5) و (6) اللذان كانا ينصان على ما يلي :—

(5) استثمار وتنمية أموالها بتوظيفها في قطاع الصناعة أو في المشروعات الصناعية أو عمليات التنمية الصناعية أو في تأسيس الشركات المساهمة التي تزاول أعمالا شبيهة أو مكملة لأغراض الشركة داخل الكويت وخارجها.

(6) توظيف المحافظ المالية بواسطة جهات متخصصة بما يخدم أغراض الشركة.

(2) عدل البندين (5) و (6) إلى النصين الواردين بالمتن بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1994/4/6 .

(3) كانت أغراض الشركة كالتالي:

- إنشاء وإقامة كافة أنواع المصانع لصالحها أو للغير.
- إقامة المباني والمنشآت اللازمة لأغراضها أو لتسيير أعمالها كالمكاتب والمعارض والمخازن ومراكز الصيانة ومساكن الموظفين.
- تملك وإدارة وتأجير الآلات والمعدات ووسائل النقل وكافة الأدوات والأجهزة اللازمة لتسيير أعمالها داخل الشركة وخارجها.
- القيام بأعمال التجارة التي تكفل أو تكمل تحقيق أغراضها بما في ذلك الاتجار بمنتجاتها الصناعية واحتياجات مصانعها.
- استثمار وتنمية أموالها بتوظيفها في قطاع الصناعة والمقاولات الإنشائية أو في المشروعات الصناعية أو عمليات التنمية الصناعية أو في تأسيس الشركات المساهمة التي تزاول أعمالا شبيهة أو مكملة لأغراض الشركة داخل الكويت أو خارجها.
- استغلال الفوائض المالية المتوفرة لدى الشركة عن طريق استثمارها في محافظ مالية وصناديق تدار من قبل شركات وجهات متخصصة.

ويجوز للشركة أن تكون لها مصلحة أو أن تشترك بأي وجه مع الهيئات التي تزاول أعمالا شبيهة بأعمالها أو التي قد تعاونها على تحقيق أغراضها في الكويت أو في الخارج ولها أن تشتري هذه الهيئات أو أن تلحقها بها.

وعدلت إلى النص الوارد بالمتن بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 2000/5/14 .

رأس مال الشركة

(مادة – 5)

راس مال الشركة المصرح به 74,149,121 د.ك موزع على 741,491,208 سهم قيمة كل سهم مئة فلس كويتي . (1)

(مادة – 6)

أسهم الشركة اسمية ويجوز لغير الكويتيين تملكها وفقا لأحكام القانون والقرارات الوزارية المنظمة لذلك.(2)

(مادة – 7)

يدفع النصف من قيمة السهم عند الاكتتاب ويجب أن يتم الوفاء لباقي قيمة كل سهم خلال خمس سنوات على الأكثر من تاريخ مرسوم التأسيس وذلك في المواعيد وبالطريقة التي يعينها مجلس الإدارة على أن يعلن عن مواعيد الدفع قبل حلولها بخمسة عشر يوما على الأقل وكل مبلغ يتأخر أداؤه عن الميعاد المعين تجري عليه حتما فائدة قدرها (7%) سنويا لمصلحة الشركة من يوم استحقاقه. ويحق لمجلس الإدارة أن يقوم ببيع الأسهم المتأخر أداء المستحق من قيمتها لحساب المساهم المتأخر عن الدفع وعلى ذمته وتحت مسئوليته بلا حاجة إلى تنبيه رسمي بالمزاد العلني ويستوفي من ثمن المبيع بالأولوية على جميع الدائنين الأقساط التي لم تسدد والفوائد والنفقات ويرد الباقي للمساهم فإذا لم يكفي ثمن المبيع رجعت الشركة بالباقي على المساهم في أمواله الخاصة.

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(1) كان النص عند التأسيس كما يلي: " حدد رأس مال الشركة بمبلغ عشرين مليون روبية موزع على مائتي ألف سهم قيمة كل سهم مئة روبية ".

وقد أجرى عليه عدة تعديلات بموجب قرارات من الجمعية العامة غير العادية إلى أن وصل إلى النص الحالي الوارد بالمتن وذلك على النحو التالي:

- عدل بقرار الجمعية العامة غير العادية المنعقدة بتاريخ 1969/3/23 إلى النص التالي:

" حدد رأس مال الشركة بمبلغ عشرين مليون روبية تعادل مليون ونصف المليون دينار كويتي موزع على مائتي ألف سهم قيمة كل سهم مائة روبية تعادل سبعة دنانير ونصف الدينار، وزيد رأس المال بمبلغ ثلاثمائة ألف دينار كويتي موزع على أربعين ألف سهم قيمة كل سهم سبعة دنانير ونصف وبذلك يصبح رأس مال الشركة مليون [illegible] ألف دينار كويتي توزع على مائتين وأربعين ألف سهم، قيمة كل سهم سبعة

- عدل النص بقرار الجمعية العامة غير العادية المنعقدة بتاريخ 1973/3/26 إلى النص التالي:
" حدد رأس مال الشركة بمبلغ عشرين مليون روبية تعادل مليون ونصف المليون دينار كويتي موزع على مائتي ألف سهم قيمة كل سهم مائة روبية تعادل سبعة دنانير ونصف الدينار، وزيد رأس المال في عام 1969 بمبلغ ثلاثمائة ألف دينار كويتي موزع على أربعين ألف سهم بالقيمة الإسمية وقيمتها سبعة دنانير ونصف، كما زيد في عام 1973 ثلاثمائة وستون ألف دينار كويتي موزع على ثمانية وأربعين ألف سهم بالقيمة الإسمية وبذلك يصبح رأسمال الشركة مليونان ومائة وستون ألف دينار كويتي موزع على مائتين وثمانية وثمانين ألف سهم القيمة الاسمية لكل سهم منها سبعة دنانير ونصف الدينار"

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1975/3/31 بإضافة عبارة " كما زيد في عام 1975 بمبلغ ثلاثمائة وستون ألف دينار موزع على ثمانية وأربعين ألف سهم بالقيمة الإسمية " ومن ثم تعديل العبارة الأخيرة من النص إلى مايلي " وبذلك يصبح رأسمال الشركة مليونان وخمسمائة وعشرون ألف دينار كويتي موزع على ثلاثمائة وستة وثلاثون ألف سهم، القيمة الإسمية لكل سهم سبعة دنانير ونصف الدينار".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1975/11/15 بإضافة إلى نهاية نص المادة ما يلي" وبناء على قرار الجمعية العامة غير العادية المؤرخ في 15 نوفمبر 1975 زيد رأس المال إلى مبلغ خمسة ملايين وأربعين ألف دينار كويتي موزع على ستمائة واثنين وسبعين ألف سهم القيمة الإسمية لكل سهم سبعة دنانير ونصف الدينار".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1977/3/30 إلى ما يلي " رأس مال الشركة 6،300،000 د.ك موزع على (840،000) سهم قيمة كل سهم سبعة دنانير ونصف الدينار".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1978/3/29 إلى ما يلي " رأس مال الشركة 6،930،000 د.ك موزع على (6،930،000) سهم قيمة كل سهم دينار كويتي واحد ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1979/3/14 إلى ما يلي " رأس مال الشركة 15،245،858 د.ك موزع على (15،245،858) سهم قيمة كل سهم دينار كويتي واحد ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1980/3/31 إلى ما يلي " رأس مال الشركة المصرح به 16،006،572 د.ك موزع على (16،006،572) سهم قيمة كل سهم دينار كويتي واحد ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1981/3/31 إلى ما يلي " رأس مال الشركة المصرح به 19،207،540 د.ك موزع على (19،207،540) سهم قيمة كل سهم دينار كويتي واحد ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1982/3/31 إلى ما يلي " رأس مال الشركة المصرح به 22،088،671 د.ك موزع على (22،088،671) سهم قيمة كل سهم دينار كويتي واحد ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1983/3/30 إلى ما يلي " رأس مال الشركة المصرح به 24،297،515 د.ك موزع على (24،297،515) سهم قيمة كل سهم دينار كويتي واحد ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1987/3/31 إلى ما يلي " رأس مال الشركة المصرح به 24،975،515 د.ك موزع على (24،975،515) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1989/3/29 إلى ما يلي " رأس مال الشركة المصرح به 26،727،266.500 د.ك موزع على (267،272،665) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1990/3/26 الى ما يلي " رأس مال الشركة المصرح به 29،399،993.200 د.ك موزع على (293،999،932) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1994/4/6 إلى ما يلي " رأس مال الشركة المصرح به 31،751،993 د.ك موزع على (317،519،932) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1995/4/2 إلى ما يلي " رأس مال الشركة المصرح به 34،927،192 د.ك موزع على (349،271،920) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1996/5/5 الى ما يلي " رأس مال الشركة المصرح به 41،912،630 د.ك موزع على (419،126،304) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1997/5/11 الى ما يلي " رأس مال الشركة المصرح به 52،795،156 د.ك موزع على (527،951،560) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1997/9/15 الى ما يلي " رأس مال الشركة المصرح به 60،354،187 د.ك موزع على (603،541،560) سهم قيمة كل سهم مائة فلس كويتي ".

- عدل النص بموجب قرارات الجمعية العامة غير العادية المنعقدة بتاريخ 1998/6/3 .

- عدل النص إلى النص الحالي الوارد بالمتن بموجب قرار الجمعية العامة غير العادية المنعقدة في 30 / 4 / 2003.

• عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 2004/5/15 الى ما يلي " رأس مال الشركة المصرح به 70,618,210 د.ك موزع على (706,182,100) سهم قيمة كل سهم مائة فلس كويتي ".

• عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 2005/5/04 الى ما يلي " رأس مال الشركة المصرح به 74,149,121 د.ك موزع على (741,491,208) سهم قيمة كل سهم مائة فلس كويتي ".

(2) كان النص عند التأسيس كما يلي: " أسهم الشركة اسمية ولا يجوز لغير الكويتيين تملكها "

• عدل النص بموجب قرارات الجمعية العامة غير العادية المنعقدة بتاريخ 1995/4/2 الى النص التالي: " أسهم الشركة اسمية ولا يجوز لغير الكويتيين ومواطنو مجلس التعاون تملكها ".

• النص الحالي الوارد في المتن هو النص المعدل بقرار الجمعية العامة غير العادية المنعقدة بتاريخ 1998\6\3 .

(مادة – 8)

يكتتب المؤسسون الموقعون على عقد التأسيس في رأس مال الشركة بأسهم يبلغ عددها (113,300) سهم ويتعهدون بدفع نصف قيمة هذه الأسهم وقدره 3,665,000 روبية في بنك الكويت الوطني والبنك البريطاني للشرق الأوسط كل منهم بنسبة اكتتابه.

(مادة – 9)

تطرح باقي الأسهم ومقدارها 86,700 للاكتتاب العام لمدة شهر واحد ويجرى الاكتتاب في البنوك الآتية : بنك الكويت الوطني والبنك البريطاني للشرق الأوسط.
وإذا ظهر بعد إغلاق باب الاكتتاب أنه قد جاوز عدد الأسهم المطروحة ، وزعت الأسهم على المكتتبين بنسبة ما اكتتبوا به، بشرط ألا يقل ما يحصل عليه المكتتب من الأسهم عن عشرة أسهم إلا إذا كان قد اكتتب في عدد أقل فيحصل على هذا العدد.

(مادة – 10)

لا يجوز لأي شخص أن يكتتب في أكثر من ألف سهم، كما لا يجوز أن يمتلك في أي وقت أكثر من 5% بغير طريق الميراث أو الوصية، ويستثنى من القيد الوارد بهذا النص في شأن الحد الأقصى لملكية الشخص الواحد من أسهم الشركة كل من الشركة الكويتية للاستثمار (ش.م.ك) والمؤسسة العامة للتأمينات الاجتماعية وشركة وفرة للاستثمار الدولي. (1)

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(1) كان النص عند التأسيس كما يلي:
" لا يجوز لأي شخص أن يكتتب في أكثر من ألف سهم، كما لا يجوز أن يتملك في أي وقت أكثر من ألفي سهم بغير طريق الميراث أو الوصية
وقد أجري على النص عدة تعديلات من قبل الجمعية العامة غير العادية بشأن الحد الأقصى لملكية الشخص الواحد كان آخرها التعديل المثبت في المتن وذلك على النحو التالي:

- التعديل الذي أجري من قبل الجمعية العامة غير العادية المنعقدة بتاريخ 1970/3/25 كان الآتي: " ---- ، كما لا يجوز أن يمتلك أكثر من خمسة آلاف سهم بغير طريق الميراث أو الوصية ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1973/3/26 كان الآتي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من ثمانية آلاف سهم بغير طريق الميراث أو الوصية ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1975/3/31 كان الآتي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من تسعة آلاف وستمائة سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1975/11/15 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من تسعة عشر ألف ومائتي سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1977/3/30 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من أربعة وعشرين ألف سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1978/3/29 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من مائتي ألف سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1979/3/14 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من أربعمائة وأربعون ألف سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1980/3/31 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من 462,000 سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1981/3/31 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من 554,400 سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1982/3/31 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من 618,485 سهم بغير طريق الميراث أو الوصية ".

- عدل نص المادة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1983/3/30 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من 701,316 سهم بغير طريق الميراث أو الوصية، ويستثنى من القيد الوارد في هذا النص في شأن الحد الأقصى لملكية الشخص الواحد من أسهم الشركة كل من : الشركة الكويتية للاستثمار (ش.م.ك) والشركة الكويتية للتجارة والمقاولات والاستثمارات الخارجية ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1987/3/31 إلى ما يلي: " ---- ، كما لا يجوز أن يمتلك في أي وقت أكثر من 7,013,160 سهم بغير طريق الميراث أو الوصية، ويستثنى من القيد الوارد في هذا النص في شأن الحد الأقصى لملكية الشخص الواحد من أسهم الشركة كل من : الشركة الكويتية للاستثمار (ش.م.ك) والشركة الكويتية للتجارة والمقاولات والاستثمارات الخارجية ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1988/3/30 إلى ما يلي: "يجوز لأي شخص طبيعي أو معنوي أن يمتلك في أي وقت أي عدد من أسهم الشركة [أي طريقة من طرق كسب الملكية المجازة شرعا وقانونا".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1996/5/5 إلى ما يلي: "لا يجوز لأي شخص أن يكتتب في أكثر من ألف سهم، كما لا يجوز أن يمتلك في أي وقت أكثر من 5% بغير طريق الميراث أو الوصية، ويستثنى من القيد الوارد في هذا النص في شأن الحد الأقصى لملكية الشخص الواحد من أسهم الشركة كل من: الشركة الكويتية للاستثمار (ش.م.ك) والشركة الكويتية للتجارة والمقاولات والاستثمارات الخارجية والمؤسسة العامة للتأمينات الإجتماعية وشركة إسمنت الكويت (ش.م.ك)".

- عدل النص إلى النص الحالي الوارد في المتن بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1997/5/11.

(مادة- 11)

يسلم مجلس الإدارة لكل مساهم خلال ثلاثة أشهر من تاريخ إعلان قيام الشـركة نهائيـا سندات مؤقتة تقوم مقام الأسهم التي يملكها.
ويسلم المجلس الأسهم خلال ثلاثة أشهر من تاريخ وفاء القسط الأخير.

(مادة- 12)

تترتب حتما على ملكية السهم قبول النظام الأساسي للشركة وقرارات جمعيتها العامة.

(مادة- 13)

كل سهم يخول الحق في حصة معادلة لحصة غيره بلا تمييز في ملكية موجودات الشركة وفي الأرباح المقتسمة على الوجه المبين فيما بعد.

(مادة- 14)

بما أن الأسهم اسمية فآخر مالك لها يقيد اسمه في سجل الشركة يكون له وحده الحق في قبض المبالغ المستحقة عن السهم، سواء كانت حصصا فـي الأربـاح أو نصـيبا فـي موجودات الشركة.

(مادة 14- مكرر) (1)

يجوز للشركة شراء ما لا يتجاوز (10%) من عدد أسهمها بقيمتها السوقية بشرط أن لا يمول الشراء من رأس مال الشركة وأن لا تدخل هذه الأسهم في مجموع أسهم الشـركة في الأحوال التي تتطلب تملك المساهمين نسبة معينة من لـرأس المـال، وفـي جميـع المسائل الخاصة بالجمعية العامة على أن يتم ذلك بعد موافقة الجهات الرسمية.

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(1) أضيفت هذه المادة إلى النظام الأساسي بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1987\3\31.

(مادة- 15)

عند زيادة رأس المال لا يجوز إصدار الأسهم الجديدة بأقل من قيمتها الاسمية، وإذا صدرت بأكثر من ذلك أضيف الفرق حتما إلى الاحتياطي القانوني بعد وفاء مصروفات الإصدار.

وباستثناء الأسهم الجديدة التي تصدرها الشركة منحة لكبار قيادتها وفقا للبند رابعا من المادة 49 من النظام الأساسي يكون لكل مساهم الأولوية في الاكتتاب بحصة من الأسهم الجديدة المطروحة للاكتتاب متناسبة مع عدد أسهمه وتمنح لممارسة حق الأولوية مدة خمسة عشر يوما من تاريخ نشر دعوة المساهمين لذلك، ويجوز تنازل المساهمين مقدما عن حقهم في الأولوية. (1)

الفصل الثاني
إدارة الشركة
أ- مجلس الإدارة

(مادة- 16)

يتولى إدارة الشركة مجلس إدارة مؤلف من عشرة أعضاء تنتخبهم الجمعية العامة. (2)

(مادة- 17)

يعين أعضاء مجلس الإدارة المنتخبون لمدة ثلاث سنوات قابلة للتجديد.

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(1) كان النص عند التأسيس كما يلي:
" عند زيادة رأس المال لا يجوز إصدار الأسهم الجديدة بأقل من قيمتها الاسمية، وإذا صدرت بأكثر من ذلك أضيف الفرق حتما إلى الاحتياطي القانوني بعد وفاء مصروفات الإصدار.
ولكل مساهم الأولوية في الاكتتاب بحصة من الأسهم الجديدة متناسبة مع عدد أسهمه وتمنح لممارسة حق الأولوية مدة خمسة عشر يوما من تاريخ نشر دعوة المساهمين لذلك".
وقد عدلت الفقرة الأخيرة بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1998\6\3 إلى النص الحالي الوارد بالمتن.

(2) كان النص عند التأسيس كما يلي:
" يتولى إدارة الشركة مجلس إدارة مؤلف من تسعة أعضاء، يعين رئيس المالية والاقتصاد خمسة منهم وتنتخب الجمعية العامة الأربعة الباقين، على أن يكون اثنان منهم في مجلس الإدارة الأول من بين المؤسسين من القطاع الأهلي".
وقد عدل النص إلى النص الحالي المبين في المتن بموجب قرار الجمعية العامة غير العادية بتاريخ 1996\5\5.

(مادة- 18)

يشترط في عضو مجلس الإدارة أن يكون كويتي الجنسية وأن يكون مالكا بصفته الشخصية لعدد من الأسهم لا يقل عن خمسة وسبعون ألف سهم فإذا كان العضو وقت انتخابه لا يملك هذا العدد من الأسهم، وجب عليه خلال شهر من انتخابه أن يكون مالكا له وإلا سقطت عضويته. (1)

(مادة- 19)

لا يجوز لعضو مجلس الإدارة أن يكون عضوا في مجلس إدارة شركة مماثلة أو منافسة أو أن يكون تاجرا في تجارة مشابهة أو منافسا لتجارة الشركة، أو أن تكون له مصلحة مباشرة أو غير مباشرة في العقود والصفقات التي تبرم مع الشركة لحسابها، أو أن تكون مصلحة تتعارض مع مصالح الشركة، مالم يكن شيء من ذلك بترخيص خاص من الجمعية العامة.

(مادة – 20)

إذا شغر مركز عضو في مجلس الادارة، خلفه فيه من كان حائزا لأكثر الأصوات من المساهمين الذين لم يفوزوا في آخر انتخاب.
أما إذا بلغت المراكز الشاغرة ربع المراكز الأصلية، أو لم يوجد من تتوافر فيه الشروط، فانه يتعين على مجلس إدارة الشركة دعوة الجمعية العامة لتجتمع في ميعاد شهرين من تاريخ شغر آخر مركز لتنتخب من يملئ المراكز الشاغرة.
وفي جميع هذه الأحوال يكمل العضو الجديد مدة سلفه فقط.

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(1) كان النص عند التأسيس كما يلي:
" يشترط في عضو مجلس الادارة أن يكون كويتي الجنسية بالولادة وأن يكون مالكا لعدد من الأسهم لا يقل عن خمسمائة سهم ".
وقد أجري عليه عدة تعديلات بموجب قرار الجمعية العامة غير العادية وذلك على النحو التالي:

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1979\3\14 الى ما يلي: " يشترط في عضو مجلس الادارة أن يكون كويتي الجنسية وأن يكون مالكا بصفته الشخصية لعدد من الأسهم مالا يقل عن ثلاثة آلاف وسبعمائة وخمسون سهم، فإذا كان العضو وقت انتخابه لا يملك هذا العدد من الأسهم، وجب عليه خلال شهر من انتخابه أن يكون مالكا له وألا سقطت عضويته، ولا يسري شرط ملكية الأسهم على الأعضاء المعينين من جانب الحكومة ".

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1987\3\31 الى ما يلي: " يشترط في عضو مجلس الادارة أن يكون كويتي الجنسية وأن يكون مالكا بصفته الشخصية لعدد من الأسهم مالا يقل عن خمسة وسبعون ألف سهم، فإذا كان العضو وقت انتخابه لا يملك هذا العدد من الأسهم، وجب عليه خلال شهر من انتخابه أن يكون مالكا له وإلا سقطت عضويته، ولا يسري شرط ملكية الأسهم على الأعضاء المعينين من جانب الحكومة ".

- عدل النص إلى النص الحالي الوارد في المتن بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1996\5\5 .

(مادة – 21)

ينتخب مجلس الادارة بالاقتراع السري رئيسا ونائبا للرئيس لمدة ثلاث سنوات. (1)
ورئيس المجلس هو الذي يمثل الشركة لدى القضاء، وعليه تنفيذ القرارات التي يصدرها المجلس. ويقوم نائب الرئيس مقام الرئيس عند غيابه أو قيام مانع به.

(مادة – 22)

يجوز لمجلس الادارة أن يعين من بين أعضائه عضوا منتدبا للإدارة أو أكثر، يحدد المجلس صلاحياتهم.

(مادة – 23)

يملك التوقيع عن الشركة على انفراد كل من رئيس مجلس الادارة أو نائبه وأعضاء مجلس الادارة المنتدبين، وأي عضو آخر ينتدبه مجلس آخر ينتدبه مجلس الادارة لهذا الغرض. ويجوز لمجلس الادارة أن يعين مديرا عاما للشركة يحدد صلاحياته.

(مادة – 24)

يجتمع مجلس الادارة مرة كل ثلاثة أشهر على الأقل بناء على دعوة من رئيسه ويجتمع أيضا إذا طلب ذلك ثلاثة من أعضائه على الأقل. (2)
ويكون اجتماع المجلس صحيحا بحضور أغلبية أعضائه ولا يجوز الحضور بالوكالة في اجتماعات المجلس

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(1) كان نص الفقرة الأولى من المادة عند التأسيس كما يلي:
" ينتخب مجلس الادارة بالاقتراع السري رئيسا ونائبا للرئيس لمدة سنة "
وقد عدلت إلى النص الحالي الوارد في المتن بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1995\4\2 .

(2) كان نص الفقرة الأولى من المادة عند التأسيس كما يلي:
" يجتمع مجلس الادارة مرة كل شهرين على الأقل بناء على دعة من رئيسه ويجتمع أيضا إذا طلب ذلك ثلاثة من أعضائه على الأقل ".
وقد عدلت إلى النص الحالي الوارد في المتن بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1994/4/6.

(مادة- 25)

تصدر قرارات مجلس الادارة بأغلبية الأعضاء الحاضرين، وإذا تساوت الأصوات رجح الجانب الذي فيه الرئيس.
ويعد سجل خاص تثبت فيه محاضر جلسات المجلس، ويوقعه الرئيس، ويجوز للعضو المعارض أن يطلب تسجيل رأيه.

(مادة- 26)

إذا تخلف أحد أعضاء المجلس عن حضور ثلاث جلسات متتالية بدون عذر مشروع جاز اعتباره مستقيلا بقرار من مجلس الادارة.

(مادة- 27)

مع عدم الإخلال بأحكام قانون الشركات التجارية تحدد الجمعية العامة العادية مكافآت أعضاء مجلس الادارة، ويحدد مجلس الادارة مكافآت أعضاء مجلس الادارة المنتدبين وراتب المدير العام.

(مادة- 28)

لمجلس الادارة أوسع سلطة لإدارة الشركة والقيام بجميع الأعمال التي تقتضيها إدارة الشركة وفقا لأغراضها ولا يحد من هذه السلطة إلا ما نص عليه القانون أو هذا النظام أو قرارات الجمعية العامة.
ولمجلس الادارة الحق في إعطاء الكفالات وعقد القروض ورهن العقارات لغرض تأمين مثل هذه القروض وذلك دون الرجوع إلى الجمعية العامة. (1)

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(1) كان النص عند التأسيس كما يلي:
" لمجلس الادارة أوسع سلطة لإدارة الشركة وللقيام بجميع الأعمال التي تقتضيها إدارة الشركة وفقا لأغراضها ولا يحد من هذه السلطة إلا ما نص عليه القانون أو هذا النظام أو قرارات الجمعية العامة.
ولا يجوز لمجلس الادارة ببيع عقارات الشركة أو رهنها أو إعطاء الكفالات أو عقد القروض إلا بعد موافقة الجمعية العامة ".

وقد عدل النص إلى النص الحالي الوارد في المتن بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1968/3/31.

(مادة - 29)

لا يلتزم أعضاء مجلس الادارة أي التزام شخصي فيما يتعلق بتعهدات الشركة بسبب قيامهم بمهام وظائفهم ضمن حدود وكالتهم.

(مادة - 30)

رئيس مجلس الادارة وأعضاؤه مسئولون عن أعمالهم تجاه الشركة والمساهمين والغير عن جميع أعمال الغش وإساءة استعمال السلطة، وعن كل مخالفة للقانون أو لهذا النظام وعن الخطأ في الادارة.
ولا يحول دون إقامة دعوى المسئولية اقتراح من الجمعية العامة بإبراء ذمة مجلس الإدارة.

الجمعية العامة

(مادة - 31)

توجه الدعوة إلى المساهمين لحضور الجمعية العامة- أيا كانت صفتها عن طريق الإعلان في صحيفتين يوميتين على الأقل تصدران باللغة العربية، ويتم الإعلان مرتين على أن يتم الإعلان في المرة الثانية بعد مضي مدة لا تقل عن أسبوع من تاريخ نشر الإعلان الأول وقبل انعقاد الجمعية العامة بأسبوع على الأقل مع نشر الإعلان الثاني في الجريدة الرسمية بالإضافة الصحيفتين اليوميتين، ويجب أن تتضمن الدعوة جدول الأعمال.
ويضع المؤسسون جدول أعمال الجمعية العامة منعقدة بصفة تأسيسية، ويضع مجلس الادارة جدول أعمال الجمعية العامة منعقدة بصفة عادية أو بصفة غير عادية. (1)

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(1) كان النص عند التأسيس كما يلي:
"توجه الدعوى إلى المساهمين لحضور اجتماعات الجمعية العامة - أيا كان صفتها - بكتب مسجلة، ويجب أن تتضمن الدعوة جدول الأعمال.ويضع المؤسسون جدول أعمال الجمعية العامة المنعقدة بصفة تأسيسي، ويضع مجلس الإدارة جدول أعمال الجمعية العامة المنعقدة بصفة عادية وبصفة غير عادية."
وقد عدل النص إلى النص الوارد بالمتن بموجب قرار الجمعية العامة غير العادية والمنعقدة بتاريخ 30 / 4 / 2003.

(مادة – 32)

في الأحوال التي يجوز فيها عقد الجمعية العامة بناء على طلب المساهمين أو مراقبي الحسابات، يضع جدول الأعمال من طلب انعقاد الجمعية، ولا يجوز بحث أية مسألة غير مدرجة في جدول الأعمال.

(مادة – 33)

لكل مساهم عدد من الأصوات يعادل عدد أسهمه، ويجوز التوكيل في حضور الاجتماع ويمثل القصر والمحجورين النائبون عنهم قانونا.
ولا يجوز لأي عضو أن يشترك في التصويت عن نفسه أو عن من يمثله في المسائل التي تتعلق بمنفعة خاصة له، أو بخلاف قائم بينه وبين الشركة.

(مادة – 34)

يسجل المساهمون أسماؤهم في سجل خاص يعد لذلك في مركز الشركة قبل الموعد المحدد لانعقاد الجمعية العامة بأربع وعشرين ساعة على الأقل، ويتضمن التسجيل اسم المساهم وعدد الأسهم التي يمثلها وأسماء مالكيها مع تقديم سند الوكالة .
ويعطى المساهم بطاقة لحضور الاجتماع يذكر فيها عدد الأصوات التي يستحقها أصالة ووكالة.

(مادة – 35)

تسري على النصاب الواجب توافره لصحة انعقاد الجمعية العامة، بصفاتها المختلفة وعلى الأغلبية اللازمة لاتخاذ القرارات أحكام قانون الشركات التجارية.

(مادة – 36)

يكون التصويت في الجمعية العامة بالطريقة التي يعينها رئيس الجلسة، إلا إذا قررت الجمعية العامة طريقة معينة للتصويت.
ويجب أن يكون التصويت سريا في انتخاب أعضاء مجلس الادارة والإقالة من العضوية.

(مادة – 37)

يدعو المؤسسون المساهمين، خلال شهر من إغلاق باب الاكتتاب، لعقد الجمعية العامة بصفتها جمعية تأسيسية، ويقدمون لها تقريرا عن جميع عمليات التأسيس مع المستندات المؤيدة له.
وتتثبت الجمعية من صحة المعلومات الواردة في التقرير وموافقتهـا للقانون ولعقد تأسيس الشركة ونظامها الأساسي، وتنتخب أعضاء مجلس الادارة الأربعة الممثلين للقطاع الأهلي ومراقبي الحسابات وتعلن تأسيس الشركة نهائيا.

(مادة – 38)

تنعقد الجمعية العامة بصفة عادية مرة على الأقل في السنة بناء على دعوة مجلس الادارة، خلال ثلاثة أشهر من انتهاء السنة المالية للشركة.
ولمجلس الادارة دعوة هذه الجمعية كلما رأى ذلك، ويتعين عليه دعوتها كلما طلب إليه ذلك عدد من المساهمين يملكون ما لا يقل عن عشر رأس المال.

(مادة – 39)

تختص الجمعية العامة منعقدة بصفة عادية بكل ما يتعلق بأمور الشركة عدا ما احتفظ به القانون أو هذا النظام للجمعية العامة منعقدة بصفة غير عادية أو بصفتها جمعية تأسيسية.

(مادة – 40)

يتقدم مجلس الادارة إلى الجمعية العامة منعقدة بصفة عادية بتقرير يتضمن بيانا وافيا عن سير أعمال الشركة وحالتها المالية والاقتصادية، وميزانية الشركة، وبيانا لحساب الأرباح والخسائر، وبيانا عن مكافآت أعضاء مجلس الادارة وأجور المراقبين، واقتراحا بتوزيع الأرباح.

(مادة – 41)

تناقش الجمعية العامة منعقدة بصفة عادية تقرير مجلس الادارة وتقرير ما تراه في شأنه. وتنظر في تقرير مراقبي الحسابات.
وتنتخب أعضاء مجلس الادارة الممثلين للقطاع الأهلي، وتعين مراقبي حسابات للسنة المقبلة، وتحدد مكافآتهم وأجورهم.

(مادة – 42)

تجتمع الجمعية العامة بصفة غير عادية بناء على دعوة من مجلس الادارة، أو بناء على طلب كتابي من مساهمين يحملون ما لا يقل عن ربع أسهم الشركة وفي هذه الحالة يجب على مجلس الادارة أن يدعوا الجمعية خلال شهر من وصول الطلب إليه.

(مادة – 43)

المسائل الآتية لا تنظرها إلا الجمعية العامة منعقدة بصفة غير عادية :

1. تعديل عقد التأسيس أو النظام الأساسي للشركة.
2. بيع كل المشروع الذي قامت به الشركة أو التصرف فيه بأي وجه آخر.
3. حل الشركة أو اندماجها في شركة أو هيئة أخرى.
4. تخفيض رأس مال الشركة.
5. مد مدة الشركة

حسابات الشركة

(مادة – 44)

يكون للشركة مراقب حسابات أو أكثر من المحاسبين القانونيين، تعينه الجمعية العامة وتقدر أتعابه وعليه مراقبة حسابات السنة المالية التي عين لها.

(مادة – 45)

تبدأ السنة المالية للشركة من أول يناير، وتنتهي في 31 ديسمبر من كل سنة.
ويستثنى من ذلك السنة المالية الأولى للشركة، فتبدأ من تاريخ إعلان قيام الشركة نهائيا وتنتهي في 31 ديسمبر التالي.

(مادة – 46)

تكون للمراقب الصلاحيات وعليه الالتزامات المنصوص عليهما في قانون الشركات التجارية. وله بوجه خاص الحق في الإطلاع في أي وقت على جميع دفاتر الشركة وسجلاتها ومستنداتها، وفي طلب البيانات التي يرى ضرورة الحصول عليها، وله كذلك أن يحقق موجودات الشركة والتزاماتها.
وإذا لم يتمكن من استعمال هذه الصلاحيات، أثبت ذلك كتابة في تقرير يقدم إلى مجلس الادارة ويعرض على الجمعية العامة، وله دعوة الجمعية العامة لهذا الغرض،

(مادة – 47)

يقدم المراقب إلى الجمعية العامة تقريرا يبين فيه ما إذا كانت الميزانية وحسابات الأرباح والخسائر متفقة مع الواقع بأمانة ووضوح عن المركز المالي الحقيقي للشركة، وما إذا كانت الشركة تمسك حسابات منتظمة، وما إذا كان الجرد قد أجرى للأصول المرعية، وما إذا كانت البيانات الواردة في تقرير مجلس الادارة متفقة مع ما هو وارد في دفاتر الشركة، وما إذا كانت هناك مخالفات لأحكام نظام الشركة أو لأحكام القانون قد وقعت خلال السنة المالية على وجه يؤثر في نشاط الشركة أو مركزها المالي مع بيان ما إذا كانت هذه المخالفات لا تزال قائمة وذلك في حدود المعلومات التي توافرت لديه.
ويكون المراقب مسئولا عن صحة البيانات الواردة في تقريره بوصفه وكيلا عن مجموع المساهمين، ولكل مساهم أثناء عقد الجمعية العامة أن يناقش تقرير المراقب وأن يستوضحه عن ما ورد فيه.

(مادة – 48)

يقتطع من الأرباح غير الصافية نسبة مئوية يحددها مجلس الادارة لاستهلاك موجودات الشركة أو التعويض عن نزول قيمتها، وتستعمل هذه الأموال لشراء المواد والآلات والمنشآت اللازمة أو لإصلاحها، ولا يجوز توزيع الأموال المقتطعة من الأرباح غير الصافية على المساهمين .

(مادة – 49)

يتم توزيع الأرباح الصافية على الوجه التالي:

أولا : يقتطع مالا يقل عن 10% تخصص لحساب الاحتياطي الإجباري.

ثانيا : يقتطع مالا يقل عن 10% تخصص لحساب الاحتياطي الاختياري بالإضافة إلى اقتطاع أية احتياطات أخرى حسب ما يقترحه مجلس الادارة. ويقف مثل هذا الاقتطاع بقرار الجمعية العامة العادية بناء على اقتراح مجلس الادارة.

ثالثا : يقتطع المبلغ اللازم بمكافأة أعضاء مجلس الادارة.

رابعا : يقتطع المبلغ الذي يقترحه مجلس الادارة وتوافق عليه الجمعية العامة يخصص لإصدار أسهم توزع على كبار قيادي الشركة في صورة مكافأة تعتمد على نجاح وربحية الشركة وفقا للأسس والضوابط التي توضع من قبل مجلس الادارة.

خامسا : يقتطع المبلغ اللازم للتوزيع كأنصبة أرباح على المساهمين.

سادسا : يرحل أي رصيد غير موزع إلى السنة التالية. (1)

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(1) كان النص عند التأسيس كما يلي:

توزع الأرباح الصافية على الوجه التالي:

أولا : يقتطع 10% تخصص لحساب الاحتياطي الإجباري.

ثانيا : يقتطع 10% أخرى تخصص لحساب الاحتياطي الاختياري ويقف هذا الاقتطاع بقرار الجمعية العامة العادية بناء على اقتراح مجلس الإدارة.

ثالثا : يقتطع جزء من الأرباح تحدده الجمعية العامة العادية لمواجهة الالتزامات المترتبة على الشركة بموجب قوانين العمل.

رابعا : يقتطع المبلغ اللازم بمكافأة أعضاء مجلس الإدارة.

خامسا : يوزع الباقي من الأرباح بعد ذلك على المساهمين.

وقد جرى على النص عدة تعديلات بموجب قرارات الجمعية العامة غير العادية وذلك على النحو التالي إلى مايلي:

- عدل النص بموجب قرار الجمعية العامة غير العادية المنعقدة بتاريخ 1973/3/26

"يتم توزيع الأرباح الصافية على الوجه الآتي :

أولا : يقتطع 10% تخصص لحساب الاحتياطي الإجباري.

ثانيا : يقتطع 10% أخرى تخصص لحساب الاحتياطي الاختياري بالإضافة الى أية احتياطات أخرى حسب ما يقترحه مجلس الإدارة ويقف هذا الاقتطاع بقرار الجمعية العامة العادية بناء على اقتراح مجلس الإدارة.

ثالثا : يقتطع جزء من الأرباح تحدده الجمعية العامة العادية لمواجهة الالتزامات المترتبة على الشركة بموجب قوانين العمل.

رابعا : يقتطع المبلغ اللازم بمكافأة أعضاء مجلس الإدارة.

خامسا : يوزع الباقي من الأرباح بعد ذلك على المساهمين.

عدل النص إلى النص الحالي المبين في المتن بموجب قرار الجمعية العامة غير العادية المنعقدة في 1997/9/15

(مادة – 50)

تدفع حصص الأرباح إلى المساهمين في المكان وفي المواعيد التي يحددها مجلس الإدارة.

(مادة – 51)

يستعمل المال الاحتياطي، بناء على قرار مجلس الإدارة فيما يكون أوفى بمصالح الشركة. ولا يجوز توزيع الاحتياطي الإجباري على المساهمين، وإنما يجوز استعماله لتأمين توزيع أرباح على المساهمين تصل إلى 5% في السنوات التي لا تسمح فيها أرباح الشركة بتأمين هذا الحد.

(مادة – 52)

تودع أموال الشركة النقدية لدى البنك أو عدة بنوك يعينها مجلس الإدارة.
يحدد مجلس الإدارة الحد الأعلى من المال النقدي الذي يجوز لأمين الصندوق أن يحتفظ به في صندوق الشركة.

الفصل الثالث
انقضاء الشركة وتصفيتها

(مادة – 53)

تنقضي الشركة بأحد الأمور المنصوص عليها في قانون الشركات التجارية.

(مادة – 54)

تجرى تصفية أموال الشركة عند انقضائها وفقا للأحكام الواردة في قانون الشركات التجارية.

State of Kuwait دولة الكويت
D03339105
Kuwaiti Dinar 5 دينار كويتي

وزارة التجـــارة والصنــاعـــة

إدارة السـجـل التجــاري

قسم السجل التجــاري

تأشير في السـجـل التجـاري

اســم الشركـة ونـوعهـا : شركة الصناعات الوطنية (ش.م.ك)

رقم القيد في السجل التجاري : ٨٣٩٢

بموجب كتاب من إدارة الشركات رقم ٢٤٥ بتاريخ ٣/٨/ ١٩٩٨ جرى التأشير بالسجل التجاري بالآتي بناء على قرار الجمعية العمومية غير العادية المنعقدة بتاريخ ١١/٥/١٩٩٧ تمت الموافقة للشركة المذكورة أعلاه على تعديل المادة رقم (١) من النظام الأساسي :
تغير اسم الشركة من شركة الصناعات الوطنية الى مجموعة الصناعات الوطنية

الكويت في : ٣ ٨ ١٩٩٨

مدير إدارة السجل التجاري

رئيسة قسم السجل التجاري

وزارة التجـــارة والصنـاعـــة
إدارة السجــل التجــاري
قسم السجل التجـــاري

تأشير في السجــل التجـــاري

اســم الشركـة ونـوعـها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك)
رقم القيد في السجل التجاري: ٨٣٩٢

بموجب مذكرة إدارة الشركات رقم١١٦ بتاريخ ٢٠٠٣/٤/٢٢
بناء على قرار الجمعية العمومية العاديةوالغير العادية المنعقدة بتاريخ ٢٠٠٠/٥/١٤
وبناء على المرسوم الأميري رقم ٦٣ لسنة ٢٠٠٣ فقد تمت الموافقة للشركة المذكورة أعلاه
على التالي جرى التأشير بالسجل التجاري بآلاتي :-

١. الموافقة على تحويل شركة (مجموعة الصناعات الوطنية) من شركة مساهمة عامة إلى قابضة
٢. الموافقة على تعديل البند (أولا) من عقد تأسيس الشركة والمادة (١) من النظام الأساسي بجعل اسم الشركة (مجموعة الصناعات الوطنية القابضة)
٣. الموافقة على تعديل أغراض الشركة في كل بند (ثانيا) من عقد التأسيس والمادة (٤) من النظام الأساسي لتصبح كالتالي :-

أ- تملك اسهم شركات مساهمة كويتية أو أجنبية وكذلك تملك اسهم أو حصص في شركات ذات مسئولية محدودة كويتية أو أجنبية أو الإشتراك في تأسيس هذه الشركات بنوعيها وإداراتها وكفالاتها لدى الغير.
ب- إقراض الشركات التي تملك فيها اسهما وكفالاتها لدى الغير وفي هذه الحالة بتعين الأقل نسبة مشاركة الشركة القابضة المفترضة في رأس مال الشركة المقترضة عن ٢٠% على الأقل
ج- تملك حقوق الملكية الصناعية من براءات اختراع أو علامات تجارية صناعية أو رسوم صناعية أو أي حقوق أخرى تتعلق بذلك وتأجيرها لشركات أخرى لاستغلالها سواء في داخل الكويت أو خارجها
د- تملك المقولات والعقارات اللازمة لمباشرة نشاطها في الحدود المسموح بها وفقا للقانون

٤. الموافقة على تعديل عقد تأسيس الشركة ونظامها الأساسي بما يتفق والأحكام الخاصة بالشركات القابضة وفقا لنصوص المواد من (٢٢٦) الى (٢٢٩) من المرسوم بقانون رقم ١٥ لسنة ١٩٦٠ بإصدار قانون الشركات التجارية وتعديلاته.

الكويت في: ٢٠٠٣/٤/٢٣

مدير إدارة السجل التجاري

رئيسة قسم السجل التجاري

وزارة التجـــارة والصنـــاعـــة

إدارة الســجــل التجـــاري

قسم السجـل التجـــاري

تأشير في السـجــل التجـــاري

اســم الشركــة ونـوعـهـا : شركة مجموعة الصناعات الوطنية القابضة (ش.م.ك) قابضة

رقم القيد في السجل التجاري : ٨٣٩٢

بموجب مذكرة صــادرة من إدارة الشركات رقــم ٨٩٤ بتاريخ٢٠٠٤/٥/٦بناء على الجمعيــة الغيــر عادية للشركة المذكورة أعلاه المنعقدة بتاريخ ٢٠٠٤/٥/١٥ فقد تمت الموافقة على الآتي :-

جرى التأشير بالسجل التجارى بالآتي :-

زيادة رأس مال الشركة من (٦١,٤٠٧,١٣٩) إلى (٧٠,٦١٨,٢١٠) د.ك وذلك بتوزيع أسهم منحــة للمساهمين بنسبة ١٥ % وتوزيع على المساهمين المقيدين في سجــلات الشركة بتاريخ انعقاد الجمعيــة العامة كأسهم منحة مجانية كل بنسبة ما يملكه

١-تعديل المادة (٥) من البند رقم (٢) للنظام الأساسي ليصبح كالتالي :

" حــدد رأس مال الشركة مبلغ ٧٠,٦١٨,٢١٠ د.ك موزعــة على ٧٠٦,١٨٢,١٠٠ سهــم قيمــة كــل سهم (مائة فلس كويتي) "

الكويت في : ٦ ٥ ٢٠٠٤

مدير إدارة السجــل التجـــاري

رئيسة قسم السجل التجاري

وزارة التجـــــارة والصـــناعـــــة

إدارة الســـجــل التجـــاري

قسم السجل التجـــاري

تأشـــير فـي الســـجـل التجـــــاري

اســـم الشـركـة ونـوعـها : شركة مجموعة الصناعات الوطنية القابضة (ش٠م٠ك) مقفلة

رقم القيد في السجل التجاري : ٨٣٩٢

بموجب مذكرة صادرة من إدارة الشركات رقم ٢٠٠٥/٣٢٩ بتاريخ ٢٠٠٥/٥/٧ بناء على الجمعية العامة الغير عادية المنعقدة بتاريخ ٢٠٠٥/٥/٤ للشركة المذكورة أعلاه تمت الموافقة على الآتي :

جري التأشير بالسجل التجاري

١- الموافقة على زيادة رأس المال ٧٠,٦١٨,٢١٠ إلى ٧٤,١٤٩,١٢١د.ك عن طريق توزيع أسهم منحة مجانية بمبلغ ٣,٥٣٠,٩١١ د.ك وتعادل ٥% من رأس المال المساهمين المسجلين فى سجلات الشركة حتى تاريخ انعقاد الجمعية العمومية العادية

٢- الموافقة على تعديل المادة(٥) من البند رقم (٢) من النظام الاساسي:

" حدد رأس مال الشركة والمصرح به ٧٤,١٤٩,١٢١ د.ك موزعة على ٧٤١,٤٩١,٢٠٨ سهم قيمة كل سهم مائة فلس وجميع الأسهم نقدية "

الكويت في : ٧ ٥ ٢٠٠٥

مدير إدارة السجل التجاري

رئيسة قسم السجل التجاري

State of Kuwait دولة الكويت
D03350934
Kuwaiti Dinar 5 دينار كويتي

وزارة التجــــارة والصنـــاعـــــة

إدارة المسجــل التجــاري

قسم السجـل التجـــاري

تأشير في السجل التجـــاري

اســم الشركـة ونـوعهـا : شركة مجموعة الصناعات الوطنية القابضة (ش.م.ك)قابضة

رقم القيد في السجل التجاري : ٨٣٩٢

بموجب مذكرة من إدارة الشركات رقم٥٩٧ بتاريخ ٢٠٠٦/٦/٢٠ بناء على الجمعية الغيـر العادية للشركة المذكورة أعلاه المنعقدة بتـاريخ ٢٠٠٦/٤/٢٥ - ٢٠٠٦/٦/٣٠ فقد تمت الموافقة للشركة المذكورة أعلاه على :جرى التأشير بالسجل التجاري بالاتي :

- زيادة رأس المال نقدا من 74.674.121 د.ك إلى 99.565.494 د.ك أي بزيادة قدرها 24.891.373د.ك وبقيمة اسمية 100 فلس وعلاوة إصدار 500 فلس تدفع كدفعة واحدة وتخصص للمساهمين الحاليين وذلك بناء على قرار الجمعية العمومية العادية وغير العادية المنعقدة بتاريخ ٢٠٠٥/١١/١٤ وكذلك بناء على قرار مجلس الوزراء الصادر بتاريخ ٢٠٠٦/١/٢
- زيادة رأس المال من 74.674.121 د.ك على مبلغ 82.141.532د.ك أي بزيادة قدرها 7.467.412 د.ك كاسهم منحة بنسبة 10% من رأس المال تخصص للمساهمين الحاليين وذلك بناءا على قرار الجمعية العمومية العادية وغير العادية المنعقدة بتاريخ ٢٠٠٦/٥/٢٩
- تعديل المادة (5) من عقد التأسيس والمادة (6) من النظام الأساسي على النحو التالي :-

" حدد رأس مال الشركة بمبلغ 107.032.906د.ك (مائة وسبعة مليون وأثنان وثلاثون ألف وتسعمائة وستة دينار كويتي) موزعة على 1.070.329.060سهم وبقيمة اسمية 100 فلس كويتي وجميع الأسهم نقدية "

الكويت في : ٢٠ ٦ ٢٠٠٦

مدير إدارة السجـل التجـــاري

رئيسة قسم السجل التجاري

State of Kuwait دولة الكويت
D03339085
Kuwaiti Dinar 5 دينار كويتي

وزارة التجـــــارة والصـــناعــــة

إدارة الســجــل التجـــاري

قسم السجـل التجـــاري

تأشـير في السـجـل التجـــاري

اســـم الشـركـة ونـوعهـا : شركة مجموعة الصناعات الوطنية القابضة (ش.م.ك)قابضة

رقم القيد في السجل التجاري : ٨٣٩٢

بموجب مذكرة صادرة من إدارة الشركات رقم٢٠٠٦/٥٢٦ بتاريخ ٢٠٠٦/٥/٢٩ بناء على الجمعية العامة الغيـر عادية المنعقدة بتــاريخ ٢٠٠٦/٤/٢٤ للشركة المذكورة أعلاه تمت الموافقة على الاتى:
جرى التأشير بالسجل التجاري بالاتي :

١. زيادة رأس المال ٧٤,٦٧٤,١٢١ د.ك الى ٨٢,١٤١,٥٣٣ د.ك وذلك عن طريق توزيع اسهم منحة مجانية نسبة ١٠% من رأس المال بزيادة قدرها ٧,٤٦٧,٤١٢ د.ك تخصص للمساهمين المسجلين فى سجلات الشركة بتاريخ الجمعية العمومية

٢. تعديل المادة رقم (٦) من عقد التأسيس و(٥) النظام الأساسي لتصبح كالتالى :-
"حدد رأس مال الشركة بمبلغ ٨٢,١٤١,٥٣٣ د.ك وموزعا على ٨٢١,٤١٥,٣٢٨سهم قيمة كل سهم ١٠٠ فلس كويتى وجميع الأسهم نقدية "

الكويت في: ٣٠ ٦ ٢٠٠٦

مـديـر إدارة السـجـل التجـــاري

رئيسة قسم السجل التجاري

وزارة التجــــارة والصـــناعـــــة

إدارة الســجــل التجــاري

قسم السجـل التجـــاري

تأشـير في الســجــل التجـــاري

اســـــم الشــركـة ونـوعها : شركة مجموعة الصناعات الوطنية القابضة (ش.م.ك) عامة

رقم القيد في السجل التجاري : ٨٣٩٢

بموجب مذكرة صـــادرة من إدارة الشركات رقــم ١٤٠ بتاريخ١٥/٤/٢٠٠٧بناء على الجمعية الغيــر عادية المنعقدة بتاريخ ٤/٤/٢٠٠٧ فقد تمت الموافقة على الأتي :-

جرى التأشير بالسجل التجارى بالآتي :-

زيادة رأس مال من مبلغ 107.032.906د.ك (مائة سبعة مليون واثنان وثلاثون الف وتسعمائة وســتة دينار كويتي) الى مبلغ 117.736.197 د.ك (مائة وسبعة عشر مليون وسبعمائة وستة وثلاثــون الــف ومائة وسبعة وتسعون دينار كويتي) وذلك عن طريق توزيع أسهم منحة بنسبة 10 % مــن راس المــال بقيمة اجمالية قدرها 10.703.291 د.ك تخصص للمساهمين المسجلين في سجلات الشركة بتاريخ الجمعية العمومية

١-تعديل المادة (٥) من البند رقم (٢) للنظام الأساسي للشركة :

" حــدد رأس مال الشركة بمبلغ 117.736.197 د.ك موزعــة على 1.177.361.971سهـــم قيمـــة كــل سهم مائة فلس كويتي وجميع الإسهم نقدية "

الكويت في : ١٥ ٤ ٢٠٠٧

مــديـر إدارة السـجــل التجـــاري

لطيفة ...
رئيسة قسم السجل التجاري

وزارة التجـــارة والصناعـــة
إدارة السجـــل التجـــاري
قسم السجـل التجـاري
تأشير في السجل التجاري

اســـم الشركـة ونـوعهـا: شركة مجموعة الصناعات الوطنية القابضة (ش٠م٠ك) عامة

رقم القيد في السجل التجاري: ٨٣٩٢

بموجب مذكرة إدارة الشركات رقم٦٦٥ بتاريخ ٢٠٠٨/٩/١ بناء على الجمعية العمومية الغير عادية المنعقدة بتاريخ ٢٠٠٨/١/٢٧ تمت الموافقة على ما يلي :

جرى التأشير بالسجل التجاري بآلاتي :-

- زيادة رأس مال الشركة من 117.736.197 د.ك (مائة وسبعة عشر الف وسبعمائة وستة وثلاثون ومائة وسبعة وتسعون دينار كويتى) الى 147.170.246 (مائة وسبعة واربعون الف ومائة وسبعون ومائتين وستة واربعون دينار كويتى) زيادة نقدية وتخصص هذه الزيادة للمساهمين الحاليين تدفع دفعة واحدة اى بمعدل سهما جديدا مقابل كل اربعة سهم من راس المال الحالى اصدار الاسهم جديدة بسعر 900 فلسا كويتيا والتى تمثل 100 فلس للقيمة الاسمية مضافا لها 800 فلس كعلاوة أصدار

- تعديل المادة (5) من عقد التأسيس والمادة (2) من النظام الاساسي كالتالى :

" حدد رأس مال الشركة بمبلغ موزعة على 147.170.246 د.ك (مائة وسبعة واربعون مليون ومائة وسبعون الف ومائتين وستة واربعون دينار كويتى) موزعة 1.471.702.462 سهم قيمة كل سهم 100 فلس وجميع الأسهم نقدية "

١ ٩ ٢٠٠٨

مدير إدارة السجل التجاري

State of Kuwait دولة الكويت
D07897659 5 دينار كويتي Kuwaiti Dinar

وزارة التجـارة والصنـاعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسـم الشركـة ونوعـها: شركة مجموعة الصناعات الوطنية القابضة
رقم القيد في السجل التجاري: ٨٣٩٢

بموجب مذكرة صادرة من إدارة الشركات رقم ٤١٥بتاريخ ٢٠٠٩/٨/١١ بناء على الجمعية العمومية الغير عادية المنعقدة بتاريخ 1968/3/31 تمت الموافقة على ما يلي :
جرى التأشير بالسجل التجاري بالآتي :-
بتعديل نص المادة (28) من النظام الأساسي لتصبح كالتالى :
" لمجلس الإدارة أوسع سلطة لإدارة الشركة والقيام بجميع الأعمال التي تقتضيها إدارة الشركة وفقـا لأغراضها ،ولا يحـد من هذه السلطة إلا ما نص عليه القانون أو هذا النظام أو قرارات الجمعية العامة، لمجلس الإدارة الحق في إعطاء الكفالات وعقد القروض ورهن العقارات لفرض التامين مثل هذه القروض وذلك دون الرجوع الى الجمعية العامة"

١١ ٨ ٢٠٠٩

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

State of Kuwait دولة الكويت
5 دينار كويتي Kuwaiti Dinar
D11561732

تأشيرة في السجل التجاري

اسم الشركة ونوعها : مجموعة الصناعات الوطنية القابضة (ش.م.ك)

رقم القيد في السجل التجاري: ٨٣٩٢

بموجب مذكرة إدارة الشركات المساهمة رقم ٢١٠ بتاريخ ٢٠١٠/٥/٢٠ وبناء على قرار الجمعية العمومية العامة الغير عادية المنعقدة بتاريخ ٢٠٠٩/٥/٢١ تمت الموافقة على ما يلي :

جرى التأشير بالسجل التجاري بالآتي :-

١. تعديل المادة (١٦) من الفصل الثاني للنظام الأساسي لتصبح للشركة كالتالي :

يتولى إدارة الشركة مجلس إدارة مؤلف من تسعة أعضاء تنتخبهم الجمعية العامة

٢٠ ٥ ٢٠١٠

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : مجموعة الصناعات الوطنية القابضة (ش.م.ك) عامة
رقم القيد في السجل التجاري : ٨٣٩٢

بموجب مذكرة صادرة من إدارة الشركات المساهمة رقم ٤٠٠ بتاريخ ٢٠١٤/٦/٢٢ بناء على قرار الجمعية العمومية الغير عادية المنعقدة ٢٠١٤/٥/٢٨ تمت الموافقة على ما يلي :-
جرى التأشير بالسجل التجاري بالآتي :-

١. زيادة رأس مال من ١٢٩,٥٠٩,٨١٦/٧٠٠ د.ك الى ١٣٥,٩٨٥,٣٠٧/٥٠٠ د.ك وذلك عن طريق توزيع أسهم منحة بنسبة ٥ % من رأس المال تخصص للمساهمين المسجلين في سجلات الشركة بتاريخ يوم العمل السابق ليوم تعديل سعر السهم .
٢. تعديل المادة (٦) من عقد التأسيس والمادة (٥) من النظام الاساسي للشركة كالتالي :-
" حدد رأس مال الشركة بمبلغ ١٣٥,٩٨٥,٣٠٧/٥٠٠ د.ك موزع على ١,٣٥٩,٨٥٣,٠٧٥ سهما قيمة كل سهم مائة فلس و جميع الأسهم نقدية

التاريخ ٢٠١٤/٦/٢٢

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري
تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية (ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري :   ٨٣٩٢

بموجب مذكرة صادرة من إدارة الشركات المساهمة رقم ٣٣٤ بتاريخ ٢٠١٤/٦/١١بناء على قرار الجمعية العمومية الغير عادية المنعقدة ٢٠١٤/٥/٢٨ تمت الموافقة علي مايلي :

جرى التأشير بالسجل التجاري بالآتي :-

الموافقة على تعديل المادة ٧ من النظام الاساسي :

يقسم رأس مال الشركة إلى أسهم اسمية متساوية القيمة بحيث لا تقل القيمة الاسمية للسهم عن مائة فلس ولا يجوز تجزئة السهم، وإنما يجوز أن يشترك فيه شخصان أو أكثر- على أن يمثلهم تجاه الشركة شخص واحد - ويعتبر الشركاء في السهم مسئولين بالتضامن عن الالتزامات المترتبة على هذه الملكية.

وتدفع قيمة السهم كاملة أو على أقساط ولا يجوز أن يقل القسط الواجب المبداد عند الاكتتاب عن خمسة وعشرين بالمائة من القيمة الاسمية للسهم.

ويسدد الجزء الباقي من قيمة السهم خلال مدة أقصاها خمس سنوات من تاريخ قيد الشركة في السجل التجاري، وفي المواعيد التي يحددها مجلس الإدارة.

الموافقة على تعديل المادة ٨ من النظام الاساسي :

النص بعد التعديل :

تتم تغطية زيادة رأس المال بأسهم تسدد قيمتها بإحدى الطرق التالية:

١.طرح أسهم الزيادة للاكتتاب العام.
٢.تحويل أموال من الاحتياطي الاختياري أو من الأرباح المحتجزة أو مما زاد عن الحد الأدنى للاحتياطي القانوني إلى أسهم.
٣.تحويل دين على الشركة أو السندات أو الصكوك إلى أسهم.
٤.تقديم حصة عينية.
٥.إصدار أسهم جديدة تخصص لإدخال شريك أو شركاء جدد يعرضهم مجلس الإدارة وتوافق عليهم الجمعية العامة غير العادية.
٦.أية طرق أخرى تنظمها اللائحة التنفيذية.

وفي جميع الأحوال تكون القيمة الاسمية لأسهم الزيادة مساوية للقيمة الاسمية للأسهم الأصلية.

١١   ٦   ٢٠١٤

ط(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ٩ من النظام الاساسي :
النص بعد التعديل :
إذا كانت أسهم زيادة رأس المال مقابل تقديم حصة عينية وجب أن يتم تقويمها وفقا لأحكام المادة ١١ من قانون الشركات، وتقوم الجمعية العامة العادية مقام الجمعية التأسيسية في هذا الشأن.
الموافقة على تعديل المادة ١٠ من النظام الاساسي :
النص بعد التعديل :
في حالة تغطية الزيادة في رأس المال عن طريق تحويل دين على الشركة أو السندات أو الصكوك إلى أسهم، يتبع في هذا الشأن الأحكام المنصوص عليها في قانون الشركات وتعديلاته ولائحته التنفيذية.
الموافقة على تعديل المادة ١١ من النظام الاساسي :
النص بعد التعديل:
للجمعية العامة غير العادية، بناء على اقتراح مسبب من مجلس الإدارة، أن تقرر بعد موافقة هيئة أسواق المال تخفيض رأس مال الشركة وذلك في الحالات التالية :

١. إذا زاد رأس المال عن حاجة الشركة.
٢. إذا أصيبت الشركة بخسائر لا يحتمل تغطيتها من أرباح الشركة.
٣. الحالات الأخرى المحددة باللائحة التنفيذية لقانون الشركات.

وإذا كان قرار التخفيض بسبب زيادة رأس المال عن حاجة الشركة، يتعين على الشركة قبل تنفيذ قرار التخفيض أن تقوم بالوفاء بالديون الحالة وتقديم الضمانات الكافية للوفاء بالديون الآجلة، ويجوز لدائني الشركة في حالة عدم الوفاء بديونهم الحالة أو عدم كفاية ضمانات الديون الآجلة، الاعتراض على قرار التخفيض أمام المحكمة المختصة وفقا للمقرر باللائحة التنفيذية لقانون الشركات.
ويتم تخفيض رأس المال بإحدى الطرق التالية :

١. تخفيض القيمة الاسمية للسهم بما لا يقل عن الحد الأدنى المقرر.
٢. إلغاء عدد من الأسهم بقيمة المبلغ المقرر تخفيضه من رأس المال.
٣. شراء الشركة لعدد من أسهمها بقيمة المبلغ الذي تريد تخفيضه من رأس المال.

وتتبع الإجراءات الخاصة بذلك على النحو المبين باللائحة التنفيذية لقانون الشركات.

٢٠١٤ ٦ ١١
بتاريخ:

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري
تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ١٢ من النظام الاساسي :
النص بعد التعديل :

كل سهم يخول الحق في حصة معادلة لحصة غيره بلا تمييز في ملكية موجودات الشركة وفي الأرباح المقتسمة على الوجه المبين فيما بعد.
ويجب أن تصدر الأسهم بالقيمة الاسمية، ولا يجوز إصدارها بقيمة أدنى إلا إذا وافقت عليها الجهات الرقابية.
ويجوز للجمعية العامة غير العادية أن تقرر إضافة علاوة إصدار إلى القيمة الاسمية للأسهم الجديدة، تخصص للوفاء بمصروفات الإصدار ثم تضاف إلى الاحتياطي وذلك على النحو المبين باللائحة التنفيذية.

الموافقة على تعديل المادة ١٤ من النظام الاساسي :
النص بعد التعديل :

تخضع الأوراق المالية المصدرة من الشركة لنظام الإيداع المركزي للأوراق المالية لدى وكالة المقاصة، ويعتبر إيصال إيداع الأوراق المالية لدى وكالة المقاصة سندا لملكية الورقة ويسلم كل مالك إيصال بعدد ما يملكه من أوراق مالية.
ويكون للشركة سجل خاص يحفظ لدى وكالة مقاصة، وتقيد في السجل أسماء المساهمين وجنسياتهم وموطنهم وعدد الأسهم المملوكة لكل منهم ونوعها والقيمة المدفوعة عن كل سهم.
ويتم التأشير في سجل المساهمين بأي تغييرات تطرأ على البيانات المسجلة فيه وفقاً لما تتلقاه الشركة أو وكالة المقاصة من بيانات، ولكل ذي شأن أن يطلب من الشركة أو وكالة المقاصة تزويده ببيانات من هذا السجل.

الموافقة على تعديل المادة ١٥ من النظام الاساسي :
النص بعد التعديل :

لا يجوز زيادة رأس المال إلا إذا كانت قيمة الأسهم الاصلية قد دفعت كاملة.
وإذا تقرر زيادة رأس المال عن طريق طرح أسهم للاكتتاب العام يكون للمساهمين حق الأولوية في الاكتتاب في الأسهم الجديدة بنسبة ما يملكه كل منهم من أسهم، وذلك خلال خمسة عشر يوماً من تاريخ إخطارهم بذلك (ما لم يتضمن عقد الشركة نصاً يقضي بتنازل المساهمين مقدماً عن حقهم في أولوية الاكتتاب – نص إختياري).
ويجوز للمساهم التنازل عن حق الأولوية لمساهم آخر أو للغير بمقابل مادي أو بدون مقابل وفقاً لما يتم الاتفاق عليه بين المساهم والمتنازل إليه.
وفي حالة طرح أسهم زيادة رأس المال للاكتتاب العام تكون دعوة الجمهور للاكتتاب في أسهم الشركة بناء على نشرة اكتتاب متضمنة البيانات ومستوفية للإجراءات المنصوص عليها في القانون رقم ٧ لسنة ٢٠١٠ المشار إليه.
وإذا لم تتم تغطية أسهم زيادة رأس المال جاز للجهة التي قررت الزيادة أن تقرر إما الرجوع عن الزيادة في رأس المال أو الاكتفاء بالقدر الذي تم الاكتتاب فيه.

١١ ٢٠١٤

(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ١٦ من النظام الاساسي :

النص بعد التعديل :

يتولى إدارة الشركة مجلس إدارة مكون من تسعة أعضاء وتكون مدة العضوية ثلاث سنوات قابلة للتجديد.

وإذا تعذر انتخاب مجلس إدارة جديد في الميعاد المحدد لذلك استمر المجلس القائم في إدارة أعمال الشركة إلى حين زوال الأسباب وانتخاب مجلس إدارة جديد.

الموافقة على تعديل المادة ١٧ من النظام الاساسي :

النص بعد التعديل :

ينتخب المساهمون أعضاء مجلس الإدارة بالتصويت السري.

ويجوز لكل مساهم سواء كان شخصاً طبيعيا أو اعتباريا تعيين ممثلين له في مجلس إدارة الشركة بنسبة ما يملكه من أسهم فيها، ويستنزل عدد أعضاء مجلس الإدارة المختارين بهذه الطريقة من مجموع أعضاء مجلس الإدارة الذين يتم انتخابهم، ولا يجوز للمساهمين الذين لهم ممثلون في مجلس الإدارة الاشتراك مع المساهمين الآخرين في انتخاب بقية أعضاء مجلس الإدارة، إلا في حدود ما زاد عن النسبة المستخدمة في تعيين ممثليه في مجلس الإدارة، ويجوز لمجموعة من المساهمين أن يتحالفوا فيما بينهم لتعيين ممثل أو أكثر عنهم في مجلس الإدارة وذلك بنسبة ملكيتهم مجتمعة.

ويكون لهؤلاء الممثلين ما للأعضاء المنتخبين من الحقوق والواجبات.

ويكون المساهم مسؤولا عن أعمال ممثليه تجاه الشركة ودائنيها ومساهميها.

الموافقة على تعديل المادة ١٨ من النظام الأساسي :

النص بعد التعديل :

يجب أن تتوافر في من يرشح لعضوية مجلس الإدارة الشروط التالية:

١. أن يكون متمتعاً بأهلية التصرف.

٢. ألا يكون قد سبق الحكم عليه في جناية بعقوبة مقيدة للحرية أو في جريمة إفلاس بالتقصير أو التدليس أو جريمة مخلة بالشرف أو الأمانة أو بعقوبة مقيدة للحرية بسبب مخالفته لأحكام قانون الشركات ما لم يكن قد رد إليه اعتباره.

٣. أن يكون مالكاً بصفة شخصية أو الشخص الذي يمثله لعدد من أسهم الشركة.

وإذا فقد عضو مجلس الإدارة أيا من الشروط المتقدمة زالت عنه صفة العضوية.

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مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ١٩ من النظام الاساسي :

النص بعد التعديل :

لا يجوز لرئيس مجلس الإدارة أو لأي من أعضاء المجلس، أن يجمع بين عضوية مجلس إدارة شركتين متنافستين، أو أن يشترك في أي عمل من شأنه منافسة الشركة أو أن يتجر لحسابه أو لحساب غيره في احد فروع النشاط الذي تزاوله الشركة، وإلا كان لها أن تطالبه بالتعويض أو باعتبار العمليات التي زاولها لحسابه كأنها أجريت لحساب الشركة. ما لم يكن ذلك بموافقة الجمعية العامة العادية.

ولا يجوز للشخص، ولو كان ممثلاً لشخص طبيعي أو اعتباري، أن يكون عضوا في مجلس إدارة أكثر من خمس شركات مساهمة عامة مركزها في الكويت ولا أن يكون رئيساً لمجلس الإدارة في أكثر من شركة مساهمة واحدة مركزها في الكويت، ويترتب على مخالفة هذا الشرط بطلان عضويته في الشركات التي تزيد على العدد المقرر وفقاً لحداثة التعيين فيها، وما يترتب على ذلك من آثار، وذلك مع عدم الإخلال بحقوق الغير حسن النية، ويلتزم من يخالف هذا الشرط بأن يرد إلى الشركة التي أبطلت عضويته فيها ما يكون قد حصل عليه من مكافآت أو مزايا .

ولا يجوز لرئيس أو عضو مجلس الإدارة، ولو كان ممثلاً لشخص طبيعي أو اعتباري، أن يستغل المعلومات التي وصلت إليه بحكم منصبه في الحصول على فائدة لنفسه أو لغيره، كما لا يجوز له التصرف بأي نوع من أنواع التصرفات في أسهم الشركة التي هو عضو في مجلس إدارتها طيلة مدة عضويته إلا بعد الحصول على موافقة هيئة أسواق المال.

ولا يجوز لأعضاء مجلس الإدارة أن يفصحوا إلى المساهمين في غير اجتماعات الجمعية العامة أو إلى الغير عما وقفوا عليه من أسرار الشركة بسبب مباشرتهم لإدارتها وإلا وجب عزلهم ومساءلتهم عن تعويض الأضرار الناتجة عن المخالفة .

الموافقة على تعديل المادة ٢٠ من النظام الاساسي :

النص بعد التعديل :

إذا شغر مركز عضو في مجلس الإدارة خلفه فيه من كان حائزاً لأكثر الأصوات من المساهمين الذين لم يفوزوا بعضوية مجلس الإدارة، وإذا قام مانع خلفه من يليه، ويكمل العضو الجديد مدة سلفه فقط.

أما إذا بلغت المراكز الشاغرة ربع المراكز الأصلية، فإنه يتعين على مجلس الإدارة دعوة الجمعية العامة لتجتمع في ميعاد شهرين من تاريخ شغر آخر مركز، وتنتخب من يملأ المراكز الشاغرة.

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ط(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ٢١ من النظام الاساسي :

النص بعد التعديل :

ينتخب مجلس الإدارة بالاقتراع السري رئيساً للمجلس ونائباً للرئيس ويمثل رئيس مجلس الإدارة الشركة في علاقاتها مع الغير وأمام القضاء، ويعتبر توقيعه كتوقيع مجلس الإدارة في علاقة الشركة بالغير، وعليه تنفيذ قرارات المجلس وأن يتقيد بتوصياته، ويحل نائب الرئيس محل الرئيس عند غيابه، أو قيام مانع لديه من ممارسة اختصاصاته.

ولمجلس الإدارة ان يوزع العمل بين أعضائه وفقا لطبيعة أعمال الشركة كما يجوز للمجلس أن يفوض أحد اعضائه او لجنة من بين أعضائه او احدا من الغير في القيام بعمل معين او أكثر أو الإشراف على وجه من وجوه نشاط الشركة أو في ممارسة بعض السلطات او الإختصاصات المنوطة بالمجلس.

الموافقة على تعديل المادة ٢٢ من النظام الاساسي :

النص بعد التعديل :

يكون للشركة رئيس تنفيذي أو أكثر يعينه مجلس الإدارة من غير أعضاء المجلس يناط به إدارة الشركة ويحدد المجلس مخصصاته وصلاحياته في التوقيع عن الشركة.

الموافقة على تعديل المادة ٢٣ من النظام الاساسي :

النص بعد التعديل :

يملك التوقيع عن الشركة على انفراد كل من رئيس مجلس الإدارة أو نائبه أو الرئيس التنفيذي.

الموافقة على تعديل المادة ٢٤ من النظام الاساسي :

النص بعد التعديل :

لا يكون اجتماع مجلس الإدارة صحيحاً إلا إذا حضره نصف عدد الأعضاء على ألا يقل عدد الحاضرين عن خمسة، ويجوز الإتفاق على نسبة أو عدد أكبر، والاجتماع باستخدام وسائل الاتصال الحديثة وإتخاذ قرارات بالتمرير بموافقة جميع أعضاء المجلس.

ويجب أن يجتمع مجلس الإدارة ست مرات على الأقل خلال السنة الواحدة، ويجوز الإتفاق على عدد مرات أكثر.

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ط(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ٢٥ من النظام الاساسي :

النص بعد التعديل :

تدون محاضر اجتماعات مجلس الإدارة وتوقع من قبل الأعضاء الحاضرين وأمين سر المجلس. وللعضو الذي لم يوافق على قرار اتخذه المجلس أن يثبت اعتراضه في محضر الإجتماع.

الموافقة على تعديل المادة ٢٧ من النظام الاساسي :

النص بعد التعديل :

لا يجوز تقدير مجموع مكافآت رئيس وأعضاء مجلس الإدارة بأكثر من عشرة بالمائة من الربح الصافي بعد استنزال الاستهلاك والاحتياطيات وتوزيع ربح لا يقل عن خمسة بالمائة من رأس المال على المساهمين (ويجوز الإتفاق على نسبة أعلى).

ويجوز توزيع مكافأة سنوية لا تزيد على ستة آلاف دينار لرئيس مجلس الإدارة ولكل عضو من أعضاء هذا المجلس من تاريخ تأسيس الشركة لحين تحقيق الأرباح التي تسمح لها بتوزيع المكافآت وفقاً لما نصت عليه الفقرة السابقة. و يجوز بقرار يصدر عن الجمعية العامة للشركة استثناء عضو مجلس الإدارة المستقل من الحد الأعلى للمكافآت المذكورة. (إذا كان في الشركة أعضاء مستقلون)

ويلتزم مجلس الإدارة بتقديم تقرير سنوي يعرض على الجمعية العامة العادية للشركة للموافقة عليه على أن يتضمن على وجه دقيق بيانا مفصلا عن المبالغ والمنافع والمزايا التي حصل عليها مجلس الإدارة أياً كانت طبيعتها ومسماها.

ولا يجوز أن يكون لمن له ممثل في مجلس الإدارة أو لرئيس أو أحد أعضاء مجلس الإدارة أو أحد أعضاء الإدارة التنفيذية أو أزواجهم أو أقاربهم من الدرجة الثانية مصلحة مباشرة أو غير مباشرة في العقود والتصرفات التي تبرم مع الشركة أو لحسابها إلا إذا كان ذلك بترخيص يصدر عن الجمعية العامة العادية.

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ط:(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ٢٨ من النظام الاساسي :

النص بعد التعديل :

لمجلس الإدارة أن يزاول جميع الأعمال التي تقتضيها إدارة الشركة وفقاً لأغراضها ، ولا يحد من هذه السلطة إلا ما نص عليه القانون أو هذا النظام أو قرارات الجمعية العامة . ويكون للمجلس كامل السلطة في الاقتراض ورهن عقارات الشركة وعقد الكفالات وقبول التحكيم والصلح وإجراء التبرعات.

الموافقة على تعديل المادة ٢٩ من النظام الاساسي :

النص بعد التعديل :

لا يجوز للشركة ان تقرض أحد أعضاء مجلس إدارتها أو الرئيس التنفيذي أو أزواجهم أو أقاربهم حتى الدرجة الثانية أو الشركات التابعة لهم، مالم يكن هناك تفويض من الجمعية العامة العادية للشركة، وكل تصرف يتم بالمخالفة لذلك لا ينفذ في مواجهة الشركة، وذلك دون إخلال بحقوق الغير حسن النية.

الموافقة على تعديل المادة ٣٠ من النظام الأساسي :

النص بعد التعديل :

رئيس مجلس الادارة واعضاؤه مسئولون تجاه الشركه والمساهمين والغير عن جميع اعمال الغش واساءة استعمال السلطة، وعن كل مخالفة لقانون الشركات او لعقد الشركة، وعن الخطأ في الإدارة.

ولا يحول دون إقامة دعوى المسئولية إقتراع من الجمعية العامة بإبراء ذمة مجلس الإدارة، ولا يجوز لأعضاء مجلس الإدارة الإشتراك في التصويت على قرارات الجمعية العامة الخاصة بإبراء ذمتهم من المسؤولية عن إدارتهم أو التي تتعلق بمنفعة خاصة لهم أو لأزواجهم أو أقاربهم من الدرجة الأولى أو بخلاف قائم بينهم وبين الشركة.

وتكونالمسؤوليةالمنصوصعليهاأعلاهإمامسؤولية شخصية تلحق عضوا بالذات، وإما مشتركة فيما بين أعضاء مجلس الإدارة جميعا، وفي الحالة الأخيرة يكون الأعضاء مسئولين جميعا على وجه التضامن بأداء التعويض، إلامن اعترض على القرار الذي رتبالمسئوليةوأثبت اعتراضهفي المحضر.

وللشركة أن ترفع دعوى المسئولية على أعضاء مجلس الإدارة بسبب الأخطاء التي تنشأ عنها أضرار للشركة، فإذا كانت الشركة في دور التصفية تولى المصفي رفع الدعوى،

ولكل مساهم أن يرفع الدعوى منفرداً نيابة عن الشركة في حالة عدم قيام الشركة برفعها، وفي هذه الحالة يجب إختصام الشركة ليحكم لها بالتعويض إن كان له مقتض، ويجوز للمساهم رفع دعواه الشخصية بالتعويض إذا كان الخطأ قد ألحق به ضررا، ويقع باطلا كل إتفاق يقضي بغير ذلك.

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مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ٣١ من النظام الاساسي :

النص بعد التعديل :

تنعقد الجمعية العامة العادية السنوية بناء على دعوة من مجلس الإدارة خلال الأشهر الثلاثة التالية لانتهاء السنة المالية، وذلك في الزمان والمكان اللذين يعينهما مجلس الإدارة، وللمجلس أن يدعو الجمعية العامة للاجتماع كلما دعت الضرورة إلى ذلك، وعلى مجلس الإدارة أن يوجه دعوة الجمعية للاجتماع بناء على طلب مسبب من عدد من المساهمين يملكون عشرة بالمائة من رأسمال الشركة، أو بناء على طلب مراقب الحسابات، وذلك خلال خمسة عشر يوما من تاريخ الطلب، وتعد جدول الأعمال الجهة التي تدعو إلى الاجتماع.

ويسري على إجراءات دعوة الجمعية العامة ونصاب الحضور والتصويت الأحكام الخاصة بالجمعية التأسيسية المنصوص عليها بقانون الشركات رقم ٢٥ لسنة ٢٠١٢ وتعديلاته.

ويضع المؤسسون جدول أعمال الجمعية العامة منعقدة بصفة تأسيسية، ويضع مجلس الإدارة جدول أعمال الجمعية العامة منعقدة بصفة عادية أو بصفة غير عادية.

الموافقة على تعديل المادة ٣٢ من النظام الاساسي :

النص بعد التعديل :

لا يجوز للجمعية العامة مناقشة موضوعات غير مدرجة في جدول الأعمال إلا إذا كانت من الأمور العاجلة التي طرأت بعد إعداد الجدول أو تكشفت في أثناء الاجتماع، أو إذا طلبت ذلك إحدى الجهات الرقابية أو مراقب الحسابات أو عدد من المساهمين يملكون خمسة بالمائة من رأسمال الشركة، وإذا تبين أثناء المناقشة عدم كفاية المعلومات المتعلقة ببعض المسائل المعروضة، تعين تأجيل الاجتماع مدة لا تزيد عن عشرة أيام عمل إذا طلب ذلك عدد من المساهمين يمثلون ربع أسهم رأس المال المصدر، وينعقد الاجتماع المؤجل دون الحاجة إلى إجراءات جديدة للدعوة.

الموافقة على تعديل المادة ٣٣ من النظام الاساسي :

النص بعد التعديل :

لكل مساهم أيا كان عدد أسهمه حق حضور الجمعية العامة، ويكون له عدد من الأصوات يساوي عدد الأصوات المقررة لذات الفئة من الأسهم، ولا يجوز للمساهم التصويت عن نفسه أو عمن يمثله في المسائل التي تتعلق بمنفعة خاصة له، أو بخلاف قائم بينه وبين الشركة، ويقع باطلاً كل شرط أو قرار يخالف ذلك، ويجوز للمساهم أن يوكل غيره في الحضور عنه وذلك بمقتضى توكيل خاص أو تفويض تعده الشركة لهذا الغرض.

ويجوز لمن يدعي حقاً على الأسهم يتعارض مع ما هو ثابت في سجل مساهمي الشركة أن يتقدم إلى قاضي الأمور الوقتية لاستصدار أمر على عريضة بحرمان الأسهم المتنازع عليها من التصويت لمدة يحددها القاضي الآمر أو لحين الفصل في موضوع النزاع من قبل المحكمة المختصة وذلك وفقاً للإجراءات المقررة في قانون المرافعات المدنية والتجارية.

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ط(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ٣٤ من النظام الاساسي :

النص بعد التعديل :

يرأس اجتماع الجمعية العامة رئيس مجلس الإدارة أو نائبه أو من ينتدبه مجلس الإدارة لذلك الغرض أو من تنتخبه الجمعية العامة من المساهمين.

على مجلس الإدارة تنفيذ قرارات الجمعية العامة ما لم تكن تلك القرارات مخالفة للقانون أو عقد التأسيس أو هذا النظام.

وعلى مجلس الإدارة إعادة عرض القرارات المخالفة على الجمعية العامة في اجتماع يتم الدعوة له لمناقشة اوجه المخالفة.

الموافقة على تعديل المادة ٣٩ من النظام الاساسي :

النص بعد التعديل :

مع مراعاة أحكام القانون تختص الجمعية العامة العادية في اجتماعها السنوي بإتخاذ قرارات في المسائل التي تدخل في إختصاصاتها وعلى وجه الخصوص ما يلي:

١. تقرير مجلس الإدارة عن نشاط الشركة ومركزها المالي للسنة المالية المنتهية.
٢. تقرير مراقب الحسابات عن البيانات المالية للشركة.
٣. تقرير بأية مخالفات رصدتها الجهات الرقابية وأوقعت بشأنها جزاءات على الشركة.
٤. البيانات المالية للشركة.
٥. اقتراحات مجلس الإدارة بشأن توزيع الأرباح.
٦. إبراء ذمة أعضاء مجلس الإدارة.
٧. انتخاب أعضاء مجلس الإدارة أو عزلهم، وتحديد مكافآتهم.
٨. تعيين مراقب حسابات الشركة، وتحديد أتعابه أو تفويض مجلس الإدارة في ذلك.
٩. تعيين هيئة الرقابة الشرعية (إذا كانت الشركة تعمل وفقا لأحكام الشريعة الإسلامية)، وسماع تقرير تلك الهيئة.
١٠. تقرير التعاملات التي تمت أو ستتم مع الأطراف ذات الصلة، وتعرّف الأطراف ذات الصلة طبقاً لمبادئ المحاسبة الدولية.

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ط(أ)

مدير إدارة السجل التجاري

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اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية(ش.م.ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على تعديل المادة ٤١ من النظام الاساسي :

النص بعد التعديل :

يجوز بقرار يصدر عن الجمعية العامة العادية للشركة إقالة رئيس أو عضو أو أكثر من أعضاء مجلس الإدارة أو حل مجلس إدارة الشركة وانتخاب مجلس جديد وذلك بناء على اقتراح يقدم بذلك من عدد من المساهمين يملكون مالا يقل عن ربع رأسمال الشركة المصدر.

وعند صدور قرار بحل مجلس الإدارة، وتعذر انتخاب مجلس جديد في ذات الاجتماع يكون للجمعية أن تقرر إما أن يستمر هذا المجلس في تسيير أمور الشركة إلى حين انتخاب المجلس الجديد أو تعيين لجنة إدارية مؤقتة تكون مهمتها الأساسية دعوة الجمعية لإنتخاب المجلس الجديد، وذلك خلال شهر من تعيينها.

الموافقة على تعديل المادة ٤٢ من النظام الاساسي :

النص بعد التعديل :

تجتمع الجمعية العامة غير العادية بناء على دعوة من مجلس الإدارة، أو بناء على طلب مسبب من مساهمين يمثلون خمسة عشر بالمائة من رأسمال الشركة المصدر أو من وزارة التجارة والصناعة، ويجب على مجلس الإدارة أن يدعو الجمعية العامة غير العادية للاجتماع خلال ثلاثين يوماً من تاريخ تقديم الطلب.

وإذا لم يقم مجلس الإدارة بدعوة الجمعية العامة خلال المدة المنصوص عليها بالفقرة السابقة تقوم وزارة التجارة والصناعة بالدعوة للاجتماع خلال مدة خمسة عشر يوماً من تاريخ انتهاء المدة المشار إليها في الفقرة السابقة.

ولا يكون اجتماع الجمعية العامة غير العادية صحيحاً ما لم يحضره مساهمون يمثلون ثلاثة أرباع رأسمال الشركة المصدر. فإذا لم يتوافر هذا النصاب وجهت الدعوة إلى اجتماع ثان يكون صحيحاً إذا حضره من يمثل أكثر من نصف رأس المال المصدر.

وتصدر القرارات بأغلبية تزيد على نصف مجموع أسهم رأسمال الشركة المصدر.

الموافقة على تعديل المادة ٤٣ من النظام الاساسي :

النص بعد التعديل :

مع مراعاة الاختصاصات الأخرى التي ينص عليها القانون تختص الجمعية العامة غير العادية بالمسائل التالية:

١- تعديل عقد الشركة.
٢- بيع كل المشروع الذي قامت من أجله الشركة أو التصرف فيه بأي وجه آخر.
٣- حل الشركة أو اندماجها أو تحولها أو انقسامها.
٤- زيادة رأسمال الشركة أو تخفيضه.

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ط(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية (ش.م.ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على إضافة المادة ٤٣ من النظام الاساسي :

كل قرار يصدر عن الجمعية العامة غير العادية لا يكون نافذاً إلا بعد إتخاذ إجراءات الشهر.ويجب الحصول على موافقة وزارة التجارة والصناعة إذا كان القرار متعلقاً باسم الشركة أو أغراضها أو رأسمالها.

الموافقة على إضافة المادة ٤٤ من النظام الاساسي :

يجوز لكل مساهم إقامة الدعوى ببطلان أي قرار يصدر عن مجلس الإدارة أو الجمعية العامة العادية أو غير العادية مخالفا للقانون أو عقد تأسيس الشركة أو هذا النظام أو كان يقصد به الإضرار بمصالح الشركة، والمطالبة بالتعويض عند الإقتضاء.كما يجوز الطعن على قرارات الجمعية العامة العادية وغير العادية التي يكون فيها إجحاف بحقوق الأقلية ويتم الطعن من قبل عدد من مساهمي الشركة يملكون خمسة عشر بالمائة من رأس مال الشركة المصدر، ولا يكونون ممن وافقوا على تلك القرارات.

الموافقة على إضافة المادة ٤٥ من النظام الاساسي :

تكون الشركة مسئولة – على سبيل التضامن – عن ديون شركاتها التابعة في حالة توافر الشروط التالية:

١. عدم كفاية أموال الشركة التابعة للوفاء بما عليها من إلتزامات.
٢. أن تتملك الشركة في الشركة التابعة نسبة من رأس مالها تمكنها من التحكم في تعيين غالبية أعضاء مجلس الإدارة أو المديرين، أو في القرارات التي تصدر عن الإدارة.
٣. أن تتخذ الشركة التابعة قرارات أو تقوم بتصرفات تستهدف مصلحة الشركة المالكة والمسيطرة عليها وتضر بمصلحة الشركة التابعة أو دائنيها، وتكون هي السبب الرئيسي في عدم قدرة الشركة التابعة على الوفاء بما عليها من إلتزامات.

وذلك كله مالم تكن الشركة القابضة مسئولة عن ديون الشركة التابعة إستنادا إلى سبب آخر.

الموافقة على إضافة المادة ٤٦ من النظام الاساسي :

يجوز للشركة أن تشتري أسهمها لحسابها في الحالات الآتية :

١. أن يكون ذلك بغرض المحافظة على استقرار سعر السهم، وبما لا يجاوز النسبة التي تحددها هيئة أسواق المال من مجموع اسهم الشركة.
٢. تخفيض رأس المال.
٣. عند إستيفاء الشركة لدين مقابل هذه الأسهم.
٤. أي حالات أخرى تحددها الهيئة.

ولا تدخل الأسهم المشتراة في مجموع أسهم الشركة في الأحوال التي تتطلب تملك المساهمين لنسبة معينة من رأس المال.
وفي جميع المسائل الخاصة باحتساب النصاب اللازم لصحة اجتماع الجمعية العامة، والتصويت على القرارات بالجمعية العامة على النحو الذي تنظمه هيئة أسواق المال.

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ط(أ)

مدير إدارة السجل التجاري

وزارة التجارة والصناعة
إدارة السجل التجاري
قسم السجل التجاري

تأشيرة في السجل التجاري

اسم الشركة ونوعها : شركة مجموعة الصناعات الوطنية (ش٠م٠ك) قابضة .
رقم القيد في السجل التجاري : ٨٣٩٢

الموافقة على إضافة المادة ٤٧ من النظام الاساسي :

يجوز للشركة- بعد الحصول على موافقة الجمعية العامة غير العادية - رد القيمة الاسمية لبعض أسهمها للمساهمين وتؤخذ هذه القيمة من الأرباح غير الموزعة والاحتياطي الاختياري للشركة.ويمنح أصحاب الأسهم المستهلكة أسهم تمتع يكون لها كافة الحقوق المقررة للأسهم العادية فيما عدا استرداد القيمة الاسمية عند تصفية الشركة.

الموافقة على إضافة المادة ٤٤ من النظام الاساسي :

تطبق أحكام المواد من رقم ١٧٨ وحتى رقم ٢٠٧ الواردة بقانون الشركات رقم ٢٥ لسنة ٢٠١٢ وتعديلاته ولائحته التنفيذية.

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"ط"(أ)

مدير إدارة السجل التجاري

Annex (2)
Financial Statements
as of 30/6/2016 - Unaudited

Interim condensed consolidated financial information and review report

National Industries Group Holding – KPSC and Subsidiaries

Kuwait

30 June 2016 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

To the board of directors of
National Industries Group Holding – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated financial position of National Industries Group Holding - KPSC (the "Parent Company") and its Subsidiaries (together the "Group") as of 30 June 2016 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016, and the Executive Regulations of Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six-month period ended 30 June 2016 that might have had a material effect on the business or financial position of the Group.

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Kuwait
11 August 2016

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 30 June 2016 (Unaudited) KD '000	Three months ended 30 June 2015 (Unaudited) KD '000	Six months ended 30 June 2016 (Unaudited) KD '000	Six months ended 30 June 2015 (Unaudited) KD '000
Sales		**26,038**	37,417	**56,119**	71,547
Cost of sales		**(21,717)**	(28,708)	**(46,520)**	(54,652)
Gross profit		**4,321**	8,709	**9,599**	16,895
Income from investments	4	**4,215**	8,730	**5,984**	19,150
Share of results of associates	7	**5,319**	6,331	**11,293**	12,744
Realised gain on disposal of investment properties		**50**	-	**50**	-
Rental income		**608**	485	**1,209**	848
Interest and other income		**420**	595	**850**	965
Distribution costs		**(1,756)**	(1,799)	**(3,508)**	(3,468)
General, administrative and other expenses		**(5,253)**	(5,787)	**(10,260)**	(11,820)
(Loss)/gain on foreign currency exchange		**(16)**	(1,148)	**403**	(3,651)
		7,908	16,116	**15,620**	31,663
Finance costs		**(6,808)**	(7,598)	**(13,646)**	(14,757)
Impairment in value of available for sale investments	8	**(4,313)**	(1,198)	**(4,724)**	(2,031)
Impairment in value of investment in associates	7	**-**	(44)	**-**	(44)
Impairment in value of accounts receivables and other assets		**(537)**	(6)	**(537)**	(6)
(Loss)/profit before foreign taxation		**(3,750)**	7,270	**(3,287)**	14,825
Foreign taxation	5a	**(124)**	(322)	**(183)**	(471)
(Loss)/profit before KFAS, NLST and Zakat		**(3,874)**	6,948	**(3,470)**	14,354
Reversal of/(provision for) KFAS, NLST and Zakat	5b	**12**	(298)	**(60)**	(469)
(Loss)/profit for the period		**(3,862)**	6,650	**(3,530)**	13,885
Attributable to :					
Owners of the parent company		**(4,744)**	3,459	**(4,358)**	9,375
Non-controlling interests		**882**	3,191	**828**	4,510
		(3,862)	6,650	**(3,530)**	13,885
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company	6	**(3.6) Fils**	2.6 Fils	**(3.3) Fils**	7.1 Fils

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended		Six months ended	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)
	KD '000	KD '000	**KD '000**	KD '000
(Loss)/profit for the period	**(3,862)**	6,650	**(3,530)**	13,885
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences arising on translation of foreign operations	**2,093**	(650)	**1,419**	786
Available for sale investments:				
- Net changes in fair value arising during the period	**3,245**	(2,388)	**(30,697)**	(6,117)
- Transferred to interim condensed consolidated statement of profit or loss on disposals	**(4,538)**	(1,395)	**(4,748)**	(3,415)
- Transferred to interim condensed consolidated statement of profit or loss on impairment	**4,313**	1,198	**4,724**	2,031
Share of other comprehensive income of associates				
- Change in fair value	**(695)**	147	**(99)**	(4,712)
Total other comprehensive income to be reclassified to profit or loss in subsequent period:	**4,418**	(3,088)	**(29,401)**	(11,427)
Items not to be reclassified to profit or loss in subsequent periods:				
Defined benefit plan actuarial (losses)/gains	**(621)**	(38)	**(302)**	175
Total other comprehensive income not being reclassified to profit or loss in subsequent periods:	**(621)**	(38)	**(302)**	175
Total other comprehensive income for the period	**3,797**	(3,126)	**(29,703)**	(11,252)
Total comprehensive income for the period	**(65)**	3,524	**(33,233)**	2,633
Total comprehensive income attributable to:				
Owners of the parent company	**(5,237)**	1,012	**(32,643)**	(111)
Non-controlling interests	**5,172**	2,512	**(590)**	2,744
	(65)	3,524	**(33,233)**	2,633

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Assets				
Non-current assets				
Goodwill and intangible assets		**12,380**	12,823	17,507
Property, plant and equipment		**71,822**	70,668	71,103
Investment in associates	7	**341,470**	337,187	334,718
Investment properties		**73,313**	69,482	65,287
Available for sale investments	8	**463,682**	493,909	615,711
Accounts receivable		**1,123**	1,550	2,314
Total non-current assets		**963,790**	985,619	1,106,640
Current assets				
Inventories		**36,273**	34,054	35,047
Available for sale investments	8	**38,564**	47,328	55,946
Accounts receivable and other assets	9	**63,766**	87,264	51,719
Murabaha and wakala investments	14	**-**	1,000	3,004
Investments at fair value through profit or loss	10	**77,252**	84,033	82,332
Short-term deposits	14	**7,382**	16,661	19,700
Bank balances and cash	14	**29,609**	43,383	28,568
Total current assets		**252,846**	313,723	276,316
Total assets		**1,216,636**	1,299,342	1,382,956
Equity and liabilities				
Equity attributable to owners of the parent company				
Share capital	11	**135,985**	135,985	135,985
Treasury shares		**(30,375)**	(30,375)	(30,375)
Share premium	11	**122,962**	122,962	122,962
Cumulative changes in fair value		**66,800**	96,378	150,832
Other components of equity	12	**30,422**	28,827	27,459
Retained earnings		**12,105**	30,225	16,792
Equity attributable to owners of the parent company		**337,899**	384,002	423,655
Non-controlling interests		**125,829**	128,909	149,300
Total equity		**463,728**	512,911	572,955
Non-current liabilities				
Long-term borrowings	13	**415,233**	437,845	366,707
Leasing creditors		**271**	424	478
Provisions		**15,478**	15,436	15,035
Total non-current liabilities		**430,982**	453,705	382,220
Current liabilities				
Accounts payable and other liabilities		**49,024**	49,621	70,220
Short-term borrowings	13	**248,429**	263,190	337,436
Due to banks	14	**24,473**	19,915	20,125
Total current liabilities		**321,926**	332,726	427,781
Total liabilities		**752,908**	786,431	810,001
Total equity and liabilities		**1,216,636**	1,299,342	1,382,956

Sa'ad Mohammed Al-Sa'ad
Chairman

Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the parent company								
	Share capital KD '000	Treasury shares KD '000	Share premium KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 12) KD '000	Retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance at 1 January 2016	**135,985**	**(30,375)**	**122,962**	**96,378**	**28,827**	**30,225**	**384,002**	**128,909**	**512,911**
Transactions with owners									
Increase in non-controlling interests of an indirect subsidiary (Note 11d)	-	-	-	-	-	(209)	(209)	2,049	1,840
Dividend paid (Note 11c)	-	-	-	-	-	(13,251)	(13,251)	-	(13,251)
Dividend paid to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(4,817)	(4,817)
Other changes in non-controlling interests	-	-	-	-	-	-	-	278	278
Total transactions with owners	-	-	-	-	-	(13,460)	(13,460)	(2,490)	(15,950)
Comprehensive income									
(Loss)/profit for the period	-	-	-	-	-	(4,358)	(4,358)	828	(3,530)
Other comprehensive income for the period (actuarial losses and others)	-	-	-	(29,578)	1,595	(302)	(28,285)	(1,418)	(29,703)
Total comprehensive income for the period	-	-	-	(29,578)	1,595	(4,660)	(32,643)	(590)	(33,233)
Balance at 30 June 2016	135,985	(30,375)	122,962	66,800	30,422	12,105	337,899	125,829	463,728

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company								
	Share Capital KD '000	Treasury shares KD '000	Share Premium KD '000	Cumulative changes in fair value KD '000	Other Components of equity (Note 12) KD '000	Retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance at 1 January 2015	135,985	(30,375)	122,962	160,785	27,167	23,849	440,373	146,729	587,102
Transactions with owners									
Increase in non-controlling interests of an indirect subsidiary (Note 11d)	-	-	-	-	-	(706)	(706)	5,106	4,400
Dividend paid	-	-	-	-	-	(15,901)	(15,901)	-	(15,901)
Dividend paid to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(4,975)	(4,975)
Other changes in non-controlling interests	-	-	-	-	-	-	-	(304)	(304)
Total transactions with owners	-	-	-	-	-	(16,607)	(16,607)	(173)	(16,780)
Comprehensive income									
Profit for the period	-	-	-	-	-	9,375	9,375	4,510	13,885
Other comprehensive income for the period (actuarial gains and others)	-	-	-	(9,953)	292	175	(9,486)	(1,766)	(11,252)
Total comprehensive income for the period	-	-	-	(9,953)	292	9,550	(111)	2,744	2,633
Balance at 30 June 2015	135,985	(30,375)	122,962	150,832	27,459	16,792	423,655	149,300	572,955

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2016 (Unaudited) KD '000	Six months ended 30 June 2015 (Unaudited) KD '000
OPERATING ACTIVITIES		
(Loss)/profit before foreign taxation	(3,287)	14,825
Adjustments for :		
Depreciation and amortisation	3,570	3,327
Realised gain on disposal of investment properties	(50)	-
Share of results of associates	(11,293)	(12,744)
Impairment in value of investments in associate	-	44
Dividend income from available for sale investments	(5,496)	(12,025)
Impairment in value of available for sale investments	4,724	2,031
Impairment in value of accounts receivable and other assets	537	6
Profit on sale of available for sale investments	(1,374)	(4,063)
Net provision charged/(released)	42	(774)
Finance costs	13,646	14,757
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments	(275)	(226)
	744	5,158
Changes in operating assets and liabilities:		
Inventories	(2,219)	(3,024)
Accounts receivable and other assets	23,697	18,672
Investments at fair value through profit or loss	6,781	(22,626)
Accounts payable and other liabilities	992	11,978
Cash from operations	29,995	10,158
Taxation paid	(159)	(151)
KFAS, NLST and Zakat paid	(28)	(470)
Net cash from operating activities	29,808	9,537

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (continued)

	Note	Six months ended 30 June 2016 (Unaudited) KD '000	Six months ended 30 June 2015 (Unaudited) KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,744)	(3,783)
Addition to investment properties		(5,531)	(3,862)
Addition to investment in associates		(528)	(3,197)
Dividend received from associates		7,220	8,321
Purchase of available for sale investments		(6,524)	(8,851)
Proceeds from sale of available for sale investments		11,444	11,996
Proceeds from sale of investment properties		1,750	-
Decrease/(increase) in wakala investments maturing after three months		1,000	(2,406)
Increase of short term deposit maturing after three months		-	(1,059)
Decrease in block balances		-	1,370
Dividend income received from available for sale investments		5,496	12,025
Interest/profit received from bank balances, short-term deposits, wakala and murabaha investments		47	49
Net cash from investing activities		9,630	10,603
FINANCING ACTIVITIES			
Finance lease movement		(153)	(182)
Net (decrease)/increase in long-term borrowings		(37,001)	16,453
Net decrease in short-term borrowings		(372)	(18,017)
Dividend paid to owners of the parent		(13,530)	(13,667)
Finance costs paid		(13,474)	(14,033)
Change in non-controlling interests		(2,490)	(879)
Net cash used in financing activities		(67,020)	(30,325)
Net decrease in cash and cash equivalents		(27,582)	(10,185)
Translation difference		(30)	244
		(27,612)	(9,941)
Cash and cash equivalents at beginning of the period		39,804	35,558
Cash and cash equivalents at end of the period	14	12,192	25,617

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Notes of the interim condensed consolidated financial information

1 Incorporation and activities

National Industries Group Holding – KPSC ('the Parent Company') was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a 'Holding Company'. The Parent Company along with its subsidiaries are jointly referred to as "the Group". The Parent Company's shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the Parent Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the company by investing them in investment and real estate portfolios managed by specialised companies.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 which cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012. The executive regulations of Law No. 1 of 2016 issued on 12 July 2016.

The address of the Parent Company's registered office is PO Box 417, Safat 13005, State of Kuwait.

The board of directors of the Parent Company approved this interim condensed consolidated financial information for issue on 11 August 2016.

The annual consolidated financial statements for the year ended 31 December 2015 were authorised for issuance by the Parent Company's board of directors on 23 March 2016 and approved by the shareholders at the Annual General Meeting held on 1 May 2016.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Notes of the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.

Operating results for the six-months period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further details, refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2015.

3 Significant accounting policies

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 December 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted new accounting pronouncements which have become effective for the first time in 2016, none of which had any significant impact on the Group's results or financial position. These are:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments	1 January 2016
IAS 1 Disclosure Initiative – Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization – Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

4 Income from investments

	Three months ended		Six months ended	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)
	KD '000	KD '000	**KD '000**	KD '000
Dividend income:				
- From investments at fair value through profit or loss	**365**	732	**558**	880
- From available for sale investments	**2,089**	6,123	**5,496**	12,025
Profit on sale of available for sale investments	**519**	1,546	**1,374**	4,063
Realised gain/(loss) on investments at fair value through profit or loss	**5**	164	**(4)**	491
Unrealised gain/(loss) on investments at fair value through profit or loss	**1,237**	165	**(1,440)**	1,691
	4,215	8,730	**5,984**	19,150

Notes of the interim condensed consolidated financial information (continued)

5 Taxation and other statutory contributions

(a) Foreign taxation

	Three months ended		Six months ended	
	30 June 2016 (Unaudited) KD '000	30 June 2015 (Unaudited) KD '000	**30 June 2016 (Unaudited) KD '000**	30 June 2015 (Unaudited) KD '000
*Taxation of foreign subsidiaries**				
Current tax expense				
Current period charge	**(124)**	(184)	**(183)**	(255)
	(124)	(184)	**(183)**	(255)
*Other taxation- local subsidiaries***				
Current period charge	**-**	(138)	**-**	(216)
	(124)	(322)	**(183)**	(471)

(b) KFAS, NLST and Zakat of local subsidies ***

	Three months ended		Six months ended	
	30 June 2016 (Unaudited) KD '000	30 June 2015 (Unaudited) KD '000	**30 June 2016 (Unaudited) KD '000**	30 June 2015 (Unaudited) KD '000
Contributions to Kuwait Foundation for Advancement of Science (KFAS)	**(1)**	(74)	**(19)**	(110)
Reversal of/(provision for) National Labour Support Tax (NLST)	**10**	(161)	**(23)**	(255)
Reversal of/(provision for) Zakat	**3**	(63)	**(18)**	(104)
	12	(298)	**(60)**	(469)

*The above tax is calculated based on the tax law adopted in United Kingdom.

** The above represents the tax expenses of a local subsidiary related to dividend income received from investments in a GCC country.

***The contributions and provisions are on profit of local subsidiaries, whereas no contribution and provision for the Parent Company was recognised in the current period (2015: Nil) as the net taxable results attributable to the Parent Company was a loss.

Notes of the interim condensed consolidated financial information (continued)

6 Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company

(Loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended		Six months ended	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)
(Loss) /profit for the year attributable to the owners of the Parent Company (KD '000)	**(4,744)**	3,459	**(4,358)**	9,375
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	**1,325,056,996**	1,325,056,996	**1,325,056,996**	1,325,056,996
Basic and diluted (loss)/earnings per share	**(3.6) Fils**	2.6 Fils	**(3.3) Fils**	7.1 Fils

7 Investment in associates

The movement in associates during the period/year is as follows:

	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Balance at 1 January	**337,187**	330,968	330,968
Additions during the period/year	**528**	3,922	3,197
Share of results	**11,293**	26,913	12,744
Share of other comprehensive income	**(99)**	(9,119)	(4,712)
Dividend received	**(7,220)**	(10,676)	(8,321)
Disposal of associates	**-**	(4,419)	-
Impairment in value	**-**	(617)	(44)
Foreign currency translation adjustment	**(219)**	296	886
Other adjustments	**-**	(81)	-
Balance at the end of the period/year	**341,470**	337,187	334,718

8 Available for sale investments

	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Non Current			
Managed funds	**110,412**	115,786	129,118
Unquoted equity participations	**189,118**	189,258	201,739
Quoted shares	**164,152**	188,865	284,854
	463,682	493,909	615,711
Current			
Quoted shares	**38,564**	47,328	55,946
	502,246	541,237	671,657

Notes of the interim condensed consolidated financial information (continued)

8 Available for sale investments (continued)

a) The quoted shares classified as current represent the remaining investments from those which were transferred from investments at fair value through profit or loss as of 1 July 2008.

b) At the end of the period, the Group recognised a total impairment loss of KD4,724 thousand (30 June 2015: KD2,031 thousand) for certain quoted and unquoted shares and foreign funds.

c) Investments with a fair value of KD178,288 thousand (31 December 2015: KD181,450 thousand and 30 June 2015: KD209,003 thousand) are secured against borrowings.

9 Accounts receivable and other assets

Accounts receivable and other assets as of 31 December 2015 included an amount of KD22,459 thousand which represented the remaining balance from the sale of unquoted shares which were classified as available for sale investments and the amount was fully received during the 1st quarter.

10 Investments at fair value through profit or loss

	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Held for trading :			
Quoted shares	**22,372**	24,253	26,227
Designated on initial recognition :			
Local funds	**8,143**	7,709	7,831
International managed portfolios and funds	**46,737**	52,071	48,274
	54,880	59,780	56,105
	77,252	84,033	82,332

Quoted shares, held by local subsidiaries, with a fair value of KD3,080 thousand (31 December 2015: KD3,586 thousand and 30 June 2015: KD3,484 thousand) are secured against borrowings.

11 Share capital, share premium, dividend distributions and non-controlling interests

Share capital and share premium

a) As of 30 June 2016, authorized issued and fully paid share capital in cash of the Parent Company comprised of 1,359,853,075 shares of 100 Fils each (31 December 2015: 1,359,853,075 shares and 30 June 2015: 1,359,853,075 shares).

b) Share premium is not available for distribution.

Dividend distribution

c) At the Annual General Meeting held on 1 May 2016, the shareholders approved a cash dividend of 10% (2014: 12%) equivalent to 10 Fils (2014: 12 Fils) per share for the year ended 31 December 2015.

Notes of the interim condensed consolidated financial information (continued)

11 Share capital, share premium, dividend distributions and non-controlling interests (continued)

Non-controlling interests

d) During the period, one of the local subsidiaries of the Group increased its share capital from KD15,000 thousand to KD20,000 thousand (50,000,000 shares with a par value of 100 fils per each share) (30 June 2015: from KD11,000 thousand to KD15,000 thousand). The Group subscribed partially for this increase through another subsidiary of the Group and consequently the Group's shareholding in this subsidiary diluted from 82.85% to 77.94% (30 June 2015: from 100% to 82.85%). The proportionate carrying value of net assets on the date of dilution amounting to KD2,049 thousand (30 June 2015: KD5,106 thousand) has been transferred to non-controlling interests in the interim condensed consolidated statement of changes in equity. Consequently the difference between cash proceeds received and non- controlling interests share of net assets on the date of dilution amounting to KD209 thousand (30 June 2015: KD706 thousand) has been recognized as a dilution loss in the interim condensed consolidated statement of changes in equity as of 30 June 2016.

12 Other components of equity

	Statutory reserve KD '000	General reserve KD '000	Gain on sale of treasury shares reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balances at 1 January 2016	11,167	1,694	18,452	(2,486)	28,827
Other comprehensive income:					
Currency translation differences	-	-	-	1,595	1,595
Balances at 30 June 2016	**11,167**	**1,694**	**18,452**	**(891)**	**30,422**
Balances at 1 January 2015	8,542	1,694	18,452	(1,521)	27,167
Other comprehensive income:					
Currency translation differences	-	-	-	292	292
Balances at 30 June 2015	8,542	1,694	18,452	(1,229)	27,459

13 Long term and short term borrowings

During 2011 and 2012, one of the local subsidiaries restructured its financing arrangements with some local banks and accordingly loans amounting to KD154,710 thousand (out of which KD58,016 thousand has been paid till reporting date) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 30 June 2016, 31 December 2015 and 30 June 2015, these are partly secured (notes 8 and 10) and the identification and securitization of the required balance is still in process.

The third instalment of the loan of KD38,677 thousand fell due in 2014 and 2015 and the lenders agreed for payment of 50% of that amount within four months from the original due date. KD15,024 thousand was paid in 2015 and the balance KD4,314 thousand was settled during the 1st quarter of 2016.

The process of rescheduling the local subsidiary's loans amounting to KD96,694 thousand as of the reporting date comprising of the remaining 50% (KD19,339 thousand) of the third instalment and KD77,355 thousand for the final instalment is ongoing.

The local subsidiary had submitted a debt rescheduling plan to all its lenders and had, also requested from all of the lenders to extend the standstill as the restructuring is still in process and to continue negotiations to reach an acceptable debt rescheduling solution. The lenders have confirmed that they will continue to negotiate the terms and conditions of the restructuring to bring it to a successful closure. Accordingly, the local subsidiary's management expects to finalize the debt rescheduling within the next few months.

Notes of the interim condensed consolidated financial information (continued)

14 Murabaha and wakala investments and cash and cash equivalents

14.1 Murabaha and wakala investments

	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Due from a local Islamic investment company/ due from related parties	**14,324**	14,324	14,324
Provision for impairment in value	**(14,324)**	(14,324)	(14,324)
	-	-	-
Placed with local Islamic bank	-	1,000	3,004
	-	1,000	3,004

No profit was recognised on impaired wakala investments during the current period (31 December 2015 and 30 June 2015: Nil).

Wakala investments of KD14,324 thousand (31 December 2015: KD14,324 thousand and 30 June 2015: KD14,324) placed with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. However revised maturity dates were stipulated by the court. The investee company again defaulted the payment of 2nd, 3rd and 4th instalment due in June 2014, 2015 and 2016 respectively. Full provision is made for receivable in accordance with the Central Bank of Kuwait provision rules.

During previous years, one of the local subsidiaries of the Group assumed the financial and legal obligations on wakala investments of KD9,968 thousand (in violation of the Commercial Companies Law of 1960) that the subsidiary had placed with the above investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The Group initiated legal proceedings against the above parties to recover the amount including profits thereon. During the year 2014, the court of appeal had ordered the related parties to pay KD8,285 thousand with 7% profit thereon to the Group and this was overturned by the Court of Cassation in favour of the related party during 2015. The legal proceedings relating to the remaining amount of KD1,683 thousand is still in process.

14.2 Cash and cash equivalents

	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Short-term deposits	**7,382**	16,661	19,700
Bank balances and cash	**29,609**	43,383	28,568
Due to banks	**(24,473)**	(19,915)	(20,125)
	12,518	40,129	28,143
Less: Blocked balances	**(326)**	(325)	(1,467)
Short term deposits maturing after 3 months	-	-	(1,059)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	**12,192**	39,804	25,617

Notes to the interim condensed consolidated financial information (continued)

15 Segmental analysis

The Group's format for reporting segment information is business segments; which conforms to the internal reporting presented to management:

	Investment		Building materials		Specialist engineering		Hotel & IT services		Total	
	30 June 2016 KD '000	30 June 2015 KD '000	**30 June 2016 KD '000**	30 June 2015 KD '000	**30 June 2016 KD '000**	30 June 2015 KD '000	**30 June 2016 KD '000**	30 June 2015 KD '000	**30 June 2016 KD '000**	30 June 2015 KD '000
Three months ended										
Segment revenue	**10,612**	16,141	**10,199**	11,626	**12,380**	22,006	**3,459**	3,785	**36,650**	53,558
Less:										
Income from investments									**(4,215)**	(8,730)
Share of result of associates									**(5,319)**	(6,331)
Realised gain on disposal of investment properties									**(50)**	-
Rental income									**(608)**	(485)
Interest and other income									**(420)**	(595)
Sales, per interim condensed consolidated statement of profit or loss									**26,038**	37,417
Segment profit/(loss)	**3,675**	11,592	**1,218**	2,860	**(1,364)**	1,806	**(455)**	(242)	**3,074**	16,016
Less:										
Finance costs									**(6,808)**	(7,598)
Loss on foreign currency exchange									**(16)**	(1,148)
(Loss)/profit before foreign taxation									**(3,750)**	7,270

Notes to the interim condensed consolidated financial information (continued)

15 Segmental analysis (continued)

	Investment		Building materials		Specialist engineering		Hotel & IT services		Total	
	30 June 2016 KD '000	30 June 2015 KD '000	30 June 2016 KD '000	30 June 2015 KD '000	30 June 2016 KD '000	30 June 2015 KD '000	30 June 2016 KD '000	30 June 2015 KD '000	30 June 2016 KD '000	30 June 2015 KD '000
Six months ended										
Segment revenue	19,386	33,707	21,680	24,242	26,855	39,284	7,584	8,021	75,505	105,254
Less:										
Income from investments									(5,984)	(19,150)
Share of result of associates									(11,293)	(12,744)
Realised gain on disposal of investment properties									(50)	-
Rental income									(1,209)	(848)
Interest and other income									(850)	(965)
Sales, per interim condensed consolidated statement of profit or loss									56,119	71,547
Segment profit/(loss)	9,324	25,440	2,039	4,789	(1,159)	3,608	(248)	(604)	9,956	33,233
Less:										
Finance costs									(13,646)	(14,757)
Gain/(loss) on foreign currency exchange									403	(3,651)
(Loss)/profit before foreign taxation									(3,287)	14,825
Segment assets	1,061,095	1,217,160	61,206	54,481	77,364	86,401	16,971	24,914	1,216,636	1,382,956
Segment liabilities	(18,143)	(31,753)	(20,622)	(20,199)	(17,545)	(22,820)	(8,463)	(10,961)	(64,773)	(85,733)
Segment net assets	1,042,952	1,185,407	40,584	34,282	59,819	63,581	8,508	13,953	1,151,863	1,297,223
Borrowings and due to banks									(688,135)	(724,268)
Total equity as per interim condensed consolidated statement of financial position									463,728	572,955

Notes of the interim condensed consolidated financial information (continued)

16 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Balances included in interim condensed consolidated statement of financial position			
Due from related parties (included in accounts receivable and other assets)			
- Due from associate companies	**909**	1,870	200
- Due from other related parties	**4,558**	2,476	141
- Due from key management personnel	**231**	231	233
Due to related parties (included in accounts payable and other liabilities)			
- Due to associates	**238**	238	826
- Due to other related parties	**491**	514	2,569
Current portion of long term borrowings – murabaha payable to an associate (included in short term borrowings)	**-**	-	15,024

	Three months ended		**Six months ended**	
	30 June 2016 (Unaudited) KD '000	30 June 2015 (Unaudited) KD '000	**30 June 2016 (Unaudited) KD '000**	30 June 2015 (Unaudited) KD '000
Transactions included in interim condensed consolidated statement of profit or loss				
Finance cost charged by an associate	**-**	186	**-**	386
Purchase of raw materials – from associates	**917**	1,065	**1,868**	2,100
Compensation of key management personnel o the Group				
Short term employee benefits	**816**	614	**1,603**	1,401
End of service benefits	**24**	143	**164**	168
	840	757	**1,767**	1,569

17 Financial instruments

Financial instruments comprise of financial assets (accounts receivable and other assets, available for sale investments, murabaha and wakala investments, investment at fair value through profit or loss, short term deposits and bank balances and cash) and financial liabilities (due to banks, short term and long term borrowings, leasing creditors and accounts payable and other liabilities).

Except for certain available for sale investments which are carried at cost (KD23,945 thousand), the carrying amounts of other financial assets and liabilities as at 30 June 2016, approximate their fair values.

Notes of the interim condensed consolidated financial information (continued)

17 Financial instruments (continued)

Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets and liabilities which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into six levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows;

At 30 June 2016

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value				
Available for sale investments				
-Managed funds				
Private equity funds	-	-	27,160	27,160
Other managed portfolio	-	3,744	75,649	79,393
-Unquoted equity participations	-	3,632	165,400	169,032
-Quoted shares	172,860	1,236	28,620	202,716
Investment at fair value through profit or loss				
-Quoted shares	22,372	-	-	22,372
-Local funds	-	8,143	-	8,143
-International managed portfolios and funds	5,217	32,210	9,310	46,737
Total assets	200,449	48,965	306,139	555,553

At 31 December 2015

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value				
Available for sale investments				
-Managed funds				
Private equity funds	-	-	26,647	26,647
Other managed funds	-	7,174	78,105	85,279
-Unquoted equity participations	-	14,268	157,955	172,223
-Quoted shares	222,282	862	13,049	236,193
Investment at fair value through profit or loss				
-Quoted shares	24,253	-	-	24,253
-Local funds	-	7,709	-	7,709
-International managed portfolios and funds	5,490	35,750	10,831	52,071
Total assets	252,025	65,763	286,587	604,375

Notes of the interim condensed consolidated financial information (continued)

17 Financial instruments (continued)

Fair value hierarchy for financial instruments measured at fair value (continued)

At 30 June 2015

	Level 1	Level 2	Level 3	Total Balance
	KD'000	KD'000	KD'000	KD'000
Assets at fair value				
Available for sale investments				
-Managed funds				
Private equity funds	-	-	32,545	32,545
Other managed portfolio	-	8,864	82,884	91,748
-Unquoted equity participations	-	-	148,514	148,514
-Quoted shares	340,800	-	-	340,800
Investment at fair value through profit or loss				
-Quoted shares	26,227	-	-	26,227
-Local funds	-	7,831	-	7,831
-International managed portfolios and funds	4,730	32,622	10,922	48,274
Total assets	371,757	49,317	274,865	695,939

Fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market date. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	30 June 2016 (Unaudited) KD '000	31 Dec. 2015 (Audited) KD '000	30 June 2015 (Unaudited) KD '000
Opening balance	286,587	274,244	274,244
Net change in fair value recognised in other comprehensive income	(5,887)	7,393	6,423
Impairment recognised in profit or loss	(1,390)	(2,164)	(217)
Net change in fair value recognised in profit or loss	188	1,156	223
Net addition/(disposals) during the period/year	806	(8,431)	(5,808)
Reclassification	25,835	14,389	-
Closing balance	306,139	286,587	274,865

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

The methods and valuation techniques used for the purpose of measuring fair values, are unchanged compared to the previous reporting year/period, except for certain foreign quoted shares that have been fair valued based on valuation techniques as the Group's management believes that such valuations are more representative of the fair values of such investments based on the information available to the management. Accordingly this investment has been included under level 3.

18 Fiduciary assets

One of the subsidiaries of the Group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the interim condensed consolidated statement of financial position. Assets under management at 30 June 2016 amounted to KD5,788 thousand (31 December 2015: KD4,712 thousand and 30 June 2015: KD7,588 thousand) of which assets managed on behalf of related parties amounted to KD3,193 thousand (31 December 2015: KD2,713 thousand and 30 June 2015: KD5,077 thousand).

Notes of the interim condensed consolidated financial information (continued)

19 Contingent liabilities

As at 30 June 2016, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD18,339 thousand (31 December 2015: KD20,773 thousand and 30 June 2015: KD22,140 thousand).

20 Capital commitments

At the reporting date the Group had commitments for the purchase of investments and the acquisition of property, plant and equipment totalling to KD38,142 thousand (31 December 2015: KD36,481 thousand and 30 June 2015: KD37,939 thousand).

21 Comparative information

Certain comparative figures has been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net increase in cash and cash equivalents.

Annex (3)
Financial Statements
as of 31/12/2015

Consolidated financial statements and independent auditors' report

National Industries Group Holding – KPSC and Subsidiaries

Kuwait

31 December 2015

Contents

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Independent auditors' report

To the shareholders of
National Industries Group Holding – KPSC
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of National Industries Group Holding – KPSC ("The Parent Company") and its subsidiaries, (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and 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 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 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 National Industries Group Holding and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Matters

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. 1 of 2016 and the Executive Regulations of Law No. 25 of 2012 and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law and the Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2015 that might have had a material effect on the business or financial position of the Group.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Abdullatif A.H. Al-Majid
(Licence No. 70-A)
of Parker Randall (Allied Accountants)

Kuwait
23 March 2016

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Sales		139,877	126,563
Cost of sales		(107,269)	(96,918)
Gross profit		32,608	29,645
Income from investments	8	37,547	56,016
Share of results of associates	17	26,913	41,720
Gain on disposal of associates	17	417	1,140
Gain on disposal of investment properties	18	-	740
Changes in fair value of investment properties	18	1,283	4,138
Rental income		2,068	1,553
Interest and other income	9	5,690	1,359
Distribution costs		(7,187)	(6,651)
General, administrative and other expenses		(23,592)	(23,857)
		75,747	105,803
Finance costs	11	(28,740)	(30,520)
Impairment in value of available for sale investments	19	(9,851)	(28,205)
Impairment in value of investment in associates	17	(617)	(2,171)
Impairment in value of intangible assets	15	(2,010)	-
Impairment in value of receivables and other assets	21	(323)	(1,441)
Loss on foreign currency exchange		(3,671)	(3,752)
Profit before foreign taxation		30,535	39,714
Foreign taxation	12a	(801)	(1,590)
Profit before KFAS, NLST, Zakat and directors' remunerations		29,734	38,124
KFAS, NLST and Zakat	12b	(394)	(863)
Directors' remuneration		(430)	(430)
Profit for the year	13	28,910	36,831
Attributable to :			
Owners of the Parent		25,427	28,282
Non-controlling interests		3,483	8,549
		28,910	36,831
Basic and diluted earnings per share attributable to the owners of the Parent	14	19.2 Fils	21.3 Fils

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Profit for the year	28,910	36,831
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	(1,011)	4,974
Available for sale investments:		
- Net changes in fair value arising during the year	(72,787)	(15,596)
- Transferred to consolidated statement of profit or loss on disposal	(12,561)	(26,190)
- Transferred to consolidated statement of profit or loss on impairment	9,851	28,205
Share of other comprehensive income of associates		
- Changes in fair value	(9,119)	2,472
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	(85,627)	(6,135)
Items not to be reclassified to profit or loss in subsequent periods		
Defined benefit plan actuarial losses	(167)	(966)
Total other comprehensive income not being reclassified to profit or loss in subsequent periods	(167)	(966)
Total other comprehensive income for the year	(85,794)	(7,101)
Total comprehensive income for the year	(56,884)	29,730
Total comprehensive income for the year attributable to:		
Owners of the parent	(40,112)	26,498
Non-controlling interests	(16,772)	3,232
	(56,884)	29,730

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Assets			
Non-current assets			
Goodwill and intangible assets	15	12,823	17,530
Property, plant and equipment	16	70,668	70,647
Investment in associates	17	337,187	330,968
Investment properties	18	69,482	61,425
Available for sale investments	19	493,909	616,919
Accounts receivable	21	1,550	2,102
Total non-current assets		985,619	1,099,591
Current assets			
Inventories	20	34,054	32,023
Available for sale investments	19	47,328	63,352
Accounts receivable and other assets	21	87,264	70,609
Murabaha and wakala investments	22	1,000	598
Investments at fair value through profit or loss	23	84,033	59,706
Short-term deposits	31	16,661	6,715
Bank balances and cash	31	43,383	53,354
Total current assets		313,723	286,357
Total assets		1,299,342	1,385,948
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	24	135,985	135,985
Treasury shares	25	(30,375)	(30,375)
Share premium	24	122,962	122,962
Cumulative changes in fair value	26	96,378	160,785
Other components of equity	26	28,827	27,167
Retained earnings		30,225	23,849
Equity attributable to owners of the parent		384,002	440,373
Non-controlling interests	26	128,909	146,729
Total equity		512,911	587,102
Non-current liabilities			
Long-term borrowings	27	437,845	370,254
Leasing creditors		424	478
Provisions	28	15,436	15,809
Total non-current liabilities		453,705	386,541
Current liabilities			
Accounts payable and other liabilities	29	49,621	55,178
Short-term borrowings	30	263,190	335,453
Due to banks	31	19,915	21,674
Total current liabilities		332,726	412,305
Total liabilities		786,431	798,846
Total equity and liabilities		1,299,342	1,385,948

Sa'ad Mohammed Al-Sa'ad
Chairman

Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to owners of the parent								
	Share Capital KD '000	Treasury shares KD '000	Share premium KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 26b) KD '000	Retained Earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance as at 1 January 2015	135,985	(30,375)	122,962	160,785	27,167	23,849	440,373	146,729	587,102
Transactions with owners									
Increase in non-controlling interest of subsidiary during the year (Note 26c)	-	-	-	-	-	(358)	(358)	3,195	2,837
Increase in share capital of subsidiaries	-	-	-	-	-	-	-	2,052	2,052
Amount due to non-controlling interests on reduction of share capital of subsidiary	-	-	-	-	-	-	-	(1,732)	(1,732)
Redemption of share capital by non-controlling interest of subsidiary	-	-	-	-	-	-	-	(18)	(18)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	(4,890)	(4,890)
Dividend paid (Note 32)	-	-	-	-	-	(15,901)	(15,901)	-	(15,901)
Other net changes in non-controlling interests	-	-	-	-	-	-	-	345	345
Total transactions with owners	-	-	-	-	-	(16,259)	(16,259)	(1,048)	(17,307)
Comprehensive income									
Profit for the year	-	-	-	-	-	25,427	25,427	3,483	28,910
Other comprehensive income for the year [Actuarial losses and others] (notes 26 & 33)	-	-	-	(64,407)	(965)	(167)	(65,539)	(20,255)	(85,794)
Total comprehensive income for the year	-	-	-	(64,407)	(965)	25,260	(40,112)	(16,772)	(56,884)
Reserve transfers (note 26b)	-	-	-	-	2,625	(2,625)	-	-	-
Balance at 31 December 2015	**135,985**	**(30,375)**	**122,962**	**96,378**	**28,827**	**30,225**	**384,002**	**128,909**	**512,911**

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to owners of the parent								
	Share Capital KD '000	Treasury shares KD '000	Share premium KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 26b) KD '000	Retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance as at 1 January 2014	129,510	(30,375)	122,962	164,439	18,552	10,344	415,432	147,976	563,408
Transactions with owners									
Issue of bonus shares (note 24c)	6,475	-	-	-	-	(6,475)	-	-	-
Acquisition of non-controlling interest of subsidiary	-	-	-	-	-	76	76	(804)	(728)
Amount due to non-controlling interests on reduction of share capital of subsidiary (note 26c)	-	-	-	-	-	-	-	(3,912)	(3,912)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	(2,075)	(2,075)
Reallocation to non-controlling interests (note 26c)	-	-	-	-	38	(1,671)	(1,633)	1,633	-
Other net changes in non-controlling interests	-	-	-	-	-	-	-	679	679
Total transactions with owners	6,475	-	-	-	38	(8,070)	(1,557)	(4,479)	(6,036)
Comprehensive income									
Profit for the year	-	-	-	-	-	28,282	28,282	8,549	36,831
Other comprehensive income for the year [Actuarial losses and others] (notes 26 & 33)	-	-	-	(3,654)	2,836	(966)	(1,784)	(5,317)	(7,101)
Total comprehensive income for the year	-	-	-	(3,654)	2,836	27,316	26,498	3,232	29,730
Transfer from reserve of subsidiary (note 26b)	-	-	-	-	(690)	690	-	-	-
Reserve transfers of subsidiaries (note 26b)	-	-	-	-	6,431	(6,431)	-	-	-
Balance at 31 December 2014	135,985	(30,375)	122,962	160,785	27,167	23,849	440,373	146,729	587,102

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
OPERATING ACTIVITIES		
Profit before foreign taxation	30,535	39,714
Adjustments:		
Depreciation	6,506	6,848
Changes in fair value of investment properties	(1,283)	(4,138)
Gain on disposal of property, plant and equipment	-	(8)
Gain on disposal of associates	(417)	(1,140)
Gain on disposal of investment properties	-	(740)
Impairment in value of investment in associates	617	2,171
Share of results of associates	(26,913)	(41,720)
Dividend income from available for sale investments	(14,387)	(13,997)
Profit on sale of available for sale investments	(21,714)	(37,597)
Impairment in value of intangible assets	2,010	-
Impairment in value of receivable and other assets	323	1,441
Impairment in value of available for sale investments	9,851	28,205
Net provisions (released)/charged	(373)	3,121
Finance costs	28,740	30,520
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments	(633)	(504)
	12,862	12,176
Changes in operating assets and liabilities:		
Inventories	(2,031)	(115)
Accounts receivable and other assets	6,329	(7,788)
Investments at fair value through profit or loss	(24,327)	5,493
Accounts payable and other liabilities	(6,173)	(1,104)
Cash (used in)/from operations	(13,340)	8,662
KFAS and Zakat contribution paid	(709)	(453)
NLST paid	(743)	(543)
Taxation paid	(437)	(601)
Net cash (used in)/from operating activities	(15,229)	7,065

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,594)	(7,160)
Proceeds from disposal of property, plant and equipment		95	214
Proceeds from disposal of investment properties		-	10,265
Additions to investment properties		(4,494)	(16,869)
Investment in associates		(3,922)	(2,490)
Dividend received from associate companies		10,676	9,122
Proceeds from disposal of associate		4,836	4,424
(Increase) / decrease in wakala investments maturing after three months		(402)	3,902
Decrease / (increase) in blocked deposits		2,512	(1,413)
Purchase of available for sale investments		(11,279)	(22,446)
Proceeds from sale of available for sale investments		64,220	87,228
Dividend income received from available for sale investments		14,387	13,997
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments		336	453
Net cash from investing activities		68,371	79,227
FINANCING ACTIVITIES			
Finance lease payments		(257)	(189)
Net decrease in long-term borrowings		(42,899)	(32,815)
Net increase in short-term borrowings		38,227	8,515
Dividend paid to the owners of the parent		(15,026)	(36)
Finance costs paid		(28,076)	(30,030)
Change in non-controlling interests		(1,048)	(6,112)
Net cash used in financing activities		(49,079)	(60,667)
Net increase in cash and cash equivalents		4,063	25,625
Translation difference		183	117
		4,246	25,742
Cash and cash equivalents at beginning of the year		35,558	9,816
Cash and cash equivalents at end of the year	31	39,804	35,558

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

National Industries Group Holding – KPSC ("the Parent Company") was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a "Holding Company". The Parent Company along with its subsidiaries are jointly referred to as "the Group". The Parent Company's shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the Parent Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the group by investing them in investment and real estate portfolios managed by specialised companies.

The address of the parent company's registered office is PO Box 417, Safat 13005, State of Kuwait.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 in which they have cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the executive regulations of Law No. 25 of 2012 will remain effective pending the issuance of the new executive regulations.

The board of directors of the Parent Company approved these consolidated financial statements for issuance on 23 March 2016. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the revaluation of freehold and leasehold properties, the measurement at fair value of investments at fair value through profit or loss, available for sale financial assets and investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) and all values are rounded to the nearest thousand (KD '000), except when otherwise indicated.

The Group has elected to present the "statement of comprehensive income" in two statements: the "statement of profit or loss" and a "statement of profit or loss and comprehensive income".

3 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).

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those used in previous year except as discussed below:

4.1 New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IAS 19 Defined Benefit Plans: Employee Contributions -Amendments	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

IAS 19 Defined Benefit Plans: Employee Contributions - Amendments

The Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

The amendment did not have any material impact to the Group's consolidated financial information.

Annual Improvements to IFRSs 2010–2012 Cycle:

(i) Amendments to IFRS 3-Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in consolidated statement of profit or loss.

(ii) Amendments to IFRS 13- The addition to the Basis for Conclusions confirms the existing measurement treatment of short-term receivables and payables.

(iii) Amendments to IFRS 8- Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators).

A reconciliation of reportable segments' assets to total entity assets is required if this is regularly provided to the chief operating decision maker.

(iv) Amendments to IAS 16 and IAS 38- When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.

(v) Amendments to IAS 24- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

The amendment did not have any material impact to the Group's consolidated financial information.

Annual Improvements 2011-2013 Cycle

(i) Amendments to IFRS 1-the amendment to the Basis for Conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:

- IFRSs that are currently effective
- IFRSs that have been issued but are not yet effective, that permits early adoption

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

Annual Improvements 2011-2013 Cycle (continued)
The same version of each IFRS must be applied to all periods presented.

(ii) Amendments to IFRS 3- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(iii) Amendments to IFRS 13- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.

iv) Amendments to IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as an investment property or owner-occupied property

The amendment did not have any material impact to the Group's consolidated financial information.

4.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments	1 January 2016
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments	1 January 2016
IFRS 16 Leases	1 January 2019
IAS 1 Disclosure Initiative – Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 July 2016

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.

- an expected credit loss-based impairment will need to be recognised on the group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.

- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present them in statement of profit or loss and other comprehensive income. This will affect the Group's investment amounting to KD20,895 thousand (refer note 19 d) if still held on 1 January 2018.

- if the Group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in statement of profit or loss and other comprehensive income to the extent those changes relate to the group's own credit risk.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and provides a new control-based revenue recognition model using five step approach to all contracts with customers.

The five steps in the model are as follows:
- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligations

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)
The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- timing – whether revenue is required to be recognized over time or at a single point in time
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- time value – when to adjust a contract price for a financing component
- specific issues, including –
  - non-cash consideration and asset exchanges
  - contract costs
  - rights of return and other customer options
  - supplier repurchase options
  - warranties
  - principal versus agent
  - licencing
  - breakage
  - non-refundable upfront fees, and
  - consignment and bill-and-hold arrangements.

The Group's management have yet to assess the impact of this standard on these consolidated financial statements.

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments
The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments
Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. It also requires disclosure of the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations.

These amendments are not expected to have any material on the Group's consolidated financial statements.

IFRS 16 Leases
The new Standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. For many other businesses, however, exemptions for short-term leases and leases of low value assets will reduce the impact.

The Group's management have yet to assess the impact of IFRS 16 on these Group consolidated financial statements.

IAS 1 Disclosure Initiative – Amendments
The Amendments to IAS 1 make the following changes:

- *Materiality*: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all the parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- *Statement of financial position and statement of profit or loss and other comprehensive income*: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- *Notes*: The amendments add additional examples of possible ways of ordering the notes to clarify understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

These amounts are not expected to have any material impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances
- expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

IAS 27 Equity Method in Separate Financial Statements - Amendments
The Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception - Amendments
The Amendments are aimed at clarifying the following aspects:

- *Exemption from preparing consolidated financial statements.* The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- *A subsidiary providing services that relate to the parent's investment activities.* A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- *Application of the equity method by a non-investment entity investor to an investment entity investee.* When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- *Disclosures required.* An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

Annual Improvements to IFRSs 2012–2014 Cycle

(i) *Amendments to* IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

(ii) *Amendments to IFRS 7* - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

(iii) *Amendments to IAS 19* - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

(iv) *Amendments to IAS 34* - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

These amendments are not expected to have any material impact to the Group's consolidated financial statements.

5 Summary of significant accounting policies

The significant accounting policies and measurements bases adopted in the preparation of the consolidated financial statements are summarised below:

5.1. Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary, as applicable.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.1. Basis of consolidation (continued)

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- 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
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

5.2. Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensives income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within other comprehensive income.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.2. Business combinations (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

5.3. Goodwill and intangible assets

5.3.1 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.13 for a description of impairment testing procedures.

5.3.2 Intangible assets

Identifiable non-monetary assets acquired in as business combination and from which future benefits are expected to flow are treated as intangible assets. Intangible assets comprise of Indefeasible Rights of Use (IRU).

Intangible assets which have a finite life are amortized over their useful lives. For acquired network businesses whose operations are governed by fixed term licenses, the amortisation period is determined primarily by reference to the unexpired license period and the conditions for license renewal.

IRU are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wave length bandwidth and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 15 years.

5.4. Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidated statements of profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.4 Investment in associates (continued)
The difference in reporting dates of the associates and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional 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 the 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 recognises the amount under a separate heading in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

5.5. Segment reporting
The Group has four operating segments: Investment, building materials, specialist engineering and hotel and IT services segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.6. Revenue
Revenue arises from the sale of goods, rendering of services, investing activities and real estate activities. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts.

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 payment is made. The following specific recognition criteria should also be met before revenue is recognised;

5.6.1. Sale of goods
Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognised on delivery.

When goods are sold together with customer loyalty incentives, the consideration receivable is allocated between the sale of goods and sale of incentives based on their fair values. Revenue from sale of incentives is recognised when they are redeemed by customers in exchange for products supplied by the Group.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.6 Revenue (continued)

5.6.2. Rendering of services

The Group generates revenues from after-sales service and maintenance, consulting and construction contracts. Consideration received for these services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed.

In recognising after-sales service and maintenance revenues, the Group considers the nature of the services and the customer's use of the related products, based on historical experience.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

The Group earns fees and commission income from diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

- *Fee income from providing transaction services*

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

5.6.3. Interest and similar income

Interest income and expenses are reported on an accrual basis using the effective interest method.

Murabaha income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

5.6.4. Dividend income

Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.6.5. Revenue from sale of investment properties

Revenue from sale of investment properties is recognised on completion of sale contract and after transferring the risk and rewards associated with the real estate to the purchaser and the amount of revenue can be reliably measured.

5.7. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.8. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.9. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost or valuation, less the estimated residual value of property, plant and equipment, on a straight-line basis over their estimated useful lives as follows:

Freehold buildings	Lower of 50 years or remaining useful life
Long leasehold property	Lower of 50 years or remaining lease term
Short leasehold property	Lease term
Property on leasehold land	4 to 20 years
Plant and machinery	1 to 15 years
Motor vehicles	2 to 10 years
Furniture and equipment	4 to 10 years

Any increase arising on revaluation is credited directly to other comprehensive income as "revaluation reserve" except to the extent where the increase reverses a revaluation decrease related to the same asset for which a decrease in valuation has previously been recognised as an expense, it is credited to the consolidated statement of income. Any decrease in the net carrying amount arising on revaluation is charged directly to the consolidated statement of income, or charged to the revaluation reserve to the extent that the decrease is related to an increase for the same asset which was previously recorded as a credit to the revaluation surplus.

Depreciation on the re-valued properties is charged to the consolidated statement of income over their remaining estimated useful lives and an amount equivalent to the excess depreciation charge relating to the increase in carrying amount is transferred each year from the revaluation reserve to retained earnings.

No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for their intended use.

5.10. Leased assets

5.10.1. Finance lease

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

See note 5.9 for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.10. Leased assets (continued)

5.10.2. Operating lease

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term except where the lease terms are onerous in which case the provision is made for the net present value of the probable liability. Associated costs, such as maintenance and insurance, are expensed as incurred.

5.11. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised 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 or from investment property 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, plant and equipment up to the date of change in use.

5.12. Impairment testing of goodwill and non financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.12 Impairment testing of goodwill and non financial assets (continued)

Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.13. Financial instruments

5.13.1. Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights 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 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 a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

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 consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.2. Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All material income and expenses relating to financial assets that are recognised in profit or loss are presented within income from investments, interest & other income or under a separate heading in the consolidated statement of profit or loss.

- *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 recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

The Group categorises loans and receivables into following categories:

- *Murabaha investments / receivables*

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a Murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.

Murabaha receivables which arise from the Group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the Group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.2. Classification and subsequent measurement of financial assets (continued)

- *Wakala investments*

Wakala is an agreement whereby the Group provides a sum of money to a financial institution under an agency arrangement, who invests it according to specific conditions in return for a fee. The agent is obliged to return the amount is case of default, negligence or violation of any terms and conditions of the Wakala.

- *Loans and advances*

Loans and advances are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

- *Bank balances cash and Short term deposits*

Cash on hand and demand deposits are classified under bank balances and cash and short term deposits represent deposits placed with financial institutions with a maturity of less than one year.

- *Receivables and other financial assets*

Trade receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables which are not categorised under any of the above are classified as "Other receivables/Other financial assets"

- ***Financial assets at*** FVTPL

Classification of investments as financial assets at FVTPL depends on how management monitor the performance of these investments. Investments at FVTPL are either "held for trading" or "designated" as such on initial recognition.

The Group classifies investments as trading if they are acquired principally for the purpose of selling or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of statement of profit or loss in the management accounts, they are as designated at FVTPL upon initial recognition.

All derivative financial instruments fall into the category of FVTPL, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

- ***HTM investments***

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.2. Classification and subsequent measurement of financial assets (continued)

- *HTM investments (continued)*

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss. The Group currently has not classified any assets in to this category.

- *AFS financial assets*

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Impairment charges are recognised in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

AFS financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

5.13.3. Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trust certificates issued, borrowings, leasing creditors, due to banks, trade payables and other liabilities s and derivative financial instruments.

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

- *Financial liabilities other than at fair value through profit or loss(FVTPL)*

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.3. Classification and subsequent measurement of financial liabilities (continued)

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Wakala payables*

Wakala payables represent short-term borrowings under Islamic principles, whereby the Group receives funds for the purpose of financing its investment activities and are stated at amortised cost.

- *Murabaha finance payables*

Murabaha finance payables represent amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha finance payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- *Ijara financing*

Ijara finance payable ending with ownership is an Islamic financing arrangement through which a financial institution provides finance to purchase an asset by way of renting the asset ending with transferring its ownership. This ijara finance payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- *Leasing and hire purchase payables*

Assets acquired under finance leases and hire purchase arrangements are capitalised and the related liabilities, excluding finance charges are included in liabilities. Finance charges in respect of such liabilities are charged to the consolidated statement of profit or loss as incurred.

- *Accounts payables and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "Other financial liabilities"

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or other income.

- ***Financial liabilities at fair value through profit or loss (FVTPL)***

Financial liabilities at FVTPL are either held for trading or designated as such on initial recognition.

Financial liabilities held for trading or designated at FVTPL, are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.13. Financial instruments (continued)

5.13.3. Classification and subsequent measurement of financial liabilities (continued)

- *Derivative financial instruments*

Where the Group uses derivative financial instruments, such as interest rate swaps to mitigate its risks associated with interest rate fluctuations, such derivative financial instruments are initially recognised at cost, being the fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using valuation quotes provided by financial institutions, based on prevailing market information. Derivatives, if any, are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group does not adopt hedge accounting, and any realised and unrealised (from changes in fair value) gain or losses are recognised directly in the consolidated statement of profit or loss.

5.13.4. Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

5.13.5. Offsetting of financial instruments

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

5.13.6. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 36.

5.14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.15. Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the Parent Company's articles of association.

Other components of equity include the following:

- foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD and the Group's share of foreign currency translation reserves shown in the associates statement of financial position.
- Fair value reserve – comprises gains and losses relating to available for sale financial assets

Retained earnings include all current and prior period retained profits. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

5.16. Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not 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 to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.17. Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

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

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.18. Foreign currency translation

5.18.1. Functional and presentation currency
The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the parent company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.18.2. Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of income and "available for sale" are reported as part of the cumulative change in fair value reserve within other comprehensive income.

5.18.3. Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal/liquidation of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal/liquidation.

5.19. End of service indemnity
The parent and its local subsidiaries 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 in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.20. Pensions (Related to the foreign subsidiaries)
Contributions are paid to both defined benefit and defined contribution pension schemes in accordance with the recommendations of independent actuaries and advisors.

Contributions to defined contribution schemes are charged to the consolidated statement of profit or loss on an accrual basis.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.20. Pensions (Related to the foreign subsidiaries (continued)

In respect of defined benefit schemes a defined benefit liability (or asset) is recognised in the consolidated statement of financial position and it is calculated as the present value of the defined benefit obligation using the projected unit credit method plus any unrecognised actuarial gains or losses less any past service cost not recognised less the market value of the plan assets.

Pension expense is charged to the consolidated statement of profit or loss and is calculated as the aggregate of current service cost (using the projected unit credit method), a net interest cost on the discounted defined benefit obligation net of the expected return on plan assets, recognised actuarial gains and losses, recognised past service costs and the effect of curtailments or settlements.

Actuarial gains or losses are recognised in full in other comprehensive income.

5.21. Share-based Payment

Certain employees of the Group receive remuneration in the form of share-based payment transactions, whereby the employees render services in exchange for shares ("equity settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the period end market value of the company's shares with the issue price. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the shares vest.

5.22. Taxation

5.22.1. National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

5.22.2. Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.22.3. 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.

For the year ended 31 December 2014 and 2015, the Parent Company has no liability towards NLST, KFAS and Zakat due to tax losses incurred. Under the NLST and Zakat regulations no carry forward of losses to the future years nor any carry back to prior years is permitted.

5.22.4. Withholding taxes

The Group is exempt from income taxation and withholding taxes in Kuwait. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted of the source of the income and is not significant for the Group. The Group presents the withholding tax separately from the gross investment income in the consolidated statement of profit or loss. For the purpose of the consolidated statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.22. Taxation (continued)

5.22.5. Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

Deferred taxation is provided in respect of all temporary differences. Deferred tax assets are recognised in respect of unutilised tax losses when it is probable that the loss will be used against future profits.

5.23. Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, short-term deposits, murabaha and wakala investments and short term highly liquid investments maturing within three months from the date of inception less due to banks and blocked bank balances.

5.24. Fiduciary assets
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.

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

6.1. Significant management judgments
In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

6.1.1. Classification of financial instruments
Judgements are made in the classification of financial instruments based on management's intention at acquisition. Such judgement determines whether it is subsequently measured at cost, amortised cost or at fair value and if the changes in fair value of instruments are reported in the statement of profit or loss or profit or loss and other comprehensive income.

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets as fair value through profit or loss depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.1. Significant management judgments (continued)

6.1.1. Classification of financial instruments (continued)
Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

6.1.2. Classification of real estate
Management decides on acquisition of a real estate whether it should be classified as trading or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the statement of profit or loss.

The Group classifies property as trading 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.

6.1.3 Control assessment
When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

6.1.4. Equity method accounting for entities in which the Group holds less that 20% of the voting rights
Management has assessed the level of influence that the Group has over its material associate, Mabanee Company - KPSC and determined that it has significant influence even though the share holding in this associate is below 20%, because of the factors mentioned in note 17.3. Consequently, this investment has been classified as an associate and has been accounted for using the equity method.

6.2. Estimates uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of goodwill and other intangible assets
The Group determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the 2015 the Group recognised an impairment loss of KD2,010 thousand (2014: KD Nil thousand) against certain intangible assets.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (Continued)

6.2. Estimates uncertainty (continued)

6.2.2. Impairment of associates
After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the 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 recognises the amount in the consolidated statement of profit or loss.

During the 2015 the Group recognised an impairment loss of KD617 thousand (2014: KD2,171 thousand) against investments in associates.

6.2.3. Impairment of available for sale equity investments
The Group treats available for sale equity investments 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 judgment.

During the 2015 the Group recognised an impairment loss of KD9,851 thousand (2014: KD28,205 thousand) against available for sale investments.

6.2.4. Impairment of loans and receivables
The Group's management reviews periodically items classified as loans and receivables (including wakala investments note 22) to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

During the 2015 the Group has recognised impairment losses of KD323 thousand (2014: KD1,441 thousand) against loans and receivables.

6.2.5. Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

At the financial position date, gross inventories were KD35,414 thousand (2014: KD33,571 thousand), with provision for old and obsolete inventories of KD1,360 thousand (2014: KD1,548 thousand). Any difference between the amounts actually realised in future periods and the amount expected will be recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (Continued)

6.2. Estimates uncertainty (continued)

6.2.6. Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other obsolescence that may change the utility of certain software, intangible assets and property, plant and equipment.

6.2.7. Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.8. Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in a arm's length transaction at the reporting date.

6.2.9. Defined benefits obligation

Management's estimate of the defined benefit obligation is based on number of critical underlying assumption such as standard rates of inflation, mortality, discount rate and anticipation of future pension increases. Variation in these assumptions may significantly impact the defined benefit obligations and amount and the annual defined benefits expenses (as analysed in note 33).

6.2.10. Provision for foreign taxation

The Group has made provision for potential tax liabilities which may arise on foreign income. These provisions have been assessed based on information available to management as of the reporting date. The actual liability which may or may not arise if and when the relevant tax authorities make an official assessment may substantially differ from the actual provision made (refer note 12.a).

Notes to the consolidated financial statements (continued)

7 Subsidiary companies

7.1 Details of the Group's material consolidated subsidiaries at the end of the reporting period are as follows:

	Country of registration and place of business	Nature of business	Proportion of ownership interest 31 Dec. 2015 %	31 Dec. 2014 %
Al Durra National Real Estate – KSC (Closed)	Kuwait	Real Estate	97*	97*
National Combined Industries Holding Company for Energy – KSC (Closed)	Kuwait	Investments	96*	96*
Pearl National Holding – KSC (Closed)	Kuwait	Investments	99*	99*
Economic Holding Company – KSC (Closed)	Kuwait	Investments	97*	97*
NIG (Guernsey) Limited	Guernsey	Specialist Engineering	100	100
BI Group Plc	United Kingdom	Specialist Engineering	100	100
Proclad Group Limited	UAE	Specialist Engineering	100	100
NI Group (Bahrain) EC	Bahrain	Investments	100	100
Eagle Proprietary Investments Limited	UAE	Investments	100	100
Pearl Offshore Enterprises Limited	BVI	Investments Holdings	100	100
Denham Investment Limited	Cayman Islands	Investments	85	85
Ikarus Petroleum Industries Company – KPSC	Kuwait	Petroleum	72	72
National Industries Company - KPSC	Kuwait	Industrial	51	51
Noor Financial Investment Company – KPSC	Kuwait	Investments	51	51

* The Group's holding of these subsidiaries are 100% and the remaining stake is held by nominees on its behalf.

7.2 Subsidiaries with material non-controlling interests

The Group includes three subsidiaries, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI 31 Dec. 2015	31 Dec. 2014	Profit allocated to NCI 31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	Accumulated NCI 31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Noor Financial Investment Company - KPSC (NFI)	49%	49%	(1,936)	2,349	47,507	48,377
National Industries Company - KPSC (NIC)	49%	49%	3,921	3,418	55,802	51,444
Ikarus Petroleum Industries Company – KPSC (IPI)	28%	28%	1,896	2,831	20,171	41,123
Individual immaterial subsidiaries with non-controlling interests			(399)	(49)	5,429	5,785
			3,483	8,549	128,909	146,729

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)
Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	31 December 2015			31 December 2014		
	NFI KD '000	NIC KD '000	IPI KD '000	NFI KD '000	NIC KD '000	IPI KD '000
Non-current assets	140,558	69,206	66,636	143,232	69,061	165,838
Current assets	45,632	44,556	37,444	57,341	41,887	15,502
Total assets	186,190	113,762	104,079	200,573	110,948	181,340
Non-current liabilities	100,536	5,642	25,449	106,909	5,451	30,364
Current liabilities	21,715	12,680	8,567	29,985	13,299	6,681
Total liabilities	122,251	18,322	34,016	136,894	18,750	37,045
Equity attributable to the shareholders of the Parent Company	22,047	45,535	50,233	22,962	45,298	103,454
Non-controlling interest (including non controlling interests in the subsidiary's statement of financial position)	41,892	49,905	19,830	40,717	46,900	40,841

	For the year ended 31 December 2015			For the year ended 31 December 2014		
	NFI KD '000	NIC KD '000	IPI KD '000	NFI KD '000	NIC KD '000	IPI KD '000
Revenue	32,288	49,884	9,476	31,610	48,865	14,212
Profit/ (loss) for the year attributable to the shareholders of the Parent Company	640	3,889	(5,619)	466	3,731	7,251
Loss/ (profit) for the year attributable to NCI	(2,236)	4,020	(2,218)	(414)	3,629	2,862
(Loss)/ profit for the year	(1,596)	7,909	(7,837)	52	7,360	10,113
Other comprehensive income for the year attributable to the shareholders of the Parent Company	(1,232)	(969)	(41,838)	1,559	743	(22,668)
Other comprehensive income for the year attributable to NCI	492	(874)	(16,517)	1,637	786	(8,949)
Total other comprehensive income for the year	(740)	(1,843)	(58,355)	3,196	1,529	(31,617)
Total comprehensive income for the year attributable to the shareholders of the Parent Company	(592)	2,920	(47,457)	2,025	4,474	(15,417)
Total comprehensive income for the year attributable to NCI	(1,744)	3,146	(18,735)	1,223	4,415	(6,087)
Total comprehensive income for the year	(2,336)	6,066	(66,192)	3,248	8,889	(21,504)
Dividends paid to non controlling interests	(115)	(2,597)	(2,178)	-	-	(2,075)

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

	For the year ended 31 December 2015			For the year ended 31 December 2014		
	NFI KD '000	NIC KD '000	IPI KD '000	NFI KD '000	NIC KD '000	IPI KD '000
Net cash flow from operating activities	6,976	6,663	(1,464)	12,404	15,171	(1,262)
Net cash flow from investing activities	10,179	(7,996)	14,146	5,106	(3,660)	8,192
Net cash flow from financing activities	(13,936)	(3,293)	(12,500)	(19,084)	(6,367)	(7,208)
Net cash inflow/ (outflow)	3,219	(4,626)	182	(1,574)	5,144	(278)

7.3. Acquisition of subsidiary

During the previous year, one of the Group's local subsidiaries acquired 60% equity stake in Cable Sat Satellite Service Company, a Kuwait Limited Liability Company (engaged in renting and sale of indefeasible right of use) and the acquisition was accounted in accordance with IFRS 3 as follows:

	KD '000
Total consideration	2,511
Value of non-controlling interests	638
	3,149
Less : Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and Bank balances	1
Trade and other receivable	46
Intangible assets (note 15.2)	8,326
Trade and other payable	(5,224)
Total identifiable net assets	3,149
Goodwill	-

The purchase price allocation was finalised in 2015 based on negotiations of acquisition terms as disclosed in note 15.2.

7.4 Certain non-controlling interests in the above subsidiary companies are held on behalf of the Parent Company by third party nominees.

7.5 Pearl Offshore Enterprises Limited is a special purpose vehicle (SPV) which was incorporated during the year 2011 and total assets with a carrying value of KD119,358 thousand (2014: KD103,631 thousand) and total liabilities of KD69,371 thousand (2014: KD66,876 thousand) of the Parent Company are held by the SPV.

8 Income from investments

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Dividend income:		
- From investments at fair value through profit or loss	685	1,633
- From available for sale investments	14,387	13,997
Profit on sale of available for sale investments	21,714	37,597
Realised gain on investments at fair value through profit or loss	466	1,617
Unrealised gain on investments at fair value through profit or loss	295	1,172
	37,547	56,016

Notes to the consolidated financial statements (continued)

9 Interest and other income

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Interest/profit on bank balances, short term deposits, murabaha and wakala investments	633	504
Income from financing of future trade by customers	281	351
Service income	225	65
Management and placement fees	1,810	54
Gain on disposal of property, plant and equipment	-	8
Net gain relating to liquidated/disposed foreign subsidiaries*	1,802	-
Others	939	377
	5,690	1,359

* The gain has mainly resulted from the net realisation of the positive foreign currency translation reserves which were booked in the previous years in equity with regard to the liquidated/disposed foreign subsidiaries.

10 Net gain or (loss) on financial assets

Net gain or (loss) on financial assets, analysed by category, is as follows:

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Loans and receivables		
- bank balances and short term deposits	390	326
- murabaha and wakala investments	243	178
- accounts receivable and other assets (income from future trade)	281	351
- impairment in value of receivable and other assets	(323)	(1,441)
At fair value through profit or loss		
- held for trading	(911)	3,172
- designated as such on initial recognition	2,357	1,250
Available for sale investments		
- recognised in other comprehensive income (including non-controlling interests share)	(75,497)	(13,581)
- recycled from other comprehensive income to consolidated statement of profit or loss		
• On impairment	(9,851)	(28,205)
• On disposal	12,561	26,190
- recognised directly in consolidated statement of profit or loss	23,540	25,404
	(47,210)	13,644
Net gain recognised in the consolidated statement of profit or loss	28,287	27,225
Net loss recognised in the other comprehensive income	(75,497)	(13,581)
	(47,210)	13,644

11 Finance costs

Finance costs relate mainly to due to banks, short and long term borrowings, and lease creditors. All these financial liabilities are stated at amortised cost.

Notes to the consolidated financial statements (continued)

12 Taxation and other statutory contributions

(a) Foreign taxation

*Taxation of foreign subsidiaries**

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Current tax expense		
Current year charge	(388)	(56)
Deferred tax expense		
Current year charge	(124)	(211)
	(512)	(267)

Other taxation - local subsidiary **

Current year charge	(289)	(334)
Under provision in relation to previous years	-	(989)
	(289)	(1,323)
	(801)	(1,590)

(b) KFAS, NLST and Zakat of local subsidiaries ***

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Contributions to Kuwait Foundation for Advancement of Science (KFAS)	(84)	(173)
Provision for National Labour Support Tax (NLST)	(222)	(470)
Provision for Zakat	(88)	(220)
	(394)	(863)

*The above tax is calculated based on the tax law adopted in United Kingdom.

** The above represents tax related to dividend income received from investments in a GCC Country. During the fourth quarter of previous year, one of the Subsidiary's discovered that their maybe a potential tax liability on dividend income received from foreign entities located in a GCC country (at the rate of 5%), which the Subsidiary's management was not aware of in the past. No tax claims or assessments have been made by any regulatory authority as of date. However based on advice received from consultants and other information available to the Subsidiary's management, on a conservative basis, the Group provided an amount of KD1,323 thousand at the end of 31 December 2014. Accordingly, during the year, the Group has also made a provision of KD216 thousand on any taxes which may arise on the dividend income recognised as income up to 30 June 2015. The provisions have been included under accounts payable and other liabilities. Further, during the current year, the Subsidiary has received dividend from a foreign entity located in a GCC country, and such dividend has been received net of taxes amounting to KD73 thousand as the portfolio manager has deducted the relevant tax from the account. However the Group has decided to gross up the dividend income by the amount of KD73 thousand and show it separately as tax expenses.

Notes to the consolidated financial statements (continued)

12 Taxation and other statutory contributions (continued)

*** The contributions and provisions are on profit of local subsidiaries, whereas no contribution and provision for the Parent Company was recognised in the current year (2014: Nil) as the net taxable results attributable to the Parent Company was a loss.

13 Profit for the year

Profit for the year is stated after charging:

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Staff costs	30,678	32,258
Depreciation	6,506	6,848

The number of staff employed by the Parent Company at 31 December 2015 was 67 (2014: 73).

14 Basic and diluted earnings per share attributable to the owners of the Parent

Earnings per share are calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2015	Year ended 31 Dec. 2014
Profit for the year attributable to the owners of the Parent Company (KD '000)	25,427	28,282
Weighted average number of shares outstanding during the year (excluding treasury shares) – shares	1,325,056,996	1,325,056,996
Basic and diluted earnings per share	19.2 Fils	21.3 Fils

15 Goodwill and intangible assets

15.1 Goodwill

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Balance at 1 January	9,245	9,221
Adjustments	-	34
Foreign exchange adjustment	10	(10)
	9,255	9,245

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired subsidiaries. Goodwill of KD2,029 thousand (31 December 2014: KD2,029 thousand) and KD7,226 thousand (31 December 2014: KD7,216 thousand) has been allocated to the IT service business and specialist engineering unit of the Group, respectively as these are the cash generating unit (CGU) which is expected to benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes.

Notes to the consolidated financial statements (continued)

15 Goodwill and intangible assets (continued)

15.1 Goodwill (continued)

Impairment testing

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on higher of value-in-use calculations or fair value less cost to sell.

Management used the following approach to determine values to be assigned to the following key assumptions in the value in use calculations:

Key assumption	*Basis used to determine value to be assigned to key assumption*
Growth rates	Anticipated average growth rate of 0% to 5% (2014: 0% to 10%) per annum. Value assigned reflects past experience and changes in economic environment. Cash flows beyond the five-year period have been extrapolated using a growth rate of 0% to 3% (2014: 0% to 3%). This growth rate does not exceed the long term average growth rate of the market in which the CGU operates.
Discount rates	Discount rates of 3.5% to 16.9% (2014: 3.5% to 22%). Discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the above analysis, there are no indications that goodwill included in any of the cash generating units is impaired.

15.2 Intangible assets – Indefeasible right of use (IRU)

Intangible asset comprises of indefeasible right of use (IRU) to a telecommunication asset arising from a subsidiary acquired during 2014 and the movement is as follows::

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Cost		
At the beginning of the year	8,326	-
Addition due to acquisition of a subsidiary (note 7.3)	-	8,326
Reduction in the cost due to re-negotiation of the terms	(2,685)	-
Impairment in value during the year	(2,010)	-
Balance at the end of the year	3,631	8,326
Accumulated amortization		
At the beginning of the year	(41)	-
Charge for the year	(22)	(41)
At the end of the year	(63)	(41)
Net book value at the end of the year	3,568	8,285
Total goodwill and intangible assets	12,823	17,530

This represents an intangible asset in the form of an indefeasible right of use (IRU) to a telecommunication asset carried at KD3,568 thousand (31 December 2014: KD8,285 thousand) arising from a subsidiary. During the current year the subsidiary re-negotiated the financial and other terms of its use and accordingly, as per the new contractual terms its carrying value and that of the related liability has reduced by KD2,685 thousand and KD2,605 thousand respectively. Consequently, based on the information available, the Group's management has recognised an impairment of KD2,010 thousand which includes net cancellation charges of KD456 thousand related to the previous contract.

Notes to the consolidated financial statements (continued)

16 Property, plant and equipment

Year ended 31 December 2015

	Land KD '000	Freehold property KD '000	Leasehold property KD '000	Property on leasehold land KD '000	Plant and machinery KD '000	Motor vehicles KD '000	Furniture and equipment KD '000	Leased plant, machinery & vehicles KD '000	Property under construction KD '000	Total KD '000
Cost or valuation										
At 1 January 2015	1,415	16,427	547	37,738	82,967	11,160	14,020	2,766	3,384	170,424
Foreign exchange adjustments	53	220	2	86	(52)	(3)	(1)	(51)	-	254
Additions/transfer/ consolidation of new subsidiaries	-	107	50	264	6,321	558	490	325	479	8,594
Transfer to Investment properties (note 18)	-	-	-	(2,280)	-	-	-	-	-	(2,280)
Disposals	-	-	-	(916)	(688)	(33)	(138)	-	-	(1,775)
At 31 December 2015	1,468	16,754	599	34,892	88,548	11,682	14,371	3,040	3,863	175,217
Accumulated depreciation and impairment losses										
At 1 January 2015	-	3,406	44	24,229	51,046	9,779	9,665	1,608	-	99,777
Foreign exchange adjustments	-	133	3	19	(189)	2	(2)	(20)	-	(54)
Charge for the year	-	593	6	764	3,918	669	374	182	-	6,506
Relating to disposals	-	-	-	(916)	(596)	(33)	(135)	-	-	(1,680)
At 31 December 2015	-	4,132	53	24,096	54,179	10,417	9,902	1,770	-	104,549
Net book value										
At 31 December 2015	1,468	12,622	546	10,796	34,369	1,265	4,469	1,270	3,863	70,668

Properties on lease hold land are on lands which have been leased from the government of Kuwait through renewable lease contracts.

Property under construction mainly represents the cost incurred, on the expansion of one of the subsidiaries existing factories and the construction of a manufacturing lines by a subsidiary. During the prior years, portions of the manufacturing lines which were completed and ready for intended use were capitalised in the appropriate categories. The costs relating to the remaining manufacturing lines and facilities will be transferred to the appropriate asset categories when the assets are ready for their intended use.

Notes to the consolidated financial statements (continued)

16 Property, plant and equipment (continued)

Year ended 31 December 2014

	Land KD '000	Freehold property KD '000	Leasehold property KD '000	Property on leasehold land KD '000	Plant and machinery KD '000	Motor vehicles KD '000	Furniture and equipment KD '000	Leased plant, machinery & vehicles KD '000	Property under construction KD '000	Total KD '000
Cost or valuation										
At 1 January 2014	1,365	16,710	71	35,244	84,394	10,850	13,672	2,712	3,371	168,389
Foreign exchange adjustments	50	(47)	-	82	(437)	54	6	(115)	-	(407)
Additions/transfer/ consolidation of new subsidiaries	-	(236)	476	2,412	3,460	452	414	169	13	7,160
Write off	-	-	-	-	(7)	(166)	(72)	-	-	(245)
Disposals	-	-	-	-	(4,443)	(30)	-	-	-	(4,473)
At 31 December 2014	1,415	16,427	547	37,738	82,967	11,160	14,020	2,766	3,384	170,424
Accumulated depreciation and impairment losses										
At 1 January 2014	-	2,768	42	23,416	51,517	9,202	9,205	1,527	-	97,677
Foreign exchange adjustments	-	2	(3)	15	(211)	4	5	(78)	-	(266)
Charge for the year	-	636	5	798	3,991	755	504	159	-	6,848
Write off	-	-	-	-	(7)	(159)	(49)	-	-	(215)
Relating to disposals	-	-	-	-	(4,244)	(23)	-	-	-	(4,267)
At 31 December 2014	-	3,406	44	24,229	51,046	9,779	9,665	1,608	-	99,777
Net book value										
At 31 December 2014	1,415	13,021	503	13,509	31,921	1,381	4,355	1,158	3,384	70,647

Notes to the consolidated financial statements (continued)

17 Investment in associates

Details of the Group's material associates at the end of the reporting period are as follows:

	Country of registration and principal place of business	Nature of business	Percentage ownership 31 Dec. 2015	Percentage ownership 31 Dec. 2014
Meezan Bank Ltd – (Quoted)	Pakistan	Islamic banking	49	49
Privatization Holding Company – KPSC (Quoted)	Kuwait	Financial services	33	33
Kuwait Cement Company – KPSC (Quoted)	Kuwait	Industrial	26	26
Airport International Group - P.S.C	Jordan	Airport operations	24	24
Mabanee Company - KPSC - (Quoted)	Kuwait	Real estate	18	18

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Movement during the year is as follows:		
Balance at 1 January	330,968	294,406
Additions during the year	3,922	2,490
Share of results	26,913	41,720
Share of other comprehensive income	(9,119)	2,472
Dividend received	(10,676)	(9,122)
Disposal of associates	(4,419)	(3,284)
Impairment in value	(617)	(2,171)
Foreign currency translation adjustment	296	4,457
Other adjustments	(81)	-
Balance at the end of the year	337,187	330,968

17.1 All of the above named associates are accounted for using the equity method in these consolidated financial statements.

17.2 A major portion of an associate with a carrying value of KD123,959 thousand (2014: KD Nil) is kept in a custody portfolio account with specialised institution (note 27c).

17.3 During the current year, the Group partially disposed an insignificant stake of Mabanee Company KPSC which resulted in a net gain of KD395 thousand (2014: KD1,140 thousand). Although the Group owns 18 % of the investee, the Group exercises significant influence over the associate by way of board representation.

17.4 Summarised financial information in respect of each of the Group's material associates named above, are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Groups share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.4.1 Mabanee Company - KPSC

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Non-current assets	1,024,568	902,948
Current assets	38,061	32,369
Non-current liabilities	(269,614)	(196,673)
Current liabilities	(44,178)	(59,004)
Non controlling interest	(374)	(444)
Equity attributable to the shareholders of the associate	748,463	679,196

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Revenue	84,993	186,718
Profit for the year	77,381	178,686
Other comprehensive income for the year	3,008	2,170
Total comprehensive income for the year	80,389	180,856
Dividends received from the associate during the year	1,999	3,260

A reconciliation of the above summarised financial information to the carrying amount of the investment in Mabanee Company - KPSC is set out below:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Net assets of the associate attributable to the shareholders of the associate	748,463	679,196
Proportion of the Group's ownership interest	17.51%	18.04%
Interest in the associate	131,056	122,527
Goodwill	10,819	11,146
Other Adjustments	303	411
Carrying value of the investment	142,178	134,084

As at 31 December 2015 the fair value of the Group's interest in Mabanee Company - KPSC, which is listed on the Kuwait Stock Exchange was KD136,892 thousand (2014: KD126,617 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.4.2 Kuwait Cement Company – KPSC

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Non-current assets	233,711	252,242
Current assets	66,056	75,987
Non-current liabilities	(68,464)	(86,409)
Current liabilities	(44,634)	(41,973)
Equity	186,669	199,847

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Revenue	69,534	59,536
Profit for the year	16,301	14,080
Other comprehensive income for the year	(10,611)	4,457
Total comprehensive income for the year	5,690	18,537
Dividends received from the associate during the year	3,381	3,381

A reconciliation of the above summarised financial information to the carrying amount of the investment in Kuwait Cement Company – KPSC is set out below:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Net assets of the associate attributable to the shareholders of the associate	186,669	199,847
Proportion of the Group's ownership interest in the associate	25.617%	25.617%
Interest in the associate	47,819	51,195
Goodwill	14,893	14,893
Other Adjustments	4,421	4,371
Carrying value of the investment	67,133	70,459

As at 31 December 2015 the fair value of the Group's interest in Kuwait Cement Company – KPSC, which is listed on the Kuwait Stock Exchange was KD71,382 thousand (2014: KD71,382 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

17.4.3 Meezan Bank Ltd.

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Non-current assets	426,873	246,520
Current assets	1,126,181	1,043,025
Non-current liabilities	(118,006)	(103,427)
Current liabilities	(1,351,779)	(1,108,860)
Equity	83,269	77,258

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.4.3 Meezan Bank Ltd. (continued)

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Revenue	95,955	53,308
Profit for the year	14,887	22,460
Other comprehensive income for the year	511	(1,109)
Total comprehensive income for the year	15,398	21,351
Dividends received from the associate during the year	3,883	2,481

A reconciliation of the above summarised financial information to the carrying amount of the investment in Meezan Bank Ltd is set out below:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Net assets of the associate attributable to the shareholders of the associate	83,269	77,258
Proportion of the Group's ownership interest in the associate	49.11%	49.11%
Interest in the associate	40,893	37,941
Goodwill	9,182	9,262
Carrying value of the investment	50,075	47,203

As at 31 December 2015 the fair value of the Group's interest in Meezan Bank Ltd, which is listed on the Karachi Stock Exchange was KD65,290 thousand (2014: KD67,661 thousand), based on the quoted market price available on that exchange, which is a level 1 input in terms of IFRS 13.

Share of results of associates includes KD419 thousand (2014: KD4,035 thousand) which represents the Group's share of gain on bargain purchase recognised by Meezan Bank Limited. This has been designated as distributable only for stock dividends with prior approval of the regulator in Pakistan.

17.4.4 Privatization Holding Company – KPSC

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Non-current assets	114,902	144,313
Current assets	43,262	39,311
Non-current liabilities	(11,542)	(28,514)
Current liabilities	(44,628)	(41,630)
Non controlling interests	(2,016)	(894)
Equity	99,978	112,586

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.4.4 Privatization Holding Company – KPSC (continued)

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Revenue	18,316	13,539
Profit for the year	110	4,326
Other comprehensive income for the year	(119)	5,867
Total comprehensive income for the year	(9)	10,193
Dividends received from the associate during the year	1,102	-

A reconciliation of the above summarised financial information to the carrying amount of the investment in Privatization Holding Company – KPSC is set out below:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Net assets of the associate attributable to the shareholders of the associate	99,978	112,586
Proportion of the Group's ownership interest in the associate	33.3%	33.3%
Interest in the associate	33,293	37,491
Other Adjustments	(4,571)	(3,843)
Carrying value of the investment	28,722	33,648

As at 31 December 2015 the fair value of the Group's interest in Privatization Holding Company – KPSC, which is listed on the Kuwait Stock Exchange was KD12,280 thousand (2014: KD12,157 thousand), based on the quoted market price available on the exchange, which is a level 1 input in terms of IFRS 13.

17.4.5 Airport International Group P.S.C

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Non-current assets	274,263	254,283
Current assets	62,644	41,588
Non-current liabilities	(126,406)	(117,639)
Current liabilities	(85,878)	(52,737)
Equity	124,623	125,495

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Revenue	63,525	55,973
Loss for the year	(10,051)	(11,379)
Other comprehensive income for the year	2,384	(1,570)
Total comprehensive income for the year	(7,667)	(12,949)

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.4.5 Airport International Group P.S.C (continued)

A reconciliation of the above summarised financial information to the carrying amount of the investment in Airport International Group P.S.C is set out below:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Net assets of the associate attributable to the shareholders of the Group	124,623	125,495
Proportion of the Group's ownership interest	24%	24%
Interest in the associate	29,910	30,119
Other Adjustments	757	418
Carrying value of the investment	30,667	30,537

Airport International Group P.S.C, is an unquoted investment.

17.5 Aggregate information of associates that are not individually material to the Group

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
The Group's share of result for the year	4,250	(3,861)
The Group's share of other comprehensive income for the year	(7,711)	(93)
The Group's share of total comprehensive income	(3,461)	(3,954)
Aggregate carrying amount of the Group's interest in these associates as of the reporting date	18,412	15,037
Aggregate Dividends received from the associates during the year	311	-

17.6 The Group's share of associates' contingent liabilities amounted to KD109,461 thousand (2014: KD91,859 thousand). This includes the group's share of contingent liabilities related to a foreign bank (Meezan Bank Ltd.) which amounted to KD65,495 thousand (2014: KD55,875 thousand).

18 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Fair value as at 1 January	61,425	49,943
Additions	4,494	16,869
Disposal	-	(9,525)
Reclassification from property, plant and equipment (c)	2,280	-
Change in fair value	1,283	4,138
	69,482	61,425

Notes to the consolidated financial statements (continued)

18 Investment properties (continued)

Investment properties comprise of lands and buildings in the following countries:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Kuwait	62,530	54,506
Saudi	6,205	6,163
Jordan	431	415
UAE	316	341
Total	69,482	61,425

a) Investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers. (refer note 36 for details).

b) Investments properties amounting to KD39,055 thousand (2014: KD34,040 thousand) are secured against bank loans and other Islamic financing arrangements (refer note 27).

c) During the year, one of the subsidiaries of the Group has transferred one of its buildings with a carrying value of KD2,280 thousand from owner occupied property to investment properties based on the change in use as it was rented out during the year. The fair value of the property as per the independent valuation obtained as of the transfer date approximates the transfer value.

d) During the year, borrowing cost of KD297 thousand (2014: KD280 thousand) has been capitalised to investment properties under development.

19 Available for sale investments

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Non Current		
Managed funds		
- Local	483	2,500
- Foreign	115,303	120,835
	115,786	123,335
Unquoted equity participations		
- Local	23,779	23,781
- Foreign	165,479	176,375
	189,258	200,156
Quoted shares		
- Local	78,736	104,398
- Foreign	110,129	189,030
	188,865	293,428
	493,909	616,919
Current		
Quoted shares (a)		
- Local	46,851	63,061
- Foreign	477	291
	47,328	63,352
	541,237	680,271

Notes to the consolidated financial statements (continued)

19 Available for sale investments (continued)

a) The quoted shares classified as current at 31 December represents the remaining investments from those which were transferred from investments at fair value through profit or loss as of 1 July 2008 (refer note 23 a).

b) Managed funds include investments in private equity funds with a carrying value of KD26,647 thousand (2014: KD30,559 thousand). Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

c) At the end of the year, the Group recognised an impairment loss of KD4,016 thousand (2014: KD12,826 thousand) for certain local and foreign quoted shares, as the market value of these shares at reporting dates declined significantly below their costs. Further the Group also recognised an impairment loss of KD5,835 thousand (2014: KD15,379 thousand) against certain unquoted shares, local and foreign funds based on estimates made by management as per information available to them and the net assets values reported by the investment managers.

d) Unquoted investments and managed funds of KD20,895 thousand (2014: KD57,520 thousand) are carried at cost less impairment in value if any, since their fair value cannot be reliably determined. The Group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.

e) During the year, one of the local subsidiaries of the Group entered into an agreement with a foreign party to dispose foreign unquoted shares with a carrying value of KD27,624 thousand for a consideration of KD29,977 thousand (net of taxes) resulting a net gain of KD2,353 thousand being recognised in the consolidated statement of profit or loss under "profit on sale of available for sale investments". The Group has received an amount of KD7,518 thousand from the total selling price and the remaining balance amounting to KD22,459 thousand was included under "accounts receivables and other assets" in the consolidated statement of financial position.

f) During the year, the Group sold to its associates quoted investment with a carrying value of KD949 thousand for a consideration of KD975 thousand which resulted in a net gain of KD26 thousand and the consideration due has been reduced from the balance due to associates.

g) Investments with a fair value of KD181,450 thousand (2014: KD200,309 thousand) are secured against short term borrowings (refer note 30) and long term borrowings (refer note 27).

20 Inventories

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Finished goods and work-in-progress	15,578	16,313
Raw materials and consumables	15,178	13,626
Spare parts and others	3,626	3,219
Goods in transit	1,032	413
	35,414	33,571
Provision for obsolete and slow moving inventories	(1,360)	(1,548)
	34,054	32,023

Notes to the consolidated financial statements (continued)

21 Accounts receivable and other assets

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Financial assets		
Net trade receivables	28,689	26,271
Net amount due on disposal of foreign investment properties (b)	972	938
Amounts due on sale of investments (d)	32,056	21,615
Due from associates	1,870	1,724
Due from other related parties	2,476	955
Due from key management personnel	231	233
Advance payments to acquire investments	-	68
Due from Kuwait Clearing Company (future trade)	4,846	5,250
Due from investment brokerage companies	1,698	2,124
Interest and other accrued income	1,519	1,222
Other financial assets	9,339	9,132
	83,696	69,532
Less: amount due after one year	(1,550)	(2,102)
	82,146	67,430
Non-financial assets		
Other assets	5,118	3,179
	5,118	3,179
	87,264	70,609

a) Trade receivables are non-interest bearing and generally on 30 to 90 days terms.

As at 31 December the aging analysis of trade receivables is as follows:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Neither past due nor impaired	24,135	18,555
Past due but not impaired		
- less than 3 months	992	3,422
- 3 – 6 months	3,562	4,294
Total trade receivables	28,689	26,271

Trade receivables that are less than six months past due, are not considered impaired since they relate customers for whom there is no recent history of default.

b) The consideration due on sale of the Group's investment property in the Kingdom of Saudi Arabia amounting to KD12,405 thousand (sold during 2011) was due in instalments. Out of the consideration due, as of 31 December 2015 an amount of KD972 thousand is outstanding and the Group's management expects that it will be settled during 2016.

c) During the year, the Group recognised an impairment loss of KD323 thousand (2014: KD1,441 thousand) against trade and other receivables.

d) This includes an amount of KD22,459 thousand due on sale of available for sale investments of one of the local subsidiaries of the Group (refer note 19 e). Subsequent to the reporting date, the Group has received the outstanding balance in full.

Notes to the consolidated financial statements (continued)

22 Murabaha and wakala investments

	Effective profit rate % (per annum) 2015	2014	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Due from a local Islamic investment company/ due from related parties	-	-	14,324	14,324
Provision for impairment in value	-	-	(14,324)	(14,324)
			-	-
Placed with local Islamic banks	1.13%	0.5%	1,000	598
			1,000	598

No profit was recognised on impaired wakala investments during the current year (2014: Nil).

Wakala investments of KD14,324 thousand (2014: KD14,324 thousand) placed with a local Islamic investment company matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the maturity date. However revised maturity dates were stipulated by the court. The investee company again defaulted the payment of 2nd and 3rd instalment due in June 2014 and 2015 respectively. Full provision is made for receivable in accordance with the Central Bank of Kuwait provision rules.

During previous years, one of the local subsidiary's of the Group assumed the financial and legal obligations on wakala investments of KD9,968 thousand (in violation of the Commercial Companies Law of 1960) that the subsidiary had placed with the above investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The Group initiated legal proceedings against the above parties to recover the amount including profits thereon. During the year 2014, the court of appeal had ordered the related parties to pay KD8,285 thousand with 7% profit thereon to the Group which has now been overturned by the Court of Cassation in favour of the related party during the year. The legal proceedings relating to the remaining amount of KD1,683 thousand is still in process.

23 Investments at fair value through profit or loss

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Held for trading :		
Quoted shares		
- Local	16,992	26,193
- Foreign	7,261	6,776
	24,253	32,969
Designated on initial recognition :		
Local funds	7,709	7,936
International managed portfolios and funds	52,071	18,801
	59,780	26,737
	84,033	59,706

a) In 2008, as a result of significant developments in the global financial markets, the Group had reclassified investments with a fair value of KD380,755 thousand as at 1 July 2008 from "investment at fair value through profit or loss" category to "available for sale" category. The fair value of remaining reclassified investments as of 31 December 2015 is KD47,328 thousand (2014: KD63,352 thousand).

Notes to the consolidated financial statements (continued)

23 Investments at fair value through profit or loss (continued)

b). During 2008, a local money market fund, in which a local subsidiary of the Group has investments totaling to KD1,401 thousand as at 31 December 2015 (2014: KD1,624 thousand), suspended redemption requests. Management of the subsidiary has been informed by the manager of the fund that redemptions will be made depending on availability of liquid funds. Further, the subsidiary's management has also been informed by the manager of the fund that the request made to liquidate the fund has been accepted by the relevant authorities. The investment has been fair valued based on the last unaudited net asset value reported by the fund manager as of 1st March 2015. The subsidiary's management expects to realize these investments at not less than its carrying value.

c). Quoted shares, held by local subsidiaries, with a fair value of KD3,586 thousand (2014: KD9,840 thousand) are secured against short term borrowings (refer note 30) and long term borrowings (refer note 27).

24 Share capital and share premium

a) As of 31 December 2015, authorized issued and fully paid share capital in cash of the Parent Company comprised of 1,359,853,075 shares of 100 Fils each (31 December 2014: 1,359,853,075 shares).

b) Share premium is not available for distribution.

c) At the Annual General Meeting held on 20 May 2015, the shareholders approved a cash dividend of 12% (2013: Nil) equivalent to 12 Fils per share and bonus share of Nil for the year ended 31 December 2014. At the Annual General Meeting held on 28 May 2014, the shareholders approved 5% bonus shares on outstanding shares as at the date of the AGM, which represented 64,754,908 shares of 100 Fils each amounting to KD6,475 thousand.

25 Treasury shares

	31 Dec. 2015	31 Dec. 2014
Number of shares	34,796,079	34,796,079
Percentage of issued shares	2.56%	2.56%
Market value (KD '000)	4,245	6,611
Cost (KD'000)	30,375	30,375

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

As at 31 December 2015 and 2014, one of the associate companies of the Group held 131,599,475 (2014: 131,599,475) shares of the Parent Company's shares equivalent to 9.7% (2014: 9.7%) of the Parent Company's shares issued.

Notes to the consolidated financial statements (continued)

26 Cumulative changes in fair value, other components of equity and Non-controlling interests

a) Cumulative change in fair value

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Balance at 1 January	160,785	164,439
Other comprehensive income:		
Net change in fair value of available for sale investments	(49,252)	(6,229)
Transferred to consolidated statement of profit or loss on disposal of available for sale of investments	(11,246)	(22,953)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	5,335	23,288
Share of fair value adjustment in associates	(9,244)	2,240
Other comprehensive income for the year	(64,407)	(3,654)
Balance at 31 December	96,378	160,785

b) Other components of equity

	Statutory reserve KD '000	General reserve KD '000	Gain on Sale of treasury shares reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balances at 31 December 2014	8,542	1,694	18,452	(1,521)	27,167
Other comprehensive income:					
Currency translation differences	-	-	-	(965)	(965)
Comprehensive income	-	-	-	(965)	(965)
Reserve transfers	2,625	-	-	-	2,625
Balances at 31 December 2015	11,167	1,694	18,452	(2,486)	28,827
Balances at 31 December 2013	2,603	1,892	18,452	(4,395)	18,552
Reallocation to non controlling interests of subsidiary	-	-	-	38	38
Transactions with owners	-	-	-	38	38
Other comprehensive income:					
Currency translation differences	-	-	-	2,836	2,836
Comprehensive income	-	-	-	2,836	2,836
Transfer from reserve of subsidiary	-	(690)	-	-	(690)
Reserve transfers of subsidiaries	5,939	492	-	-	6,431
Balances at 31 December 2014	8,542	1,694	18,452	(1,521)	27,167

Notes to the consolidated financial statements (continued)

26 Cumulative changes in fair value, other components of equity and Non-controlling interests (continued)

Statutory reserve

In accordance with the Companies Law and the Parent Company's articles of association, 10% of the profit for the year before KFAS, NLST, Zakat and directors remuneration but after Non-controlling interest is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the 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. No transfer is required in a year in which the Group has incurred a loss or where accumulated losses exist.

General reserve

In accordance with the Parent Company's articles of association, a certain percentage of the profit for the year before KFAS, NLST, Zakat and directors remuneration but after Non-controlling interest is to be transferred to the general reserve at the discretion of the Board of Directors which is to be approved at the General Assembly. For the year ended 31 December 2015, the Board of Directors do not propose any transfer to general reserve and this is subject to approval at the General Assembly.

c) Non-controlling interests

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Balance at 1 January	**146,729**	147,976
Net decrease in non controlling interests on acquisition of subsidiary	**-**	(804)
Net increase in non-controlling interests of subsidiary during the year*	**3,195**	-
Increase in share capital of subsidiaries	**2,052**	-
Amount due to non-controlling interests on reduction of share capital of subsidiary **	**(1,732)**	(3,912)
Redemption of share capital by non-controlling interest of subsidiary	**(18)**	-
Dividend paid to non-controlling interests by the subsidiaries	**(4,890)**	(2,075)
Reallocation to no-controlling interests of a subsidiary	**-**	1,633
Other net changes in non-controlling interests	**345**	679
Transactions with non-controlling interests	**(1,048)**	(4,479)
Profit for the year	**3,483**	8,549
Other comprehensive income :		
Exchange differences arising on translation of foreign operations	**(46)**	2,138
Net change in fair value of available for sale investments	**(23,535)**	(9,367)
Transferred to consolidated statement of profit or loss on disposal of available for sale investments	**(1,315)**	(3,237)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	**4,516**	4,917
Share of other comprehensive income of associates	**125**	232
Total other comprehensive income for the year	**(20,255)**	(5,317)
Total comprehensive income for the year	**(16,772)**	3,232
Balance at 31 December	**128,909**	146,729

* During the year one of the subsidiaries of the Group increased its share capital from KD11,000 thousand to KD15,000 thousand (40,000 thousand shares with a par value of 100 fils and premium of 10 fils per each share). The Group subscribed partially for this increase through another subsidiary of the Group and consequently the Group's shareholding in this subsidiary diluted from 100% to 82.85%. The proportionate carrying value of net assets on the date of dilution amounting to KD3,195 thousand has been transferred to non-controlling interest in the consolidated statement of changes in equity. Consequently the difference between cash proceeds received and non controlling interests share of net assets on the date of dilution amounting to KD358 thousand has been recognized as a dilution loss in the consolidated statement of changes in equity as of 31 December 2015.

Notes to the consolidated financial statements (continued)

26 Cumulative changes in fair value, other components of equity and Non-controlling interests (continued)

c) Non-controlling interests (continued)

** During the year, the shareholders of one of the local subsidiaries of the Group, decided to further decrease its share capital by KD4,000 thousand (2014: KD9,000 thousand) out of which KD1,732 thousand (2014: KD3,912 thousand) pertains to non-controlling interests. After completing its necessary formalities an amount of KD1,726 thousand (2014: KD3,932 thousand) including prior capital reductions has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.

27 Long-term borrowings

Currency	Effective Interest rate	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Conventional loans			
Kuwaiti Dinars (note 27c)	3.5% - 5%	289,258	349,330
US Dollars	2.39% - 4%	93,545	56,274
Euro	2.4% - 4.7%	1,450	1,281
		384,253	406,885
Less : Due within one year		(83,348)	(86,472)
		300,905	320,413
Islamic financing arrangements			
Murabaha payables (note 27c)	3.06%-4%	80,153	101,563
Other Islamic financing arrangements	3.8% - 5.5%	62,855	61,712
		143,008	163,275
Less: Due within one year		(6,068)	(113,434)
		136,940	49,841
Total		437,845	370,254

a During 2011 and 2012, one of the local subsidiaries of the Group restructured its financing arrangements with some local banks and accordingly loans amounting to KD154,710 thousand (out of which KD53,702 thousand has been paid till reporting date and KD4,314 thousand subsequent to the reporting date) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 31 December 2015, these are partly secured (refer notes 18, 19 and 23) and the identification and securitization of the required balance is still in process.

The third instalment of the loan of KD38,677 thousand fell due in 2014 and 2015 and the lenders agreed for payment of 50% of that amount within four months from the original due date. KD15,024 thousand was paid in 2015 and the balance KD4,314 thousand has been settled subsequent to the reporting date.

The local subsidiary has outstanding loans of KD101,008 thousand as of the reporting date out of which KD4,314 thousand was settled subsequent to the reporting date and the process of rescheduling loans amounting to KD96,694 thousand comprising of the remaining 50% (KD19,339 thousand) of the third instalment and KD77,355 thousand for the final instalment is ongoing.

Notes to the consolidated financial statements (continued)

27 Long-term borrowings (continued)

The local subsidiary had submitted a debt rescheduling plan to all its lenders and had, also requested from all of the lenders to extend the standstill as the restructuring is still in process and to continue negotiations to reach an acceptable debt rescheduling solution. Subsequent to the reporting date, the lenders have confirmed that they will continue to negotiate the terms and conditions of the restructuring to bring it to a successful closure. Accordingly, the local subsidiary's management expects to finalize the debt rescheduling within the next few months.

b The Euro loans are secured against property, plant and equipment with a book value of KD804 thousand (2014: KD934 thousand). Also, other Islamic financing arrangement amounting to KD8,869 thousand (2014: KD6,905 thousand) are secured against property, plant and equipment with a book value of KD11,130 thousand (2014: KD4,605 thousand).

c Short term borrowings as of 31 December 2014 included an amount of KD101,563 thousand of an Islamic syndicated loan and KD25,000 thousand of a conventional loan which matured in August 2015.

During the year, the Parent Company has rescheduled the conventional loan amounting to KD25,000 thousand with the same local bank and it is now due in 2 years. Further, the Islamic syndicated loan amounting to KD 101,563 thousand have been settled from the proceeds obtained through two new facilities entered into, one of which is a Murabaha facility comprising of local and regional banks for an amount of KD80,153 thousand due in 3 years and the other is a conventional loan facility with a new foreign bank for an amount of KD20,000 thousand due in one year. Under the terms of the new facilities agreements, shares of one of the listed associates having a carrying value of KD123,959 thousand are kept in a custody portfolio account with specialised institutions (refer note 17.2).

28 Provisions

	31 Dec. 2015 KD'000	31 Dec. 2014 KD '000
Pension liability (refer note 33)	3,784	4,359
Provision for staff indemnity	10,890	10,637
Provision for land-fill expenses	742	724
Provision for rental property	224	295
	15,640	16,015
Less: Provision for rental property – amount due in less than one year	(204)	(206)
	15,436	15,809

The provision for rental property relates to onerous property rental costs (net of estimated rent receivable) and dilapidations obligations of foreign subsidiaries which are payable over various periods up to 2017.

Notes to the consolidated financial statements (continued)

29 Accounts payable and other liabilities

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Financial liabilities		
Trade payables	14,717	14,930
Accrued interest	3,393	2,729
Dividend payable	2,236	950
Leasing creditors - amount due in less than one year	265	236
Provision for rental property – amount due in less than one year	204	206
Payable on acquisition of subsidiary	1,505	1,505
Payable on acquisition of intangible assets	899	3,504
National labour support tax	4,161	4,682
Kuwait Foundation for the Advancement of Sciences and Zakat	557	1,094
Provision for foreign taxation	1,716	1,500
Other accruals	6,578	6,944
Due to associates (refer note 35)	238	1,419
Due to other related parties (refer note 35)	514	2,456
Amounts payable to non controlling interest due to capital reduction of one of the local subsidiaries	1,194	1,235
Other liabilities	7,080	5,885
	45,257	49,275
Non-financial liabilities		
Other creditors	4,157	5,676
Accruals	207	227
	4,364	5,903
	49,621	55,178

30 Short-term borrowings

Currency	Effective interest rate	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Conventional loans			
Kuwaiti Dinars	4% - 4.75%	89,108	41,187
US Dollars	1.33% - 5.88%	70,770	76,095
Sterling & Euro	2% - 3.5%	-	657
		159,878	117,939
Long term borrowings due within one year		83,348	86,472
		243,226	204,411
Islamic financing arrangements			
Murabaha/wakala/Ijara payables	4.5%	13,896	17,608
Long term Islamic financing arrangements due within one year (refer note 27 c)		6,068	113,434
		19,964	131,042
Total		263,190	335,453

Notes to the consolidated financial statements (continued)

30 Short-term borrowings (continued)

a. Islamic financing arrangements include Ijara payables of KD17,825 thousand (2014: KD17,785 thousand) which is secured against investment properties of local subsidiaries (refer note 18).

b. As of 31 December 2015, one of the local subsidiaries had utilised KD1,050 thousand (net) (2014: KD1,500 thousand) from the KD7,000 thousand loan facility from a local bank which is secured against local quoted investments with a fair value of KD7,676 thousand (2014 : KD8,260 thousand).

c. US Dollar loan equivalent to KD69,230 thousand (2014: KD66,793 thousand) and Kuwait Dinar loans of KD44,854 thousand (2014: KD74,371 thousand) are secured by certain available for sale investments (refer note 19).

31 Cash and cash equivalents

	Effective interest/profit rate %	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Short term deposits	0.41% - 1.35%	16,661	6,715
Bank balance and cash	0.62% - 1.35%	43,383	53,354
Due to banks	5.5% - 6.0%	(19,915)	(21,674)
		40,129	38,395
Less: Blocked balances		(325)	(2,837)
Cash and cash equivalents for the purpose of consolidated statement of cash flows		39,804	35,558

32 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose a cash dividend of 10% (2014: 12%) equivalent to 10 Fils (2014: 12 Fils) per share.

At the Annual General Meeting held on 20 May 2015, the shareholders approved a cash dividend of 12% (2013: Nil) equivalent to 12 Fils per share amounting to KD15,901 thousand and bonus share of Nil for the year ended 31 December 2014.

33 Defined benefit pensions schemes

The Group has defined benefit pension schemes for the employees of certain subsidiaries in the United Kingdom. The Schemes provide benefits based on final salary and length of service on retirement. The Schemes are subject to the Statutory Funding Objective under the United Kingdom Pensions Act 2004. A valuation of the schemes is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Group must agree with the Trustees of the Schemes the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The Schemes are managed by a professional trustee appointed by the Group. The Trustee has responsibility for obtaining valuation of the fund, administering benefit payments and investing the Schemes' assets. The Trustee delegates some of these functions to their professional advisers where appropriate.

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

The Schemes expose the Group to a number of risks:

- Investment risk: The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term the short term volatility can cause additional funding to be required if deficit emerges.
- Interest rate risk: The Schemes' liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Schemes hold assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: A significant proportion of the benefits under the Schemes are linked to inflation. Although the Schemes' assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- Mortality risk: In the event that members live longer than assumed a deficit will emerge in the Schemes.
- For certain sections of the Schemes, members are assumed to commute 20% of their pension for cash at retirement. If on average less pension is taken this would lead to a deficit emerging.
- The Trustee holds insurance policies for some members of the Schemes. There is a very small risk that the insurers may default on their policies which would cause additional funding to be required.

Effect of the Schemes on the Group's future cash flows

The Group is required to agree Schedules of Contributions with the Trustee of the Schemes following the valuation which must be carried out at least once every three years. In the event the valuation reveals a larger deficit than expected the Group may be required to increase contributions above those set out in the existing Schedules of Contributions. Conversely if the position is better than expected contributions may be reduced.

The Group expects to contribute KD753 thousand to its defined benefit plans annually which has been agreed with the pension trustee in line with actuarial advice and aims to eliminate the deficit within an acceptable period of time.

The following disclosures cover all the schemes on an aggregated basis. Actuarial calculations have been made in order to determine pension liabilities and pension expenses in connection with the Group's defined benefit pension schemes.

The following assumptions have been used in calculating the liabilities and expenses incurred:

	31 Dec. 2015	31 Dec. 2014
Discount rate at 31 December	3.45%	3.50%
Inflation assumption (RPI)	3.20%	3.15%
Revaluation in deferment (CPI)	2.20%	2.15%
Expected return on plan assets	3.45%	3.50%
Future salary increases	N/A	N/A
Future pension increases	3.20%	3.15%
Mortality after retirement	SAPS (SINA) tables with medium cohort year of birth projections and minimum of 1.25% (2014: 1.25%) per annum improvement.	

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Effect of the Schemes on the Group's future cash flows (continued)
Under the mortality tables adopted, the expected age at death for a member at age 65 is as follows:

	31 Dec. 2015	31 Dec. 2014
Male currently aged 45	**89.1**	89.3
Female currently aged 45	**91.7**	91.9
Male currently aged 65	**87.3**	87.5
Female currently aged 65	**89.7**	90.0

The average of the weighted average duration of the liabilities of each of the schemes is 16 years (2014: 17 years).

Consolidated statement of profit or loss

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Interest cost	**(836)**	(956)
Expected return on assets	**700**	798
Accrued expenses	**12**	(3)
Net annual charge included in general and administrative expenses	**(124)**	(161)

A reconciliation of the movement in the liability for defined benefit pension scheme is as follows:

Consolidated statement of financial position

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Brought forward liability	**4,359**	4,044
Consolidated statement of profit or loss (net)	**124**	161
Contributions	**(837)**	(744)
Actuarial losses	**167**	966
Foreign Exchange adjustments	**(29)**	(68)
Carried forward liability	**3,784**	4,359

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Reconciliation of consolidated statement of financial position liability

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Present value of obligations	23,396	24,330
Fair value of plan assets	(19,745)	(20,082)
Net plan deficit	3,651	4,248
Unrecognised actuarial losses	133	111
Net liability recognised in the consolidated statement of financial position	3,784	4,359

Changes in the present value of the defined benefit obligation

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Opening defined benefit obligation	24,330	21,948
Interest cost	836	956
Actuarial (gains)/ losses	(112)	2,564
Accrued (income)/ expenses	(12)	3
Benefits and expenses paid	(1,567)	(913)
Foreign exchange adjustment	(79)	(228)
Closing defined benefit obligation	23,396	24,330

Changes in the fair value of the plan assets

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Opening fair value of plan assets	20,082	18,030
Interest on assets	700	798
Actuarial (losses)/ gains	(233)	1,615
Contributions by employer	837	744
Benefits and expenses paid	(1,567)	(913)
Foreign exchange adjustment	(74)	(192)
Closing fair value of plan assets	19,745	20,082

The fair value of the plan assets, by category is as follows:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Plan assets:		
Equities	5,554	8,073
Bonds	13,915	11,424
Other assets	276	585
	19,745	20,082

The actual return on the Schemes' assets net of expenses over the period was 2.3% (2013: 13.2%).

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Sensitivity of the value placed on liabilities
The defined benefit obligation would be affected by changes in the actuarial assumptions. The table below shows the potential impact of relatively small changes in the key assumptions:

Adjustment to assumptions	Approximate effect on liabilities KD '000
Discount rate	
Plus 0.5%	(1,120)
Minus 0.5%	1,264
Inflation	
Plus 0.25%	305
Minus 0.25%	(302)
Life expectancy	
Plus 1 year	548
Minus 1 year	(548)

Note the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

34 Segmental analysis

The Group activities are concentrated in four main segments: investment, building material, specialist engineering and hotel and IT operations. The segments' results are reported to the higher management in the Group. In addition, the segments results, assets and liabilities are reported based on the geographic locations which the Group operates in.

Notes to the consolidated financial statements (continued)

34 Segmental analysis (Continued)

The following is the segments information, which conforms with the internal reporting presented to management:

	Investment		Building materials		Specialist engineering		Hotel & IT services		Total	
	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Segment revenue	73,918	106,651	48,216	47,644	75,960	65,280	15,701	13,654	213,795	233,229
Less:										
Income from investments									(37,547)	(56,016)
Share of result of associates									(26,913)	(41,720)
Gain on disposal of investment properties									-	(740)
Gain on disposal of associates									(417)	(1,140)
Change in fair value of investment properties									(1,283)	(4,138)
Rent income									(2,068)	(1,553)
Interest and other income									(5,690)	(1,359)
Sales, per consolidated statement of profit or loss									139,877	126,563
Segment profit	50,974	63,074	7,781	8,320	7,019	4,020	(2,828)	(1,428)	62,946	73,986
Less:										
Finance costs									(28,740)	(30,520)
Other unallocated loss									(3,671)	(3,752)
Profit before foreign taxation									30,535	39,714
Segment assets	1,142,545	1,229,207	57,962	53,214	81,398	78,965	17,437	24,562	1,299,342	1,385,948
Segment liabilities	(17,882)	(17,550)	(18,322)	(18,648)	(20,056)	(23,575)	(9,221)	(11,692)	(65,481)	(71,465)
Segment net assets	1,124,663	1,211,657	39,640	34,566	61,342	55,390	8,216	12,870	1,233,861	1,314,483
Borrowings and due to banks									(720,950)	(727,381)
Total equity, per consolidated statement of financial position									512,911	587,102

Notes to the consolidated financial statements (continued)

34 Segmental analysis (Continued)

Property, plant and equipment of the Group are primarily utilised by the building materials segment, hotel & IT services segment and the specialist engineering segment. The additions and depreciation relating to property, plant and equipment along with impairment in values by each segment, in which the assets are used, are as follows:

	Investment KD '000	Building materials KD '000	Specialist engineering KD '000	Hotel & IT services KD '000	Total KD '000
At 31 December 2015					
Additions to property, plant and equipment	75	2,146	6,179	194	8,594
Depreciation	281	3,243	2,903	79	6,506
Impairment in value of available for sale investments	9,851	-	-	-	9,851
At 31 December 2014					
Additions to property, plant and equipment	61	1,494	3,228	2,377	7,160
Depreciation	313	3,546	2,899	90	6,848
Impairment in value of available for sale investments	27,490	-	-	715	28,205

Geographical segments

The geographical analysis is as follows;

	Assets		Sales	
	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Kuwait	638,173	646,407	61,812	58,942
Outside Kuwait	661,169	739,541	78,065	67,621
	1,299,342	1,385,948	139,877	126,563

35 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Transactions and balances included in the consolidated statement of financial position		
Due from related parties (included in accounts receivable and other assets)		
- Due from associate companies	1,870	1,724
- Due from other related parties	2,476	955
- Due from key managements personal	231	233
Due to related parties (included accounts payable and other liabilities)		
- Due to associates	238	1,419
- Due to other related parties	514	2,456
Current portion of the long term borrowings - murabaha payable to an associate (included in short term borrowings)	-	15,040

Notes to the consolidated financial statements (continued)

35 Related party transactions (continued)

	Year ended 31 Dec. 2015 KD '000	Year ended 31 Dec. 2014 KD '000
Transactions included in the consolidated statement of profit or loss		
Realised gain on sale of available for sale investments – to associate	26	-
Management and placement fees earned from related parties	4	2
Finance cost – charged by an associate	466	774
Purchase of raw materials – from associates	3,932	4,204
Compensation of key management personnel of the Group		
Short term employee benefits and directors' remuneration	3,454	3,843
End of service benefits	421	2,139
	3,875	5,982

36 Summary of assets and liabilities by category and fair value measurement

36.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Financial assets:		
Loans and receivables (at amortised cost):		
• Accounts receivable and other financial assets (refer note 21)	83,696	69,532
• Murabaha and wakala investments	1,000	598
• Short term deposits	16,661	6,715
• Bank balance and cash	43,383	53,354
	144,740	130,199
Assets at fair value through profit or loss:		
• Investments at fair value through profit or loss (refer note 23)		
- Held for trading	24,253	32,969
- Designated on initial recognition	59,780	26,737
	84,033	59,706
Available for sale investments (refer note 19)		
- At fair value	520,342	622,751
- At cost / cost less impairment	20,895	57,520
	541,237	680,271
Total financial assets	770,010	870,176
Financial liabilities:		
At amortised cost		
• Long term borrowings	437,845	370,254
• Leasing creditors	424	478
• Accounts payable and other financial liabilities (refer note 29)	45,257	49,275
• Short term borrowings	263,190	335,453
• Due to banks	19,915	21,674
Total financial liabilities	766,631	777,134

Notes to the consolidated financial statements (continued)

36 Summary of assets and liabilities by category (continued)

36.2 Fair value measurement

Fair value represents 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. Investments at fair value though profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in Note 19 to the consolidated financial statements) are carried at fair value and measurement details are disclosed in note 36.3 to the consolidated financial statements. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs is considered a reasonable approximation of their fair values.

The Group also measures non-financial asset such as investment properties at fair value at each annual reporting date (refer 36.4).

36.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

The financial assets and liabilities measured at fair value on a recurring basis in the statement of consolidated financial position are grouped into the fair value hierarchy as follows;

At 31 December 2015

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value					
Available for sale investments					
-Managed funds					
Private equity funds	a	-	-	26,647	26,647
Other managed funds	c	-	7,174	78,105	85,279
-Unquoted equity participations	d	-	14,268	157,955	172,223
-Quoted shares	a	222,282	862	13,049	236,193
Investment at fair value through profit or loss					
-Quoted shares	a	24,253	-	-	24,253
-Local funds	b	-	7,709	-	7,709
-International managed portfolios and funds	e	5,490	35,750	10,831	52,071
Total assets		252,025	65,763	286,587	604,375

Notes to the consolidated financial statements (continued)

36 Summary of financial assets and liabilities by category (continued)

36.3 Fair value hierarchy (continued)

At 31 December 2014

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value					
Available for sale investments					
-Managed funds					
Private equity funds	a	-	-	30,559	30,559
Other managed funds	c	-	10,528	77,423	87,951
-Unquoted equity participations	d	-	-	147,461	147,461
-Quoted shares	a	356,780	-	-	356,780
Investment at fair value through profit or loss					
-Quoted shares	a	32,969	-	-	32,969
-Local funds	b	-	7,936	-	7,936
-International managed portfolios and funds	e	-	-	18,801	18,801
Total assets		389,749	18,464	274,244	682,457

Measurement at fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair values, are unchanged compared to the previous reporting year, except for certain quoted shares that have been fair valued based on valuation techniques as the Group's management believes that such valuations are more representative of the fair values of such investments based on the information available to the management. Accordingly these investments with a carrying value of KD862 thousand and KD13,049 thousand have been included under level 2 & 3 respectively as of 31 December 2015.

a) Quoted shares & debt instruments (level 1, 2 & 3)

Quoted shares represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1) and if the market for an investment is not active, the Group has established fair value by using valuation techniques (level 2 or 3)

b) Local funds (level 2)

The underlying investments of these funds mainly comprise of local quoted shares and money market instruments and the fair value of the investment has been determined based on net asset values reported by the fund manager as of the reporting date.

c) Foreign funds (level 2)

The underlying investments in these private equity funds mainly represent foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

Notes to the consolidated financial statements (continued)

36 Summary of assets and liabilities by category (continued)

36.3 Fair value hierarchy (continued)

Other managed portfolios (level 3)
The underlying investments of other managed portfolios represent foreign quoted and unquoted securities managed by specialized portfolio managers. They are valued based on periodic reports received from the portfolio managers.

d) Unquoted equity participations (level 3)
The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

e) International managed portfolios and funds (level 3)
The underlying investments of international managed portfolios and funds represent quoted and unquoted securities. They are valued based on fund managers' report.

Level 3 Fair value measurements
The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2015 KD'000	31 Dec. 2014 KD'000
Opening balance	274,244	279,517
Net change in fair value recognised in other comprehensive income	7,393	39,156
Impairment recognised in profit or loss	(2,164)	(8,560)
Net change in fair value recognised in profit or loss	1,156	(1,202)
Net disposals during the year	(8,431)	(34,667)
Reclassification	14,389	-
Closing balance	286,587	274,244

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

The following table provides information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs:

31 December 2015

Financial asset	Valuation technique	Significant unobservable input	Range	Sensitivity of the fair value measurement to the input
Unquoted Equity participations	DCF Method	Long term growth rate for cash flows for subsequent years	3% - 5.8%	Higher the growth rate, higher the value
		WACC	12.5% - 15.4%	Higher the WACC, lower the value
		Discount for lack of marketability	10% - 25%	Higher the discount rate, lower the value
Private equity and direct equity funds	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value
Other managed portfolios	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value

Notes to the consolidated financial statements (continued)

36 Summary of assets and liabilities by category (continued)

36.3 Fair value hierarchy (continued)

31 December 2014

Financial asset	Valuation technique	Significant unobservable input	Range	Sensitivity of the fair value measurement to the input
Unquoted Equity participations	DCF Method	Long term growth rate for cash flows for subsequent years	2% - 4.2%	Higher the growth rate, higher the value
		WACC	9.8% - 17%	Higher the WACC, lower the value
		Discount for lack of marketability	15% - 25%	Higher the discount rate, lower the value
Private equity and direct equity funds	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value
Other managed portfolios	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value

The impact on profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account these premiums and discounts when pricing the investments.

In case of AFS assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through OCI) and, would not have an effect on profit or loss.

36.4 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2014 and 2015

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 December 2015				
Investment property				
- Lands and buildings in Kuwait	-	-	39,826	39,826
- Lands and buildings in Saudi Arabia	-	-	6,205	6,205
- Lands and buildings in UAE	-	-	316	316
- Properties under development in Kuwait	-	-	10,602	10,602
- Land in Jordan	-	-	431	431
- Lands in Kuwait	-	-	12,102	12,102
	-	-	69,482	69,482
31 December 2014				
Investment property				
- Lands and buildings in Kuwait	-	-	43,926	43,926
- Lands and buildings in Saudi Arabia	-	-	6,163	6,163
- Lands and buildings in UAE	-	-	341	341
- Land in Jordan	-	-	415	415
- Lands in Kuwait	-	-	10,580	10,580
	-	-	61,425	61,425

Notes to the consolidated financial statements (continued)

36 Summary of assets and liabilities by category (continued)

36.4 Fair value measurement of non-financial assets (continued)

The above buildings represent rental properties on freehold land categorized as "Investment Lands" (i.e land which can be used to construct multiple residential unit buildings, apartments, villas, Duplex and Studios), in Kuwait, Jordan, UAE and Saudi Arabia. The freehold land above also represents land categorized as investment lands. The fair value of the investment property has been determined based on valuations obtained from two independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management. One of these valuers is a local bank (for local investment properties) who has valued the investment properties using primarily two methods, one of which is the Yield Method and other being a combination of the market comparison approach for the land and cost minus depreciation approach for the buildings. The other valuer who is a local reputable valuer has also valued the investment properties primarily by using a combination of the methods noted above. When the market comparison approach is used adjustments have been incorporated for factors specific to the land in question, including plot size, location and current use. For the valuation purpose, the Company has selected the lower value of the two valuations (2014: lower of two valuations). Further information regarding the level 3 fair value measurements is set out in the table below:

31 December 2015

Description	Valuation technique	Significant unobservable inputs	Range of unobservable Inputs	Relationship of unobservable inputs to fair value
Land and buildings in Kuwait and Saudi Arabia (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated marker price for land (per sqm)	KD1,202 to KD8,857	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD59 to KD264	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD2.46 to KD9	The higher the rent per square meter, the higher the fair value
		Yield rate	3.75% to 7.85%	The higher the yield rate, the higher the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land Kuwait and Jordan	Market comparison approach	Estimated market price for land (per sqm)	KD1,574 to KD8,350	The higher the price per square meter, the higher the fair value

Notes to the consolidated financial statements (continued)

36 Summary of assets and liabilities by category (continued)

36.4 Fair value measurement of non-financial assets (continued)

31 December 2014

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Land and buildings in Kuwait and Saudi Arabia (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated marker price for land (per sqm)	KD1,200–KD8,837	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD38-KD247	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD2 – KD9	The higher the rent per square meter, the higher the fair value
		Yield rate	3.8% to 7.5%	The higher the yield rate, the higher the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land Kuwait and Jordan	Market comparison approach	Estimated market price for land (per sqm)	KD1,300 to KD8,500	The higher the price per square meter, the higher the fair value

Level 3 Fair value measurements

The Group measurement of investment properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The movement in the investment properties is disclosed in note 18.

37 Risk management objectives and policies

The Group's financial liabilities comprise due to banks, short term and long term borrowings, leasing creditors and accounts payable and other liabilities. The main purpose of these financial liabilities is to raise finance for Group operations. The Group has various financial assets such as accounts receivable and other assets, bank balance and cash, murabaha and wakala investments, short term deposits and investment securities which arise directly from operations.

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The board of directors sets out policies for reducing each of the risks discussed below.

The Group also enters into derivative transactions, primarily interest rate swaps. The purpose is to manage the interest rate risks arising from the Group's sources of finance. The Group's policy is not to trade in derivative financial instruments.

The most significant financial risks to which the Group is exposed to are described below.

37.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Notes to the consolidated financial statements (continued)

37 Risk management objectives and policies (continued)

37.1 Market risk (continued)

a) Foreign currency risk (continued)

The Group mainly operates in the Middle East, USA and United Kingdom and is exposed to foreign currency risk arising, primarily from US Dollar, Saudi Riyal and GBP. The consolidated statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the parent company's board of directors and a continuous assessment of the consolidated open positions.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follows:

	31 Dec. 2015 *Equivalent* KD '000	31 Dec. 2014 *Equivalent* KD '000
US Dollars	(103,734)	(46,521)
Saudi Riyals	15,240	3,197
GBP	7,079	(14,285)

The Parent Company's management estimates that a reasonable possible change in the above exchange rate would be 5%.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity (5%), then this would have the following impact on the profit for the year. There is no impact on the Group's other comprehensive income.

	Profit increase/ (decrease)	
	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
US Dollars	5,187	2,326
Saudi Riyals	(762)	(160)
GBP	(354)	714
	4,071	2,880

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity (5%), then there would be an equal and opposite impact on the profit for the year, and the balances shown above would be negative for US Dollars and positive for Saudi Riyals and GBP (2014: negative for US Dollars, GBP and positive for Saudi Riyals).

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

Notes to the consolidated financial statements (continued)

37 Risk management objectives and policies (continued)

37.1 Market risk (continued)

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk on its short term deposits (refer note 31), short and long term borrowings (refer note 30 and 27) and due to banks which are both at fixed and floating interest rates. The risk is managed by the Group by managing an appropriate mix between fixed and floating rate, short term deposits and borrowings.

Positions are monitored regular to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year to reasonable possible change of interest rate of +25 (0.25%) and -75 (0.75%) basis points with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant. There is no impact on Group's other comprehensive income.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Effect on profit for the year	(1,650)	(594)	4,949	1,782

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, Jordan, Bahrain, Abu Dhabi, Saudi Arabia and USA. Equity investments are classified either as "investments at fair value through profit or loss" or "available for sale investments".

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits determined by the Group.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the loss for the year and other comprehensive income for the year ended 31 December would have been as follows:

A positive number below indicates a increase profit and other comprehensive income where the equity prices increase by 10%. All other variables are held constant.

	Profit for the year		Other comprehensive income	
	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Investments at fair value through profit or loss	3,196	4,091	-	-
Available for sale investments*	450	3,897	23,619	35,678
	3,646	7,988	23,619	35,678

Notes to the consolidated financial statements (continued)

37 Risk management objectives and policies (continued)

37.1 Market risk (continued)

c) **Equity price risk (continued)**

* Had equity prices been higher by 10% the impairment loss which was recognised in the consolidated statement of profit or loss would be reduced and consequently the profit for the year 2015 and 2014 would be higher.

For a 10% decrease in the equity prices there would be an equal and opposite impact on the losses for the years and other comprehensive income and the amounts shown above would be negative.

37.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Available for sale investments	541,237	680,271
Accounts receivable and other assets (refer note 21)	83,696	69,532
Murabaha and wakala investments	1,000	598
Investments at fair value through profit or loss	84,033	59,706
Short term deposits	16,661	6,715
Bank balances	43,383	53,354
	770,010	870,176

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. None of the above financial assets are past due nor impaired except for certain wakala investments referred to in note 22, certain available for sale investments, account receivable and other asset and investment at fair value through profit or loss referred to in note 19, 21 and 23 respectively. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for bank balances and short term deposits is considered negligible, since the counterparties are reputable financial institution with high credit quality. Information on other significant concentrations of credit risk is set out in note 37.3.

Notes to the consolidated financial statements (continued)

37 Risk management objectives and policies (continued)

37.3 Concentration of assets

The distribution of financial assets by geographic region was as follows:

	Kuwait KD '000	Other Middle Eastern Countries KD '000	Asia & Africa KD '000	UK & Europe KD '000	USA KD '000	Total KD '000
At 31 December 2015						
Geographic region:						
Available for sale investments	168,196	163,144	106,351	15,248	88,298	541,237
Accounts receivable and other assets	29,416	42,394	1,294	10,290	302	83,696
Investments at fair value through profit or loss	20,224	10,399	3,874	40,690	8,846	84,033
Murabaha and wakala investments	1,000	-	-	-	-	1,000
Short-term deposits	10,672	213	-	-	5,776	16,661
Bank balances and cash	36,785	2,081	604	3,761	152	43,383
	266,293	218,231	112,123	69,989	103,374	770,010
At 31 December 2014						
Geographic region:						
Available for sale investments	199,950	270,240	107,192	18,755	84,134	680,271
Accounts receivable and other assets	24,715	3,538	1,404	31,362	8,513	69,532
Investments at fair value through profit or loss	29,843	7,763	2,818	15,543	3,739	59,706
Murabaha and wakala investment	598	-	-	-	-	598
Short-term deposits	6,715	-	-	-	-	6,715
Bank balances and cash	21,177	2,080	1,465	28,023	609	53,354
	282,998	283,621	112,879	93,683	96,995	870,176

37.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The contractual maturities of financial liabilities based on undiscounted cash flows are as follows:

	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	1-5 Years KD '000	Total KD '000
31 December 2015					
Financial liabilities (undiscounted)					
Long-term borrowings	-	2,602	7,584	473,122	483,308
Leasing creditors	22	44	199	424	689
Accounts payable and other liabilities	13,329	9,563	22,365	-	45,257
Short-term borrowings	83,609	72,339	114,055	-	270,003
Due to banks	19,915	-	-	-	19,915
	116,875	84,548	144,203	473,546	819,172

Notes to the consolidated financial statements (continued)

37 Risk management objectives and policies (continued)

37.4 Liquidity risk (continued)

	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	1-5 Years KD '000	Total KD '000
31 December 2014					
Financial liabilities (undiscounted)					
Long-term borrowings	6,659	1,812	5,097	413,448	427,016
Leasing creditors	-	-	236	478	714
Accounts payable and other liabilities	23,143	4,828	21,304	-	49,275
Short-term borrowings	41,804	87,820	219,757	-	349,381
Due to banks	21,674	-	-	-	21,674
	93,280	94,460	246,394	413,926	848,060

The Group's short term borrowings principally represent revolving facilities with local and foreign banks and financial institutions. The Group's management has successfully renewed all short term facilities which were classified as falling due within one month and one to three months.

38 Staff shares

The Parent Company has an approved share issuance scheme to its senior management, where the parent company's shares can be issued to staff as bonus shares by utilizing its treasury shares, and the scheme will expire in 2016. However no staff shares were issued during the year 2014 and 2015.

39 Capital risk management

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder 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, buy back shares, issue new shares or sell assets to reduce debt.

The capital structure for the Group consists of the following:

	31 Dec. 2015 KD '000	31 Dec. 2014 KD '000
Long term borrowings (refer note 27)	437,845	370,254
Short term borrowings (refer note 30)	263,190	335,453
Due to banks	19,915	21,674
	720,950	727,381
Less :		
Murabaha and wakala investments	(1,000)	(598)
Short - term deposits	(16,661)	(6,715)
Bank balances and cash	(43,383)	(53,354)
Net debt	659,906	666,714
Total equity	512,911	587,102

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

Notes to the consolidated financial statements (continued)

39 Capital risk management (continued)

This ratio is calculated as net debt divided by the total equity as follows:

	31 Dec. 2015 %	31 Dec. 2014 %
Net debt to equity ratio	129	114

40 Contingent liabilities

At 31 December 2015, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD20,773 thousand (2014: KD30,589 thousand).

41 Fiduciary assets

One of the subsidiaries of the Group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the consolidated statement of financial position. Assets under management at 31 December 2015 amounted to KD4,712 thousand (2014: KD6,906 thousand) of which assets managed on behalf of related parties amounted to KD2,713 thousand (2014: KD5,085 thousand).

42 Capital commitments

At the reporting date the Group had commitments for the purchase of investments and the acquisition of property, plant and equipment totalling KD36,481 thousand (2014: KD24,510 thousand).

At the reporting date, the Group had commitment to pay lease rentals amounting to KD5,329 thousand (2014: KD4,868 thousand).

43 Comparative information

Certain other comparative figures has been reclassified to conform to the presentation in the current year, and such reclassification does not affect previously reported net assets, net equity and net results for the year or net decrease in cash and cash equivalents.

Annex (4)
Financial Statements
as of 31/12/2014

Consolidated financial statements and independent auditors' report

National Industries Group Holding – KPSC and Subsidiaries

Kuwait

31 December 2014

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Independent auditors' report

To the shareholders of
National Industries Group Holding – KPSC
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of National Industries Group Holding – KPSC ("The Parent Company") and its subsidiaries, (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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 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 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 National Industries Group Holding and its subsidiaries as at 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Matters

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 and its Executive regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 and its Executive regulations nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2014 that might have had a material effect on the business or financial position of the Group.

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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Abdullatif A.H. Al-Majid
(Licence No. 70-A)
of Parker Randall (Allied Accountants)

Kuwait
29 March 2015

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Continuing operations			
Sales		126,563	116,857
Cost of sales		(96,918)	(89,965)
Gross profit		29,645	26,892
Income from investments	8	56,016	48,659
Share of results of associates	17	41,720	18,398
Profit on disposal of associates	17	1,140	889
Gain on disposal of property, plant and equipment	16	8	1,693
Realised gain on disposal of investment properties	18	740	-
Changes in fair value of investment properties	18	4,138	1,891
Rental income		1,553	1,683
Interest and other income	9	1,351	4,559
Distribution costs		(6,651)	(5,427)
General, administrative and other expenses		(23,857)	(21,524)
		105,803	77,713
Finance costs	11	(30,520)	(34,841)
Impairment in value of available for sale investments	19	(28,205)	(24,706)
Impairment in value of investment in associates		(2,171)	(118)
Impairment in value of receivables and other assets	21	(1,441)	(898)
Loss on foreign currency exchange		(3,752)	(862)
Profit before taxation, other statutory contributions and directors' remunerations		39,714	16,288
Taxation and other statutory contributions	12	(2,453)	(1,375)
Directors' remuneration		(430)	(90)
Profit for the year from continuing operations		36,831	14,823
Discontinued operations			
Profit for the year from discontinued operations	34	-	1,824
Profit for the year	13	36,831	16,647
Attributable to :			
Owners of the Parent		28,282	10,176
Non-controlling interests		8,549	6,471
		36,831	16,647
Basic and diluted earnings per share attributable to the owners of the Parent	14		
- From continuing operations		21.3 Fils	6.3 Fils
- From discontinued operations		-	1.4 Fils
Total		21.3 Fils	7.7 Fils

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Profit for the year	**36,831**	16,647
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	**4,974**	(2,959)
Available for sale investments:		
- Net changes in fair value arising during the year	**(15,596)**	29,255
- Transferred to consolidated statement of profit or loss on disposal	**(26,190)**	(22,147)
- Transferred to consolidated statement of profit or loss on impairment	**28,205**	24,706
Share of other comprehensive income of associates		
- Changes in fair value	**2,472**	2,702
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	**(6,135)**	31,557
Items not to be reclassified to profit or loss in subsequent periods		
Defined benefit plan actuarial (losses)/gains	**(966)**	13
Total other comprehensive income not being reclassified to profit or loss in subsequent periods	**(966)**	13
Total other comprehensive income for the year	**(7,101)**	31,570
Total comprehensive income for the year	**29,730**	48,217
Total comprehensive income for the year attributable to:		
Owners of the parent	**26,498**	33,304
Non-controlling interests	**3,232**	14,913
	29,730	48,217

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Assets			
Non-current assets			
Goodwill and intangible assets	15	**17,530**	9,221
Property, plant and equipment	16	**70,647**	70,712
Investment in associates	17	**330,968**	294,406
Investment properties	18	**61,425**	49,943
Available for sale investments	19	**616,919**	673,285
Accounts receivable	21	**2,102**	2,086
Total non-current assets		**1,099,591**	1,099,653
Current assets			
Inventories	20	**32,023**	31,908
Available for sale investments	19	**63,352**	75,958
Accounts receivable and other assets	21	**70,609**	66,174
Murabaha and wakala investments	22	**598**	4,500
Investments at fair value through profit or loss	23	**59,706**	65,199
Short-term deposits	31	**6,715**	2,061
Bank balances and cash	31	**53,354**	32,253
Total current assets		**286,357**	278,053
Total assets		**1,385,948**	1,377,706
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	24	**135,985**	129,510
Treasury shares	25	**(30,375)**	(30,375)
Share premium	24	**122,962**	122,962
Cumulative changes in fair value	26	**160,785**	164,439
Other components of equity	26	**27,167**	18,552
Retained earnings		**23,849**	10,344
Equity attributable to owners of the parent		**440,373**	415,432
Non-controlling interests	26	**146,729**	147,976
Total equity		**587,102**	563,408
Non-current liabilities			
Long-term borrowings	27	**370,254**	529,632
Leasing creditors		**478**	131
Provisions	28	**15,809**	12,688
Total non-current liabilities		**386,541**	542,451
Current liabilities			
Accounts payable and other liabilities	29	**55,178**	48,398
Short-term borrowings	30	**335,453**	200,375
Due to banks	31	**21,674**	23,074
Total current liabilities		**412,305**	271,847
Total liabilities		**798,846**	814,298
Total equity and liabilities		**1,385,948**	1,377,706

Sa'ad Mohammed Al-Sa'ad
Chairman

Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share Capital KD '000	Treasury shares KD '000	Share premium KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 26b) KD '000	Retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
	Equity attributable to owners of the parent								
Balance as at 1 January 2014	129,510	(30,375)	122,962	164,439	18,552	10,344	415,432	147,976	563,408
Transactions with owners									
Issue of bonus shares (note 24b)	6,475	-	-	-	-	(6,475)	-	-	-
Acquisition of non-controlling interest of subsidiary	-	-	-	-	-	76	76	(804)	(728)
Amount due to non-controlling interests on reduction of share capital of subsidiary (note 26c)	-	-	-	-	-	-	-	(3,912)	(3,912)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	(2,075)	(2,075)
Reallocation to non-controlling interests (note 26c)	-	-	-	-	38	(1,671)	(1,633)	1,633	-
Other net changes in non-controlling interests	-	-	-	-	-	-	-	679	679
Total transactions with owners	6,475	-	-	-	38	(8,070)	(1,557)	(4,479)	(6,036)
Comprehensive income									
Profit for the year	-	-	-	-	-	28,282	28,282	8,549	36,831
Other comprehensive income for the year [Actuarial losses and others] (notes 26 & 33)	-	-	-	(3,654)	2,836	(966)	(1,784)	(5,317)	(7,101)
Total comprehensive income for the year	-	-	-	(3,654)	2,836	27,316	26,498	3,232	29,730
Transfer from reserve of subsidiary (note 26b)	-	-	-	-	(690)	690	-	-	-
Reserve transfers of subsidiaries (note 26b)	-	-	-	-	6,431	(6,431)	-	-	-
Balance at 31 December 2014	**135,985**	**(30,375)**	**122,962**	**160,785**	**27,167**	**23,849**	**440,373**	**146,729**	**587,102**

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to owners of the parent								
	Share Capital KD '000	Treasury shares KD '000	Share premium KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 26b) KD '000	Retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance as at 1 January 2013	129,510	(30,375)	122,962	140,199	16,921	2,911	382,128	141,790	523,918
Transactions with owners									
Net increase in non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	747	747
Redemption of units by non controlling interests of subsidiary	-	-	-	-	-	-	-	(1,532)	(1,532)
Amount due to non-controlling interests on reduction of share capital of subsidiary	-	-	-	-	-	-	-	(6,642)	(6,642)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	(4,558)	(4,558)
Other net changes in non-controlling interests	-	-	-	-	-	-	-	3,258	3,258
Total transactions with owners	-	-	-	-	-	-	-	(8,727)	(8,727)
Comprehensive income									
Profit for the year	-	-	-	-	-	10,176	10,176	6,471	16,647
Other comprehensive income for the year [Actuarial losses and others] (refer notes 26 & 33)	-	-	-	24,240	(1,125)	13	23,128	8,442	31,570
Total comprehensive income for the year	-	-	-	24,240	(1,125)	10,189	33,304	14,913	48,217
Reserve transfers of subsidiaries	-	-	-	-	2,756	(2,756)	-	-	-
Balance at 31 December 2013	129,510	(30,375)	122,962	164,439	18,552	10,344	415,432	147,976	563,408

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
OPERATING ACTIVITIES		
Profit before taxation, other statutory contributions and directors' remuneration	**39,714**	16,288
Adjustments:		
Depreciation of property, plant and equipment	**6,848**	9,646
Changes in fair value of investment properties	**(4,138)**	(1,891)
Gain on disposal of property, plant and equipment	**(8)**	(1,693)
Gain on disposal of associates	**(1,140)**	(889)
Realised gain on disposal of investment properties	**(740)**	-
Impairment in value of investment in associates	**2,171**	118
Share of results of associates	**(41,720)**	(18,398)
Reversal of impairment provision of wakala investment	**-**	(874)
Dividend income from available for sale investments	**(13,997)**	(19,583)
Profit on sale of available for sale investments	**(37,597)**	(21,902)
Impairment in value of receivable and other assets	**1,441**	898
Effect of unwinding discount on receivable	**-**	(401)
Impairment in value of available for sale investments	**28,205**	24,706
Deemed gain on acquisition of available for sale investments	**-**	(2,880)
Net provisions charged/(released)	**3,121**	(2,451)
Finance costs	**30,520**	34,841
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments	**(504)**	(531)
	12,176	15,004
Changes in operating assets and liabilities:		
Inventories	**(115)**	(6,264)
Accounts receivable and other assets	**(8,434)**	(8,710)
Investments at fair value through profit or loss	**5,493**	(3,207)
Accounts payable and other liabilities	**(1,104)**	2,906
Cash from/(used in) operations	**8,016**	(271)
KFAS and Zakat contribution paid	**(453)**	(482)
NLST paid	**(543)**	(33)
Taxation paid	**(601)**	(249)
Net cash from/(used in) continuing operations	**6,419**	(1,035)
Net cash from discontinuing operations	**-**	(190)
Net cash from/(used in) operating activities	**6,419**	(1,225)

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,160)	(8,363)
Proceeds from disposal of property, plant and equipment		214	2,471
Proceeds from disposal of investment properties		10,265	-
Acquisition of subsidiaries		-	(2,267)
Additions to investment properties		(16,869)	(17,814)
Investment in associates		(2,490)	(10,820)
Dividend received from associate companies		9,122	8,201
Proceeds from disposal of associate		4,424	7,020
Cash received from impaired wakala investment		-	874
Decrease in wakala investments maturing after three months		3,902	6,793
(Increase)/decrease in blocked deposits		(1,413)	6,272
Purchase of available for sale investments		(22,446)	(27,559)
Proceeds from sale of available for sale investments		87,228	80,416
Dividend income received from available for sale investments		13,997	19,583
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments		453	548
Net cash from investing activities		79,227	65,355
FINANCING ACTIVITIES			
Net (decrease)/increase in long-term borrowings		(32,815)	(72,123)
Finance lease payments		457	(49)
Net increase/(decrease) in short-term borrowings		8,515	21,872
Dividend paid to the owners of the parent		(36)	(47)
Finance costs paid		(30,030)	(32,841)
Decrease in non-controlling interests		(6,112)	(8,727)
Net cash used in financing activities		(60,021)	(91,915)
Net increase/(decrease) in cash and cash equivalents		25,625	(27,785)
Translation difference		117	(7)
		25,742	(27,792)
Cash and cash equivalents at beginning of the year		9,816	37,608
Cash and cash equivalents at end of the year	31	35,558	9,816

The notes set out on pages 10 to 81 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

National Industries Group Holding – KPSC ("the Parent Company") was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a "Holding Company". The Parent Company along with its subsidiaries are jointly referred to as "the Group". The Parent Company's shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the Parent Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the group by investing them in investment and real estate portfolios managed by specialised companies.

The address of the parent company's registered office is PO Box 417, Safat 13005, State of Kuwait.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance. The Parent Company has amended its Memorandum of Incorporation and Articles of Association according to the new Law and it was approved by the shareholders at the Extraordinary General Assembly held on 28 May 2014.

The board of directors of the Parent Company approved these consolidated financial statements for issuance on 29 March 2015. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the revaluation of freehold and leasehold properties, the measurement at fair value of investments at fair value through profit or loss, available for sale financial assets and investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) and all values are rounded to the nearest thousand (KD '000), except when otherwise indicated.

The Group has elected to present the "statement of comprehensive income" in two statements: the "statement of profit or loss" and a "statement of comprehensive income".

3 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).

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those used in previous year except as discussed below:

4.1 New and amended standards adopted by the group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information, on these new standards which are relevant to the Group, is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IAS 32 Financial Instruments: Presentation - Amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments	1 January 2014
Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
IFRIC 21 Levies	1 January 2014

IAS 32 Financial Instruments: Presentation - Amendments

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of currently has a legally enforceable right of set-off;
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are required to be applied retrospectively. The adoption of the amendments had no material effect on the Group's consolidated financial statements for any periods presented.

IAS 36 Impairment of Assets - Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions. The adoption of the amendments had no material effect on the disclosures in the Group's consolidated financial statements for any period presented.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments

The Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

The adoption of the amendments had no material effect on the Group's financial statements for any period presented.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27
The Amendments define the term 'investment entity', provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss.

The adoption of the amendment did not result in any material impact on the Group's consolidated financial statements.

IFRIC 21 Levies
IFRIC 21 clarifies that:
a) the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date
b) the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 is required to be applied retrospectively in accordance with its transitional provisions, but had no material effect on the Group's financial statements for any period presented.

4.2 IASB Standards issued but not yet effective
At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	1 January 2016
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments	1 January 2016
IAS 1 Disclosure Initiative - Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
The IASB has replaced IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. IFRS 9 (2014) incorporates the final requirements on all three phases of the financial instruments projects: classification and measurement, impairment and hedge accounting. The new standard introduces extensive changes to ISA 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on application of hedge accounting.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

The Group's management have yet to assess the impact of this new standard on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and provides a new control-based revenue recognition model using five step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligations.

IFRS 15 Revenue from Contracts with Customers
The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- timing – whether revenue is required to be recognized over time or at a single point in time
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- time value – when to adjust a contract price for a financing component
- specific issues, including –
  - non-cash consideration and asset exchanges
  - contract costs
  - rights of return and other customer options
  - supplier repurchase options
  - warranties
  - principal versus agent
  - licencing
  - breakage
  - non-refundable upfront fees, and
  - consignment and bill-and-hold arrangements.

The Group's management have yet to assess the impact of this standard on these consolidated financial statements.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments

Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. It also requires disclosure of the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations.

These amendments are not expected to have any material on the Group's consolidated financial statements.

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality*: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all the parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and other comprehensive income*: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IAS 1 Disclosure Initiative – Amendments (continued)

- *Notes*: The amendments add additional examples of possible ways of ordering the notes to clarify understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances
- expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

IAS 27 Equity Method in Separate Financial Statements - Amendments

The Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

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

The Amendments are aimed at clarifying the following aspects:

- *Exemption from preparing consolidated financial statements.* The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- *A subsidiary providing services that relate to the parent's investment activities.* A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- *Application of the equity method by a non-investment entity investor to an investment entity investee.* When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- *Disclosures required.* An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

Annual Improvements to IFRSs 2012–2014 Cycle
(i) *Amendments to* IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

(ii) *Amendments to IFRS 7* - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

(iii) *Amendments to IAS 19* - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

(iv) *Amendments to IAS 34* - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

These amendments are not expected to have any material impact to the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle:

(i) Amendments to IFRS 3-Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in consolidated statement of comprehensive income.

(ii) Amendments to IFRS 13- The addition to the Basis for Conclusions confirms the existing measurement treatment of short-term receivables and payables.

(iii) Amendments to IFRS 8- Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators).

A reconciliation of reportable segments' assets to total entity assets is required if this is regularly provided to the chief operating decision maker.

(iv) Amendments to IAS 16 and IAS 38- When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.

(v) Amendments to IAS 24- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

Annual Improvements 2011-2013 Cycle
(i) Amendments to IFRS 1-the amendment to the Basis for Conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:

- IFRSs that are currently effective
- IFRSs that have been issued but are not yet effective, that permits early adoption

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

Annual Improvements 2011-2013 Cycle (continued)

The same version of each IFRS must be applied to all periods presented.

(ii) Amendments to IFRS 3- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(iii) Amendments to IFRS 13- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.

iv) Amendments to IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as an investment property or owner-occupied property

These amendments are not expected to have any martial impact on the Group's consolidated financial statements.

5 Summary of significant accounting policies

The significant accounting policies and measurements bases adopted in the preparation of the consolidated financial statements are summarised below:

5.1. Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary, as applicable.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.1. Basis of consolidation (continued)

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- 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
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

5.2. Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensives income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within other comprehensive income.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.2. Business combinations (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

5.3. Goodwill and intangible assets

5.3.1 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.13 for a description of impairment testing procedures.

5.3.2 Intangible assets

Identifiable non-monetary assets acquired in as business combination and from which future benefits are expected to flow are treated as intangible assets. Intangible assets comprise of Indefeasible Rights of Use (IRU).

Intangible assets which have a finite life are amortized over their useful lives. For acquired network businesses whose operations are governed by fixed term licenses, the amortisation period is determined primarily by reference to the unexpired license period and the conditions for license renewal.

IRU are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wave length bandwidth and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 15 years.

5.4. Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidated statements of income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.4 Investment in associates (continued)

The difference in reporting dates of the associates and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional 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 the 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 recognises the amount under a separate heading in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

5.5. Segment reporting

The Group has four operating segments: Investment, building materials, specialist engineering and hotel and IT services segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.6. Profit or loss from discontinued operations

A discontinued operation is a component of the Group that has either been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the consolidated statements of profit or loss. This amount, which comprises the post-tax profit or loss of discontinued operations and the post tax gain or loss resulting from the measurement and disposal of assets classified as assets held for sale, is further analysed in note 34.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date of the latest period presented.

5.7. Revenue

Revenue arises from the sale of goods, rendering of services, investing activities and real estate activities. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts.

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 payment is made. The following specific recognition criteria should also be met before revenue is recognised;

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.7. Revenue (continued)

5.7.1. Sale of goods

Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognised on delivery.

When goods are sold together with customer loyalty incentives, the consideration receivable is allocated between the sale of goods and sale of incentives based on their fair values. Revenue from sale of incentives is recognised when they are redeemed by customers in exchange for products supplied by the Group.

5.7.2.Rendering of services

The Group generates revenues from after-sales service and maintenance, consulting and construction contracts. Consideration received for these services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed.

In recognising after-sales service and maintenance revenues, the Group considers the nature of the services and the customer's use of the related products, based on historical experience.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

The Group earns fees and commission income from diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

- *Fee income from providing transaction services*

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

5.7.3. Interest and similar income

Interest income and expenses are reported on an accrual basis using the effective interest method.

Murabaha income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

5.7.4.Dividend income

Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.7.5. Revenue from sale of investment properties

Revenue from sale of investment properties is recognised on completion of sale contract and after transferring the risk and rewards associated with the real estate to the purchaser and the amount of revenue can be reliably measured.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.8. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.9. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.10. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost or valuation, less the estimated residual value of property, plant and equipment, on a straight-line basis over their estimated useful lives as follows:

Freehold buildings	Lower of 50 years or remaining useful life
Long leasehold property	Lower of 50 years or remaining lease term
Short leasehold property	Lease term
Property on leasehold land	4 to 20 years
Plant and machinery	1 to 15 years
Motor vehicles	2 to 10 years
Furniture and equipment	4 to 10 years

Any increase arising on revaluation is credited directly to other comprehensive income as "revaluation reserve" except to the extent where the increase reverses a revaluation decrease related to the same asset for which a decrease in valuation has previously been recognised as an expense, it is credited to the consolidated statement of income. Any decrease in the net carrying amount arising on revaluation is charged directly to the consolidated statement of income, or charged to the revaluation reserve to the extent that the decrease is related to an increase for the same asset which was previously recorded as a credit to the revaluation surplus.

Depreciation on the re-valued properties is charged to the consolidated statement of income over their remaining estimated useful lives and an amount equivalent to the excess depreciation charge relating to the increase in carrying amount is transferred each year from the revaluation reserve to retained earnings.

No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for their intended use.

5.11. Leased assets

5.11.1. Finance lease

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

See note 5.10 for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.11. Leased assets (continued)

5.11.2. Operating lease

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term except where the lease terms are onerous in which case the provision is made for the net present value of the probable liability. Associated costs, such as maintenance and insurance, are expensed as incurred.

5.12. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised 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 or from investment property 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, plant and equipment up to the date of change in use.

5.13. Impairment testing of goodwill and non financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments

5.14.1. Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights 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 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 a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

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 consolidated statement of profit or loss.

5.14.2. Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.2. Classification and subsequent measurement of financial assets (continued)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All material income and expenses relating to financial assets that are recognised in profit or loss are presented within income from investments, interest & other income or under a separate heading in the consolidated statement of profit or loss.

- *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 recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

The Group categorises loans and receivables into following categories:

- *Murabaha investments / receivables*

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a Murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.

Murabaha receivables which arise from the Group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the Group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

- *Wakala investments*

Wakala is an agreement whereby the Group provides a sum of money to a financial institution under an agency arrangement, who invests it according to specific conditions in return for a fee. The agent is obliged to return the amount is case of default, negligence or violation of any terms and conditions of the Wakala.

- *Loans and advances*

Loans and advances are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.2. Classification and subsequent measurement of financial assets (continued)

- *Bank balances cash and Short term deposits*

Cash on hand and demand deposits are classified under bank balances and cash and short term deposits represent deposits placed with financial institutions with a maturity of less than one year.

- *Receivables and other financial assets*

Trade receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables which are not categorised under any of the above are classified as "Other receivables/Other financial assets"

- ***Financial assets at* FVTPL**

Classification of investments as financial assets at FVTPL depends on how management monitor the performance of these investments. Investments at FVTPL are either "held for trading" or "designated" as such on initial recognition.

The Group classifies investments as trading if they are acquired principally for the purpose of selling or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of statement of profit or loss in the management accounts, they are as designated at FVTPL upon initial recognition.

All derivative financial instruments fall into the category of FVTPL, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

- ***HTM investments***

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss. The Group currently has not classified any assets in to this category.

- ***AFS financial assets***

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.2. Classification and subsequent measurement of financial assets (continued)

- *AFS financial assets (continued)*

Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Impairment charges are recognised in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

AFS financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

5.14.3. Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trust certificates issued, borrowings, leasing creditors, due to banks, trade payables and other liabilities s and derivative financial instruments.

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

- *Financial liabilities other than at fair value through profit or loss(FVTPL)*

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Wakala payables*

Wakala payables represent short-term borrowings under Islamic principles, whereby the Group receives funds for the purpose of financing its investment activities and are stated at amortised cost.

- *Murabaha finance payables*

Murabaha finance payables represent amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha finance payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.3. Classification and subsequent measurement of financial liabilities (continued)

- *Ijara financing*

Ijara finance payable ending with ownership is an Islamic financing arrangement through which a financial institution provides finance to purchase an asset by way of renting the asset ending with transferring its ownership. This ijara finance payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- *Leasing and hire purchase payables*

Assets acquired under finance leases and hire purchase arrangements are capitalised and the related liabilities, excluding finance charges. Finance charges in respect of such liabilities are charged to the consolidated statement of income as incurred.

- *Accounts payables and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "Other financial liabilities"

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or other income.

- ***Financial liabilities at fair value through profit or loss(FVTPL)***

Financial liabilities at FVTPL are either held for trading or designated as such on initial recognition.

Financial liabilities held for trading or designated at FVTPL, are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

- ***Derivative financial instruments***

The Group uses derivative financial instruments, such as interest rate swaps to mitigate its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at cost, being the fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using valuation quotes provided by financial institutions, based on prevailing market information. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group does not adopt hedge accounting, and any realised and unrealised (from changes in fair value) gain or losses are recognised directly in the consolidated statement of income.

5.14.4. Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

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

5.14.6. Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 37.

5.15. Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.16. Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the Parent Company's articles of association.

Other components of equity include the following:
- foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD and the Group's share of foreign currency translation reserves shown in the associates statement of financial position.
- Fair value reserve – comprises gains and losses relating to available for sale financial assets

Retained earnings include all current and prior period retained profits. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

5.17. Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.17. Treasury shares (continued)

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not 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 to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.18. Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

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

5.19. Foreign currency translation

5.19.1. Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the parent company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.19.2. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of income and "available for sale" are reported as part of the cumulative change in fair value reserve within other comprehensive income.

5.19.3. Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.19. Foreign currency translation (continued)

5.19.3. Foreign operations (continued)
On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5.20. End of service indemnity
The parent and its local subsidiaries 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 in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.21. Pensions (Related to the foreign subsidiaries)
Contributions are paid to both defined benefit and defined contribution pension schemes in accordance with the recommendations of independent actuaries and advisors.

Contributions to defined contribution schemes are charged to the consolidated statement of income on an accrual basis.

In respect of defined benefit schemes a defined benefit liability (or asset) is recognised in the consolidated statement of financial position and it is calculated as the present value of the defined benefit obligation using the projected unit credit method plus any unrecognised actuarial gains or losses less any past service cost not recognised less the market value of the plan assets.

Pension expense is charged to the consolidated statement of income and is calculated as the aggregate of current service cost (using the projected unit credit method), a net interest cost on the discounted defined benefit obligation net of the expected return on plan assets, recognised actuarial gains and losses, recognised past service costs and the effect of curtailments or settlements.

Actuarial gains or losses are recognised in full in other comprehensive income.

5.22. Share-based Payment
Certain employees of the Group receive remuneration in the form of share-based payment transactions, whereby the employees render services in exchange for shares ("equity settled transactions").

Equity-settled transactions
The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the period end market value of the company's shares with the issue price. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the shares vest.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.23. Taxation

5.23.1. National Labour Support Tax (NLST)
NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

5.23.2. Kuwait Foundation for the Advancement of Sciences (KFAS)
The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.23.3. 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.

For the year ended 31 December 2013 and 2014, the Parent Company has no liability towards NLST, KFAS and Zakat due to tax losses incurred. Under the NLST and Zakat regulations no carry forward of losses to the future years nor any carry back to prior years is permitted.

5.23.4. Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

Deferred taxation is provided in respect of all temporary differences. Deferred tax assets are recognised in respect of unutilised tax losses when it is probable that the loss will be used against future profits.

5.24. Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, short-term deposits, murabaha and wakala investments and short term highly liquid investments maturing within three months from the date of inception less due to banks and blocked bank balances.

5.25. Fiduciary assets
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.

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

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.1. Significant management judgments

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

6.1.1. Classification of financial instruments

Judgements are made in the classification of financial instruments based on management's intention at acquisition. Such judgement determines whether it is subsequently measured at cost, amortised cost or at fair value and if the changes in fair value of instruments are reported in the statement of income or other comprehensive income.

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets as fair value through profit or loss depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

6.1.2. Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the statement of income.

The Group classifies property as trading 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.

6.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

6.1.4. Equity method accounting for entities in which the Group holds less that 20% of the voting rights

Management has assessed the level of influence that the Group has over its material associate, Mabanee Company - KPSC and determined that it has significant influence even though the share holding in this associate is below 20%, because of the factors mentioned in note 17.3. Consequently, this investment has been classified as an associate and has been accounted for using the equity method.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.2. Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of goodwill and other intangible assets

The Group determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

6.2.2. Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the 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 recognises the amount in the consolidated statement of income.

During the 2014 the Group recognised an impairment loss of KD2,171 thousand (2013: KD118 thousand) against investments in associates.

6.2.3. Impairment of available for sale equity investments

The Group treats available for sale equity investments 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 judgment. In 2014 the Group recognised an impairment loss on available for sale investments (see note 19).

6.2.4. Impairment of loans and receivables

The Group's management reviews periodically items classified as loans and receivables (including wakala investments note 22) to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. In 2014 the Group has recognised impairment losses on loans and receivables of KD1,441 thousand (2013: KD898 thousand).

6.2.5. Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.2. Estimates uncertainty (continued)

6.2.5. Impairment of inventories (continued)
At the financial position date, gross inventories were KD33,571 thousand (2013: KD33,142 thousand), with provision for old and obsolete inventories of KD1,548 thousand (2013: KD1,234 thousand). Any difference between the amounts actually realised in future periods and the amount expected will be recognised in the consolidated statement of profit or loss.

6.2.6. Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other obsolescence that may change the utility of certain software and property, plant and equipment.

6.2.7. Fair value of financial instruments
Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.8. Revaluation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in a arm's length transaction at the reporting date.

6.2.9. Defined benefits obligation
Management's estimate of the defined benefit obligation is based on number of critical underlying assumption such as standard rates of inflation, mortality, discount rate and anticipation of future pension increases. Variation in these assumptions may significantly impact the defined benefit obligations and amount and the annual defined benefits expenses (as analysed in note 33).

6.2.10. Provision for Taxation
The Group has made provision for potential tax liabilities which may arise on foreign income. These provisions have been assessed based on information available to management as of the reporting date. The actual liability which may or may not arise if and when the relevant tax authorities make an official assessment may substantially differ from the actual provision made (refer note 12.c).

Notes to the consolidated financial statements (continued)

7 Subsidiary companies

7.1 Details of the Group's material consolidated subsidiaries at the end of the reporting period are as follows:

	Country of registration and place of business	Nature of business	Proportion of ownership interest held by the Group 31 Dec. 2014 %	31 Dec. 2013 %
Al Durra National Real Estate – KSC (Closed)	Kuwait	Real Estate	100*	100
National Combined Industries Holding Company for Energy – KSC (Closed)	Kuwait	Investments	100*	100
Pearl National Holding – KSC (Closed)	Kuwait	Investments	100*	100
Economic Holding Company – KSC (Closed)	Kuwait	Investments	100*	100
NIG (Guernsey) Limited	Guernsey	Specialist Engineering	100	100
NIC Holdings (UK) Plc	United Kingdom	Specialist Engineering	100	100
BI Group Plc	United Kingdom	Specialist Engineering	100	100
Proclad Group Limited	UAE	Specialist Engineering	100	100
NI Group (Bahrain) EC	Bahrain	Investments	100	100
Eagle Proprietary Investments Limited	UAE	Investments	100	100
Pearl Offshore Enterprises Limited	BVI	Investments Holdings	100	100
Denham Investment Limited	Cayman Islands	Investments	85	85
Ikarus Petroleum Industries Company – KPSC	Kuwait	Petroleum	72	72
National Industries Company - KPSC	Kuwait	Industrial	51	51
Noor Financial Investment Company – KPSC	Kuwait	Investments	51	51

* The Parent Company's direct holding of the above fully owned subsidiaries are 97%, 96%, 99% and 97% respectively.

7.2 Subsidiaries with material non-controlling interests

The Group includes three subsidiaries, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI 31 Dec. 2014	31 Dec. 2013	Profit allocated to NCI 31 Dec. 2014 KD '000	31 Dec. 2013 KD '000	Accumulated NCI 31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Noor Financial Investment Company - KPSC (NFI)	49%	49%	2,349	3,966	48,377	45,884
National Industries Company - KPSC (NIC)	49%	49%	3,418	(34)	51,444	46,945
Ikarus Petroleum Industries Company – KPSC (IPI)	28%	28%	2,831	3,074	41,123	49,317
Individual immaterial subsidiaries with non-controlling interests			(49)	(535)	5,785	5,830
			8,549	6,471	146,729	147,976

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	31 December 2014		
	NFI KD '000	NIC KD '000	IPI KD '000
Non-current assets	**143,232**	**69,061**	**165,838**
Current assets	**57,341**	**41,887**	**15,502**
Total assets	**200,573**	**110,948**	**181,340**
Non-current liabilities	**106,909**	**5,451**	**30,364**
Current liabilities	**29,985**	**13,299**	**6,681**
Total liabilities	**136,894**	**18,750**	**37,045**
Equity attributable to the shareholders of the Parent Company	**22,962**	**45,298**	**103,454**
Non-controlling interest (including non controlling interests in the subsidiary's statement of financial position)	**40,717**	**46,900**	**40,841**

	31 December 2013		
	NFI KD '000	NIC KD '000	IPI KD '000
Non-current assets	143,556	70,701	190,694
Current assets	62,535	36,481	15,874
Total assets	206,091	107,182	206,568
Non-current liabilities	102,425	5,153	32,364
Current liabilities	39,089	18,793	961
Total liabilities	141,514	23,946	33,325
Equity attributable to the shareholders of the parent company	22,532	40,787	124,208
Non-controlling interest(including non controlling interests in the subsidiary's statement of financial position)	42,045	42,449	49,035

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

	For the year ended 31 December 2014		
	NFI KD '000	NIC KD '000	IPI KD '000
Revenue	**31,610**	**48,865**	**14,212**
Profit for the year attributable to the shareholders of the Parent Company	**466**	**3,731**	**7,251**
Profit for the year attributable to NCI	**(414)**	**3,629**	**2,862**
Profit for the year	**52**	**7,360**	**10,113**
Other comprehensive income for the year attributable to the shareholders of the parent company	**1,559**	**743**	**(22,668)**
Other comprehensive income for the year attributable to NCI	**1,637**	**786**	**(8,949)**
Total other comprehensive income for the year	**3,196**	**1,529**	**(31,617)**
Total comprehensive income for the year attributable to the shareholders of the parent company	**2,025**	**4,474**	**(15,417)**
Total comprehensive income for the year attributable to NCI	**1,223**	**4,415**	**(6,087)**
Total comprehensive income for the year	**3,248**	**8,889**	**(21,504)**
Dividends paid to non controlling interests	**-**	**-**	**(2,075)**

	For the year ended 31 December 2013		
	NFI KD '000	NIC KD '000	IPI KD '000
Revenue	30,165	45,675	13,852
Profit for the year attributable to the shareholders of the Parent Company	4,587	315	7,906
Profit for the year attributable to NCI	2,637	364	3,121
Profit for the year	7,224	679	11,027
Other comprehensive income for the year attributable to the shareholders of the Parent Company	(2,743)	1,315	28,275
Other comprehensive income for the year attributable to NCI	(53)	1,282	11,162
Total other comprehensive income for the year	(2,796)	2,597	39,437
Total comprehensive income for the year attributable to the shareholders of the parent company	1,844	1,630	36,181
Total comprehensive income for the year attributable to NCI	2,584	1,646	14,283
Total comprehensive income for the year	4,428	3,276	50,464
Dividends paid to non controlling interests	-	(2,053)	(2,505)

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 *Subsidiaries with material non-controlling interests (continued)*

	For the year ended 31 December 2014		
	NFI KD '000	NIC KD '000	IPI KD '000
Net cash flow from operating activities	12,404	15,171	(1,262)
Net cash flow from investing activities	5,106	(3,660)	8,192
Net cash flow from financing activities	(19,084)	(6,367)	(7,208)
Net cash (outflow)/ inflow	(1,574)	5,144	(278)

	For the year ended 31 December 2013		
	NFI KD '000	NIC KD '000	IPI KD '000
Net cash flow from operating activities	1,089	8,804	1,529
Net cash flow from investing activities	20,446	(423)	13,717
Net cash flow from financing activities	(25,007)	(11,423)	(15,760)
Net cash outflow	(3,472)	(3,042)	(514)

7.3. *Acquisition of subsidiary*

During the current year, one of the Group's local subsidiaries acquired 60% equity stake in Cable Sat Satellite Service Company, a Kuwait Limited Liability Company (engaged in renting and sale of indefeasible right of use) and the acquisition was accounted in accordance with IFRS 3 as follows:

	KD '000
Total consideration	2,511
Value of non-controlling interests	638
	3,149
Less : Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and Bank balances	1
Trade and other receivable	46
Intangible assets (note 15.2)	8,326
Trade and other payable	(5,224)
Total identifiable net assets	3,149
Goodwill	-

The initial accounting for business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final Purchase Price Allocation is completed during the one year measurement period from the acquisition date.

The result of the newly acquired subsidiary was consolidated to the Group's results effective from 1 July 2014 and the financial position as at 31 December 2014 was consolidated with the Group's financial position as of that date. Accordingly, Cable Sat Satellite Service Company WLL as a subsidiary contributed revenue and profit of KD204 thousand and KD38 thousand to the net result of the Group respectively.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.4 Certain non-controlling interests in the above subsidiary companies are held on behalf of the Parent Company by third party nominees.

7.5 Pearl Offshore Enterprises Limited is a special purpose vehicle (SPV) which was incorporated during the year 2011 and total assets with a carrying value of KD103,631 thousand (2013: KD86,156 thousand) and total liabilities of KD66,876 thousand (2013: KD47,044 thousand) of the Parent Company are held by the SPV.

8 Income from investments

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Dividend income:		
- From investments at fair value through profit or loss	1,633	233
- From available for sale investments	13,997	19,583
Profit on sale of available for sale investments	37,597	21,902
Realised gain on investments at fair value through profit or loss	1,617	114
Unrealised gain on investments at fair value through profit or loss	1,172	3,947
Deemed gain on acquisition of available for sale investments	-	2,880
	56,016	48,659

9 Interest and other income

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Interest/profit on bank balances, short term deposits, murabaha and wakala investments	504	531
Income from financing of future trade by customers	351	355
Effect of unwinding of discount on receivables	-	401
Reversal of impairment provision on wakala investment (note 22)	-	874
Management and placement fees	54	306
Gain on bargain purchase of a subsidiary	-	194
Reversal of provision for onerous property leases and dilapidations	-	138
Others	442	1,760
	1,351	4,559

Notes to the consolidated financial statements (continued)

10 Net gain or (loss) on financial assets

Net gain or (loss) on financial assets, analysed by category, is as follows:

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Loans and receivables		
- bank balances and short term deposits	326	339
- murabaha and wakala investments	178	192
- accounts receivable and other assets (income from future trade)	351	355
- impairment in value of receivable and other assets	(1,441)	(898)
- effect on unwinding of discount on receivable	-	401
- Reversal of impairment provision on wakala investment	-	874
At fair value through profit or loss		
- held for trading	3,172	2,628
- designated as such on initial recognition	1,250	1,666
Available for sale investments		
- recognised in other comprehensive income (including non-controlling interests share)	(13,581)	31,814
- recycled from other comprehensive income to consolidated statement of profit or loss		
• On impairment	(28,205)	(24,706)
• On disposal	26,190	22,147
- recognised directly in consolidated statement of profit or loss	25,404	22,218
	13,644	57,030
Net gain recognised in the consolidated statement of profit or loss	27,225	25,216
Net (loss)/gain recognised in the other comprehensive income	(13,581)	31,814
	13,644	57,030

11 Finance costs

Finance costs relate mainly to due to banks, short and long term borrowings, and lease creditors. All these financial liabilities are stated at amortised cost.

12 Taxation and other statutory contributions

(a) Taxation of foreign subsidiaries*

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Current tax expense		
Current year charge	(56)	(676)
Deferred tax expense		
Current year (charge)/credit	(211)	208
	(267)	(468)

Notes to the consolidated financial statements (continued)

12 Taxation and other statutory contributions (continued)

(b) KFAS, NLST and Zakat of local subsidiaries **

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Contributions to Kuwait Foundation for Advancement of Science (KFAS)	(173)	(196)
Provision for National Labour Support Tax (NLST)	(470)	(513)
Provision for Zakat	(220)	(198)
	(863)	(907)

(c) Other taxation - local subsidiary ***

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Current year charge	(334)	-
Under provision in relation to previous years	(989)	-
	(1,323)	-
	(2,453)	(1,375)

*The above tax is calculated based on the tax law adopted in United Kingdom.

**The contributions and provisions are on profit of local subsidiaries, whereas no contribution and provision for the Parent Company was recognised in the current year (2013: Nil) as the net taxable results attributable to the Parent Company was a loss.

***The above represents tax related to dividend income received from investments in a GCC Country. During the year one of the local subsidiaries has discovered that there may be a potential tax liability on dividend income received from foreign entities located in a GCC country (at the rate of 5%), which the subsidiary's management was not aware of in the past. No tax claims or assessments have been made by any regulatory authority as of reporting date. However based on advice received from consultants and other information available to the management, on a conservative basis, the Group has decided to make a provision of KD1,323 thousand for any potential liability which may arise on the dividends received from the foreign entities during the current and previous years. The provision has been included under accounts payable and other liabilities.

13 Profit for the year

Profit for the year is stated after charging:

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Staff costs	32,712	27,553
Depreciation	6,848	9,646

The number of staff employed by the Parent Company at 31 December 2014 was 73 (2013: 67).

Notes to the consolidated financial statements (continued)

14 Basic and diluted earnings per share attributable to the owners of the Parent

Earnings per share are calculated by dividing the profit for the year attributable to the owners of the Parent by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Profit for the year attributable to the owners of the Parent (KD '000)		
- from continuing operations	**28,282**	8,352
- from discontinued operations	**-**	1,824
Total	**28,282**	10,176
Weighted average number of shares outstanding during the year (excluding treasury shares) – shares	**1,325,056,996**	1,325,056,996
Basic and diluted earnings per share		
- from continuing operations	**21.3 Fils**	6.3 Fils
- from discontinued operations	**-**	1.4 Fils
Total	**21.3 Fils**	7.7 Fils

The weighted average numbers of shares outstanding during the previous year have been restated to add the bonus shares issued during the year (Note 32).

The earnings per share reported during the previous year from continuing operations and discontinued operations were 6.7 Fils and 1.4 Fils respectively.

15 Goodwill and intangible assets

15.1 Goodwill

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Balance at 1 January	**9,221**	7,083
Additions	**-**	1,990
Adjustments	**34**	-
Foreign exchange adjustment	**(10)**	148
	9,245	9,221

15.2 Intangible assets – Indefeasible right of use (IRU)

The Intangible assets comprise of indefeasible right of use and the movement is as follows:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Cost		
At the beginning of the year	**-**	-
Addition due to acquisition of a subsidiary (note 7.3)	**8,326**	-
Balance at the end of the year	**8,326**	-
Accumulated amortization		
At the beginning of the year	**-**	-
Charge for the year	**(41)**	-
At the end of the year	**(41)**	-
Net book value at the end of the year	**8,285**	-
Total goodwill and intangible assets	**17,530**	9,221

Notes to the consolidated financial statements (continued)

16 Property, plant and equipment

Year ended 31 December 2014

	Land KD '000	Freehold property KD '000	Leasehold property KD '000	Property on leasehold land KD '000	Plant and machinery KD '000	Motor vehicles KD '000	Furniture and equipment KD '000	Leased plant, machinery & vehicles KD '000	Property under construction KD '000	Total KD '000
Cost or valuation										
At 1 January 2014	1,365	16,710	71	35,244	84,394	10,850	13,672	2,712	3,371	168,389
Foreign exchange adjustments	50	(47)	-	82	(437)	54	6	(115)	-	(407)
Additions/transfer/ consolidation of new subsidiaries	-	(236)	476	192	3,460	452	2,634	169	13	7,160
Write off	-	-	-	-	(7)	(166)	(72)	-	-	(245)
Disposals	-	-	-	-	(4,443)	(30)	-	-	-	(4,473)
At 31 December 2014	1,415	16,427	547	35,518	82,967	11,160	16,240	2,766	3,384	170,424
Accumulated depreciation and impairment losses										
At 1 January 2014	-	2,768	42	23,416	51,517	9,202	9,205	1,527	-	97,677
Foreign exchange adjustments	-	2	(3)	15	(211)	4	5	(78)	-	(266)
Charge for the year	-	636	5	798	3,991	755	504	159	-	6,848
Write off	-	-	-	-	(7)	(159)	(49)	-	-	(215)
Relating to disposals	-	-	-	-	(4,244)	(23)	-	-	-	(4,267)
At 31 December 2014	-	3,406	44	24,229	51,046	9,779	9,665	1,608	-	99,777
Net book value										
At 31 December 2014	1,415	13,021	503	11,289	31,921	1,381	6,575	1,158	3,384	70,647

Properties on lease hold land are on lands which have been leased from the government of Kuwait through renewable lease contracts.

Property under construction mainly represents the cost incurred, on the expansion of one of the subsidiaries existing factories and the construction of a manufacturing lines by a subsidiary. During the prior year, portions of the manufacturing lines which were completed and ready for intended use were capitalised in the appropriate categories. The costs relating to the remaining manufacturing lines and facilities will be transferred to the appropriate asset categories when the assets are ready for their intended use.

Notes to the consolidated financial statements (continued)

16 Property, plant and equipment (continued)

Year ended 31 December 2013

	Land KD '000	Freehold property KD '000	Leasehold property KD '000	Property on leasehold land KD '000	Plant and machinery KD '000	Motor vehicles KD '000	Furniture and equipment KD '000	Leased plant, machinery & vehicles KD '000	Property under construction KD '000	Total KD '000
Cost or valuation										
At 1 January 2013	-	15,818	120	30,449	76,030	10,628	13,423	1,996	5,819	154,283
Foreign exchange adjustments	-	155	-	-	691	2	(2)	80	-	926
Additions/transfer/ consolidation of new subsidiaries	1,945	737	2	5,122	9,334	667	848	636	(2,448)	16,843
Write off	-	-	-	(131)	(1,182)	(403)	(379)	-	-	(2,095)
Disposals	(580)	-	(51)	(196)	(479)	(44)	(218)	-	-	(1,568)
At 31 December 2013	1,365	16,710	71	35,244	84,394	10,850	13,672	2,712	3,371	168,389
Accumulated depreciation and impairment losses										
At 1 January 2013	-	2,112	40	22,677	45,914	8,804	9,281	1,461	-	90,289
Foreign exchange adjustments	-	18	2	1	482	5	(2)	37	-	543
Charge for the year	-	638	5	1,065	6,618	822	469	29	-	9,646
Write off	-	-	-	(131)	(1,158)	(386)	(336)	-	-	(2,011)
Relating to disposals	-	-	(5)	(196)	(339)	(43)	(207)	-	-	(790)
At 31 December 2013	-	2,768	42	23,416	51,517	9,202	9,205	1,527	-	97,677
Net book value										
At 31 December 2013	1,365	13,942	29	11,828	32,877	1,648	4,467	1,185	3,371	70,712

Notes to the consolidated financial statements (continued)

17 Investment in associates

Details of the Group's material associates at the end of the reporting period are as follows:

	Country of registration and principal place of business	Nature of business	Percentage ownership 31 Dec. 2014	31 Dec. 2013
Meezan Bank Ltd – (Quoted)	Pakistan	Islamic banking	**49**	49
Privatization Holding Company – KPSC (Quoted)	Kuwait	Financial services	**33**	33
Kuwait Cement Company – KPSC (Quoted)	Kuwait	Industrial	**26**	26
Airport International Group - P.S.C	Jordan	Airport operations	**24**	24
Mabanee Company - KPSC - (Quoted)	Kuwait	Real estate	**18**	19

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Movement during the year is as follows:		
Balance at 1 January	**294,406**	287,497
Additions during the year	**2,490**	10,820
Share of results	**41,720**	18,398
Share of other comprehensive income	**2,472**	2,702
Dividend received	**(9,122)**	(8,201)
Disposal of associates	**(3,284)**	(6,131)
Impairment in value	**(2,171)**	(118)
Reclassification	**-**	(5,084)
Foreign currency translation adjustment	**4,457**	(3,349)
Other adjustments	**-**	(2,128)
Balance at the end of the year	**330,968**	294,406

17.1 All of the above named associates are accounted for using the equity method in these consolidated financial statements.

17.2 A major portion of an associate with a carrying value of KD113,514 thousand (2013: KD90,233 thousand) have been subject to an exchangeable option (note 27 c).

17.3 During the current year, the Group partially disposed an insignificant stake of Mabanee Company KPSC which resulted in a net gain of KD1,140 thousand. Although the Group owns 18 % of the investee, the Group exercises significant influence over the associate by way of board representation.

17.4 Consequent to the adoption of IFRS 10 – "consolidated financial statements", the Group has reclassified two of its investment in associates (which were individually not significant to the Group) to subsidiaries and has consolidated it to the Group during previous year and the impact of the consolidation of these new subsidiaries to the Group was not material for previous years.

17.5 Summarised financial information in respect of each of the Group's material associates named above, are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Groups share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.5.1 Mabanee Company - KPSC

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Non-current assets	902,948	662,451
Current assets	32,369	29,800
Non-current liabilities	(196,673)	(120,014)
Current liabilities	(59,004)	(56,305)
Non controlling interest	(444)	(89)
Equity attributable to the shareholders of the associate	679,196	515,843

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Revenue	186,718	63,604
Profit for the year	178,686	53,750
Other comprehensive income for the year	2,170	807
Total comprehensive income for the year	180,856	54,557
Dividends received from the associate during the year	3,260	2,426

A reconciliation of the above summarised financial information to the carrying amount of the investment in Mabanee Company - KPSC is set out below:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Net assets of the associate attributable to the shareholders of the associate	679,196	515,843
Proportion of the Group's ownership interest	18.04%	18.53%
Interest in the associate	122,527	95,586
Goodwill	11,146	13,098
Other Adjustments	411	811
Carrying value of the investment	134,084	109,495

As at 31 December 2014 the fair value of the Group's interest in Mabanee Company - KPSC, which is listed on the Kuwait Stock Exchange was KD126,617 thousand (2013: KD146,050 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.5.2 Kuwait Cement Company – KPSC

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Non-current assets	**252,242**	243,807
Current assets	**75,987**	66,937
Non-current liabilities	**(86,409)**	(75,448)
Current liabilities	**(41,973)**	(41,150)
Equity	**199,847**	194,146

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Revenue	**59,536**	69,035
Profit for the year	**14,080**	17,160
Other comprehensive income for the year	**4,457**	3,538
Total comprehensive income for the year	**18,537**	20,698
Dividends received from the associate during the year	**3,381**	2,436

A reconciliation of the above summarised financial information to the carrying amount of the investment in Kuwait Cement Company – KPSC is set out below:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Net assets of the associate attributable to the shareholders of the associate	**199,847**	194,146
Proportion of the Group's ownership interest in the associate	**25.617%**	25.617%
Interest in the associate	**51,195**	49,734
Goodwill	**14,893**	14,893
Other Adjustments	**4,371**	4,255
Carrying value of the investment	**70,459**	68,882

As at 31 December 2014 the fair value of the Group's interest in Kuwait Cement Company – KPSC, which is listed on the Kuwait Stock Exchange was KD71,382 thousand (2013: KD67,625 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

17.5.3 Meezan Bank Ltd.

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Non-current assets	**246,520**	394,529
Current assets	**1,043,025**	493,496
Non-current liabilities	**(103,427)**	(464,118)
Current liabilities	**(1,108,860)**	(369,152)
Equity	**77,258**	54,755

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.5.3 Meezan Bank Ltd. (continued)

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Revenue	**53,308**	39,787
Profit for the year	**22,460**	12,515
Other comprehensive income for the year	**(1,109)**	(1,854)
Total comprehensive income for the year	**21,351**	10,661
Dividends received from the associate during the year	**2,481**	1,833

A reconciliation of the above summarised financial information to the carrying amount of the investment in Meezan Bank Ltd is set out below:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Net assets of the associate attributable to the shareholders of the associate	**77,258**	54,755
Proportion of the Group's ownership interest in the associate	**49.11%**	49.11%
Interest in the associate	**37,941**	26,890
Goodwill	**9,262**	7,591
Carrying value of the investment	**47,203**	34,481

As at 31 December 2014 the fair value of the Group's interest in Meezan Bank Ltd, which is listed on the Karachi Stock Exchange was KD67,661 thousand (2013: KD51,836 thousand), based on the quoted market price available on that exchange, which is a level 1 input in terms of IFRS 13.

Share of results of associates include KD4,035 thousand which represents the Group's share of gain on bargain purchase recognised by Meezan Bank Ltd. This has been designated by the Pakistan regulators as non distributable.

17.5.4 Privatization Holding Company – KPSC

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Non-current assets	**144,313**	137,698
Current assets	**39,311**	41,074
Non-current liabilities	**(28,514)**	(16,055)
Current liabilities	**(41,630)**	(59,313)
Non controlling interests	**(894)**	(805)
Equity	**112,586**	102,599

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.5.4 Privatization Holding Company – KPSC (continued)

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Revenue	**13,539**	10,938
Profit/(loss) for the year	**4,326**	(1,202)
Other comprehensive income for the year	**5,867**	(539)
Total comprehensive income for the year	**10,193**	(1,741)
Dividends received from the associate during the year	**-**	1,474

A reconciliation of the above summarised financial information to the carrying amount of the investment in Privatization Holding Company – KPSC is set out below:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Net assets of the associate attributable to the shareholders of the associate	**112,586**	102,599
Proportion of the Group's ownership interest in the associate	**33.3%**	33.3%
Interest in the associate	**37,491**	34,152
Other Adjustments	**(3,843)**	(1,791)
Carrying value of the investment	**33,648**	32,361

As at 31 December 2014 the fair value of the Group's interest in Privatization Holding Company – KPSC, which is listed on the Kuwait Stock Exchange was KD12,157 thousand (2013: KD16,701 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

17.5.5 Airport International Group P.S.C

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Non-current assets	**254,283**	231,427
Current assets	**41,588**	24,836
Non-current liabilities	**(117,639)**	(102,105)
Current liabilities	**(52,737)**	(29,943)
Equity	**125,495**	124,215

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Revenue	**55,973**	43,473
Loss for the year	**(11,379)**	(3,637)
Other comprehensive income for the year	**(1,570)**	7,086
Total comprehensive income for the year	**(12,949)**	3,449

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.5.5 Airport International Group P.S.C (continued)

A reconciliation of the above summarised financial information to the carrying amount of the investment in Airport International Group P.S.C is set out below:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Net assets of the associate attributable to the shareholders of the Group	**125,495**	124,215
Proportion of the Group's ownership interest	**24%**	24%
Interest in the associate	**30,119**	29,812
Other Adjustments	**418**	553
Carrying value of the investment	**30,537**	30,365

Airport International Group P.S.C, is an unquoted investment.

17.6 Aggregate information of associates that are not individually material to the Group

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
The Group's share of result for the year	**(3,861)**	(1,600)
The Group's share of other comprehensive income for the year	**(93)**	(3,110)
The Group's share of total comprehensive income	**(3,955)**	(4,710)
Aggregate carrying amount of the Group's interest in these associates as of the reporting date	**15,037**	18,822

17.7 The Group's share of associates' contingent liabilities amounted to KD91,859 thousand (2013: KD75,198 thousand). This includes the group's share of contingent liabilities related to a foreign bank (Meezan Bank Ltd.) which amounted to KD55,875 thousand (2013: KD40,662 thousand).

18 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Fair value as at 1 January	**49,943**	25,259
Additions	**16,869**	22,793
Disposal	**(9,525)**	-
Change in fair value	**4,138**	1,891
	61,425	49,943

Notes to the consolidated financial statements (continued)

18 Investment properties (continued)

Investment properties comprise of land and buildings in the following countries:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Kuwait	**54,506**	43,618
Saudi	**6,163**	5,925
Jordan	**415**	400
UAE	**341**	-
Total	**61,425**	49,943

a) Investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers. (refer note 37 for details).

b) Investments properties amounting to KD34,040 thousand (2013: KD22,350 thousand) are secured against bank loans (refer note 27). Further during the year the Group has acquired properties for a consideration of KD6,533 thousand (2013: KD6,091 thousand) in Kuwait which have been partly financed by Ijara Financing agreements amounting to KD3,250 thousand (2013: KD3,000 thousand) (refer note 30).

19 Available for sale investments

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Non Current		
Managed funds		
- Local	**2,500**	2,634
- Foreign	**120,835**	152,493
	123,335	155,127
Unquoted equity participations		
- Local	**23,781**	32,146
- Foreign	**176,375**	145,677
	200,156	177,823
Quoted shares		
- Local	**104,398**	109,730
- Foreign	**189,030**	230,605
	293,428	340,335
	616,919	673,285
Current		
Quoted shares (a)		
- Local	**63,061**	73,369
- Foreign	**291**	2,589
	63,352	75,958
	680,271	749,243

Notes to the consolidated financial statements (continued)

19 Available for sale investments

a) The quoted shares classified as current at 31 December represents the remaining investments from those which were transferred from investments at fair value through profit or loss as of 1 July 2008 (refer note 23 a).

b) Managed funds include investments in private equity funds with a carrying value of KD30,559 thousand (2013: KD54,610 thousand). Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

c) At the end of the year, the Group recognised an impairment loss of KD12,826 thousand (2013: KD6,512 thousand) for certain local and foreign quoted shares, as the market value of these shares at reporting dates declined significantly below their costs. Further the Group also recognised an impairment loss of KD15,379 thousand (2013: KD18,194 thousand) against certain unquoted shares, local and foreign funds based on estimates made by management as per information available to them and the net assets values reported by the investment managers.

d) Unquoted investments and managed funds of KD57,520 thousand (2013: KD60,547 thousand) are carried at cost less impairment in value if any, since their fair value cannot be reliably determined. The Group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.

e) Investments with a fair value of KD200,309 thousand (2013: KD183,326 thousand) are secured against short term borrowings (refer note 30) and long term borrowings (refer note 27).

20 Inventories

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Finished goods and work-in-progress	16,313	14,179
Raw materials and consumables	13,626	15,680
Spare parts and others	3,219	2,961
Goods in transit	413	322
	33,571	33,142
Provision for obsolete and slow moving inventories	(1,548)	(1,234)
	32,023	31,908

Notes to the consolidated financial statements (continued)

21 Accounts receivable and other assets

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Financial assets		
Net trade receivables	22,855	22,819
Amount due on disposal of foreign investment properties (refer note 21b and 21c)	938	7,646
Amounts due on sale of investments	21,615	2,438
Due from associates	1,724	2,331
Due from other related parties	955	1,068
Due from key management personnel	233	233
Advance payments to acquire investments	68	2,039
Due from Kuwait Clearing Company (future trade)	5,250	5,544
Due from investment brokerage companies	2,124	5,033
Interest and other accrued income	1,222	1,863
Other financial assets	12,914	12,588
	69,898	63,602
Less: amount due after one year	(2,102)	(2,086)
	67,796	61,516
Non-financial assets		
Other assets	2,813	4,658
	2,813	4,658
	70,609	66,174

a) Trade receivables are non-interest bearing and generally on 30 to 90 days terms.

As at 31 December the aging analysis of trade receivables is as follows:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Neither past due nor impaired	16,828	15,805
Past due but not impaired		
- less than 3 months	2,320	2,364
- 3 – 6 months	3,707	4,650
Total trade receivables	22,855	22,819

Trade receivables that are less than six months past due, are not considered impaired since they relate customers for whom there is no recent history of default.

b) Due on sale of foreign investment properties has been discounted based on an effective interest rate of 5.5% to give effect to the deferred payment term. The effect of unwinding of discount for the year ended 31 December 2014 on this receivable amounted to KD Nil (2013: KD401 thousand has been recognised in other income).

c) The consideration due on sale of the Group's investment property in the Kingdom of Saudi Arabia amounting to KD26,535 thousand (sold during 2011) was due in instalments. Out of the consideration due, KD20,794 thousand has been settled in cash and KD4,803 thousand has been settled by transferring another real estate property situated in KSA based on a valuation. The Group's management expects that the remaining due amount of KD938 thousand will be settled during 2015.

d) During the year, the Group recognised an impairment loss of KD1,441 thousand (2013: KD898 thousand) against trade and other receivables.

Notes to the consolidated financial statements (continued)

22 Murabaha and wakala investments

	Effective profit rate % (per annum) 2014	2013	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Due from a local Islamic investment company/ due from related parties			14,324	14,324
Provision for impairment in value			(14,324)	(14,324)
			-	-
Placed with local Islamic banks	0.5%	0.25%-0.625%	598	4,500
			598	4,500

No other profit was recognised on impaired wakala investments during the current year (2013: Nil).

Wakala investments of KD14,324 thousand (2013: KD14,324 thousand) placed with a local Islamic investment company matured in 2008. The investee company defaulted on settlement of these balances on the maturity date.

During the previous years, the one of the local subsidiaries' of the Group assumed the financial and legal obligations on wakala investments of KD9,968 thousand (in violation of the Commercial Companies Law of 1960) that the subsidiary had placed with the investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement.

The Group has initiated legal proceedings against the parties to recover the amount including profits thereon. During the year the court of appeal has ordered the related parties to pay KD8,285 thousand with 7% of profit thereon to the Group. However, the related parties have submitted appeals to the court of cassation against the order of the court of appeal. The legal proceeding relating to remaining amounts are still in process.

23 Investments at fair value through profit or loss

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Held for trading :		
Quoted shares		
- Local	26,193	31,282
- Foreign	6,776	6,555
	32,969	37,837
Quoted debt instruments - foreign	-	276
	32,969	38,113
Designated on initial recognition :		
Local funds	7,936	11,030
International managed portfolios and funds	18,801	16,056
	26,737	27,086
	59,706	65,199

Notes to the consolidated financial statements (continued)

23 Investments at fair value through profit or loss (continued)

a) In 2008, as a result of significant developments in the global financial markets, the Group had reclassified investments with a fair value of KD380,755 thousand as at 1 July 2008 from "fair value through profit or loss" category to "available for sale" category. The fair value of remaining reclassified investments as of 31 December 2014 is KD63,352 thousand (2013: KD75,958 thousand).

b). During 2008, a local money market fund, in which the Group has investments totaling to KD1,624 thousand as at 31 December 2014 (2013: KD1,616 thousand), suspended redemption requests. Management has been informed by the managers of the funds that redemptions will be made depending on availability of liquid funds. The investment has been fair valued based on the unaudited net asset value reported by the fund manager as of 31 May 2014. The Group's management expects to realise these investments at not less than its carrying value.

c). Quoted shares, held by local subsidiaries, with a fair value of KD9,840 thousand (2013: KD11,502 thousand) are secured against short term borrowings (refer note 30) and long term borrowings (refer note 27).

24 Share capital and share premium

a) As of 31 December 2014, authorized issued and fully paid share capital in cash of the Parent Company comprised of 1,359,853,075 shares of 100 Fils each (31 December 2013: 1,295,098,167 shares).

b) At the Annual General Meeting held on 28 May 2014, the shareholders approved 5% bonus shares on outstanding shares as at the date of the AGM, which represented 64,754,908 shares of 100 Fils each amounting to KD6,475 thousand.

c) Share premium is not available for distribution.

25 Treasury shares

	31 Dec. 2014	31 Dec. 2013
Number of shares	**34,796,079**	33,139,123
Percentage of issued shares	**2.56%**	2.56%
Market value (KD '000)	**6,611**	7,688
Cost (KD'000)	**30,375**	30,375

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

As at 31 December 2014 and 2013, one of the associate companies of the Group held 121,361,979 (2013: 115,582,837) shares of the Parent Company's shares equivalent to 8.9% (2013: 8.9%) of the Parent Company's shares issued.

Notes to the consolidated financial statements (continued)

26 Cumulative changes in fair value, other components of equity and Non-controlling interests

a) Cumulative change in fair value

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Balance at 1 January	**164,439**	140,199
Other comprehensive income:		
Net change in fair value of available for sale investments	**(6,229)**	20,880
Transferred to consolidated statement of profit or loss on disposal of available for sale of investments	**(22,953)**	(18,695)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	**23,288**	18,821
Share of fair value adjustment in associates	**2,240**	3,234
Other comprehensive income for the year	**(3,654)**	24,240
Balance at 31 December	**160,785**	164,439

b) Other components of equity

	Statutory reserve KD '000	General reserve KD '000	Gain on Sale of treasury shares reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balance as at 31 December 2012	1,232	507	18,452	(3,270)	16,921
Reserve transfers of subsidiaries	1,371	1,385	-	-	2,756
Other comprehensive income:					
Currency translation differences	-	-	-	(1,125)	(1,125)
Balances at 31 December 2013	2,603	1,892	18,452	(4,395)	18,552
Reallocation to non controlling interests of subsidiary	-	-	-	**38**	**38**
Transactions with owners	-	-	-	**38**	**38**
Other comprehensive income:					
Currency translation differences	-	-	-	**2,836**	**2,836**
Comprehensive income	-	-	-	**2,836**	**2,836**
Transfer from reserve of subsidiary *	-	**(690)**	-	-	**(690)**
Reserve transfers of subsidiaries	**5,939**	**492**	-	-	**6,431**
Balances at 31 December 2014	**8,542**	**1,694**	**18,452**	**(1,521)**	**27,167**

Statutory reserve

In accordance with the Companies Law and the Parent Company's articles of association, 10% of the profit for the year before KFAS, NLST, Zakat and directors remuneration but after Non-controlling interest is to be transferred to statutory reserve. The parent company may resolve to discontinue such annual transfer when the reserve totals 50% of the 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. No transfer is required in a year in which the Group has incurred a loss or where accumulated losses exist.

* During the year, one of the local subsidiaries transferred an amount of KD690 thousand from voluntary reserve to retained earnings.

Notes to the consolidated financial statements (continued)

26 Cumulative changes in fair value, other components of equity and Non-controlling interests (continued)

c) Non-controlling interests

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Balance at 1 January	147,976	141,790
Net increase in non-controlling interests on acquisition of subsidiary	(804)	747
Redemption of units by non-controlling interests of subsidiary	-	(1,532)
Amount due to non-controlling interests on reduction of share capital of subsidiary *	(3,912)	(6,642)
Dividend paid to non-controlling interests by the subsidiaries	(2,075)	(4,558)
Reallocation to no-controlling interests of a subsidiary **	1,633	-
Other net changes in non-controlling interests	679	3,258
Transactions with non-controlling interests	(4,479)	(8,727)
Profit for the year	8,549	6,471
Other comprehensive income :		
Exchange differences arising on translation of foreign operations	2,138	(1,834)
Net change in fair value of available for sale investments	(9,367)	8,375
Transferred to consolidated statement of profit or loss on disposal of available for sale investments	(3,237)	(3,452)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	4,917	5,885
Share of other comprehensive income of associates	232	(532)
Total other comprehensive income for the year	(5,317)	8,442
Total comprehensive income for the year	3,232	14,913
Balance at 31 December	146,729	147,976

*On 5 March 2014, the shareholders of one of the subsidiaries of the Group decided to further decrease its share capital by KD9,000 thousand out of which KD3,912 thousand pertains to non-controlling interests. An amount of KD3,932 thousand has been paid to non-controlling interests and the balance amount is shown under accounts payable and other liabilities.

** During the year, one of the local subsidiaries reallocated an amount of KD1,633 thousand to non-controlling interests from retained earnings and foreign currency translation reserve of that subsidiary which mainly represents accumulated impact of the misallocation of non-controlling interest's share of profit in previous years. This mainly arose from the full elimination of intergroup profits that a partially owned sub-subsidiary earned on a murabaha investment with the local subsidiary.

Notes to the consolidated financial statements (continued)

27 Long-term borrowings

Currency	Effective Interest rate	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Conventional loans			
Kuwaiti Dinars (note 27c)	3.5% - 5%	**349,330**	387,952
US Dollars	1.75% - 3.25%	**56,274**	63,170
Euro	2% - 4.8%	**1,281**	5,654
		406,885	456,776
Less : Due within one year		**(86,472)**	(68,318)
		320,413	388,458
Islamic financing arrangements			
Murabaha payables (note 27c)	5%	**101,563**	101,757
Other Islamic financing arrangements	3.8% - 5.5%	**61,712**	67,180
		163,275	168,937
Less: Due within one year		**(113,434)**	(27,763)
		49,841	141,174
Total		**370,254**	529,632

a During 2011 and 2012, a local subsidiary of the Group restructured its financing arrangements with some local banks and accordingly loans amounting to KD114,658 thousand (net of repayment of KD43,893 thousand) were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be 100% secured. As of 31 December 2014, these are partly secured (notes 18, 19 and 23) and the process of identification and securitization of the required balance has not been completed as yet.

The local subsidiary is currently in the process of rescheduling the original repayment plan of its loans amounting to KD114,658 thousand including an amount of KD37,303 thousand which was due within one year and KD77,355 thousand due after one year. Loan instalments totalling to KD16,999 thousand from two lending bankers fell due and the lenders have agreed to rollover the balance and continue discussions with the subsidiary to reschedule the dues. Subsequent to the reporting date, the subsidiary has paid KD7,812 thousand out of due amounts as agreed during ongoing discussions.

Further, during the previous year one of the subsidiaries has completed the restructuring of the short term US Dollar loan (equivalent to KD32,881 thousand at 30 June 2013) which was obtained from a local bank, by way of entering into an agreement with the same bank. As per the agreement the subsidiary received two secured long term loans aggregating to KD32,364 thousand (a US Dollar loan of 65,000 thousand equivalent to KD18,364 thousand at 31 December 2013 and loan of KD14,000 thousand) which was utilised to repay the old US Dollar loan in full. As per the agreement the loans are to be repaid in instalments commencing from July 2015 and ending in January 2018, and the loan facilities are secured against investments (refer note 19).

b The Euro loans are secured against property, plant and equipment with a book value of KD1,261 thousand (2013: KD1,287 thousand). Also, other Islamic financing arrangement amounting to KD2,933 (2013: KD2,308) are secured against property, plant and equipment with a book value of KD4,605 thousand (2013: KD2,826).

Notes to the consolidated financial statements (continued)

27 Long-term borrowings (continued)

c Long term borrowings include KD101,563 thousand (2013: KD101,757 thousand) of Islamic and KD25,000 thousand (2013: KD25,000 thousand) of conventional borrowings due in 2015 for which the Group provided an exchange option to the respective lenders on the shares of one of its associates having a carrying value of KD113,514 thousand (2013: KD90,233 thousand). Under the terms of the agreements, these shares are kept in a custody portfolio account with a specialised institution.

28 Provisions

	31 Dec. 2014 KD'000	31 Dec. 2013 KD '000
Pension liability (refer note 33)	**4,359**	4,044
Provision for staff indemnity	**10,637**	7,768
Provision for land-fill expenses	**724**	717
Provision for rental property	**295**	359
	16,015	12,888
Less: Provision for rental property – amount due in less than one year	**(206)**	(200)
	15,809	12,688

The provision for rental property relates to onerous property rental costs (net of estimated rent receivable) and dilapidations obligations of foreign subsidiaries which are payable over various periods up to 2017.

29 Accounts payable and other liabilities

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Financial liabilities		
Trade payables	**14,930**	18,128
Accrued interest	**2,729**	3,220
Dividend payable	**950**	1,263
Leasing creditors - amount due in less than one year	**236**	126
Provision for rental property – amount due in less than one year	**206**	200
Payable on acquisition of subsidiary	**1,505**	-
Payable on acquisition of intangible assets	**3,504**	-
National labour support tax	**4,682**	4,755
Kuwait Foundation for the Advancement of Sciences and Zakat	**1,094**	1,154
Other accruals	**8,444**	5,537
Due to associates (refer note 36)	**1,419**	279
Due to other related parties (refer note 36)	**2,456**	1,698
Amounts payable to non controlling interest due to capital reduction of one of the local subsidiary	**1,235**	1,366
Other liabilities	**5,885**	6,595
	49,275	44,321
Non-financial liabilities		
Other creditors	**5,676**	3,312
Accruals	**227**	765
	5,903	4,077
	55,178	48,398

Notes to the consolidated financial statements (continued)

30 Short-term borrowings

Currency	Effective Interest rate	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Conventional loans			
Kuwaiti Dinars	4.5% - 6%	**41,187**	23,335
US Dollars	1% - 5%	**76,095**	46,262
Sterling & Euro	2% - 3.5%	**657**	282
		117,939	69,879
Long term borrowings due within one year		**86,472**	68,318
		204,411	138,197
Islamic financing arrangements			
Murabaha/wakala/Ijara payables	3% - 6.5%	**17,608**	34,415
Long term Islamic financing arrangements due within one year (refer note 27 c)		**113,434**	27,763
		131,042	62,178
Total		**335,453**	200,375

a. Islamic financing arrangements include Ijara payables of KD17,785 thousand (2013: KD7,183 thousand) which is secured against investment properties of local subsidiaries (refer note 18).

b. As of 31 December 2014, one of the local subsidiaries has utilised KD1,500 thousand (net) from KD7,000 thousand loan facility from a local bank which is secured against local investments with a fair value of KD8,260 thousand (2013 : KD8,216 thousand).

c. US Dollar loan equivalent to KD66,793 thousand (2013: KD46,262 thousand) and Kuwait Dinar loans of KD39,993 thousand (2013: KD35,000 thousand) are secured by certain available for sale investments (refer note 19).

31 Cash and cash equivalents

	Effective interest/profit rate %	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Short term deposits	1.5%	**6,715**	2,061
Bank balance and cash	1.5%	**53,354**	32,253
Due to banks	5%-6%	**(21,674)**	(23,074)
		38,395	11,240
Less: Blocked balances		**(2,837)**	(1,424)
Cash and cash equivalents for the purpose of consolidated statement of cash flows		**35,558**	9,816

32 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose a cash dividend of 12% (2013: Nil) equivalent to 12 Fils per share and bonus shares of Nil (2013: 5%).

33 Defined benefit pensions schemes

The Group has defined benefit pension schemes for the employees of certain subsidiaries in the United Kingdom. The Schemes provide benefits based on final salary and length of service on retirement. The Schemes are subject to the Statutory Funding Objective under the United Kingdom Pensions Act 2004. A valuation of the schemes is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Group must agree with the Trustees of the Schemes the contributions to be paid to address any shortfall against the Statutory Funding Objective.

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

The Schemes are managed by a professional trustee appointed by the Group. The Trustee has responsibility for obtaining valuation of the fund, administering benefit payments and investing the Schemes' assets. The Trustee delegates some of these functions to their professional advisers where appropriate.

The Schemes expose the Group to a number of risks:

- Investment risk: The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term the short term volatility can cause additional funding to be required if deficit emerges.
- Interest rate risk: The Schemes' liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Schemes hold assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: A significant proportion of the benefits under the Schemes are linked to inflation. Although the Schemes' assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- Mortality risk: In the event that members live longer than assumed a deficit will emerge in the Schemes.
- For certain sections of the Schemes, members are assumed to commute 20% of their pension for cash at retirement. If on average less pension is taken this would lead to a deficit emerging.
- The Trustee holds insurance policies for some members of the Schemes. There is a very small risk that the insurers may default on their policies which would cause additional funding to be required.

Effect of the Schemes on the Group's future cash flows

The Group is required to agree Schedules of Contributions with the Trustee of the Schemes following the valuation which must be carried out at least once every three years. In the event the valuation reveals a larger deficit than expected the Group may be required to increase contributions above those set out in the existing Schedules of Contributions. Conversely if the position is better than expected contributions may be reduced.

The Group expects to contribute KD751 thousand to its defined benefit plans annually which has been agreed with the pension trustee in line with actuarial advice and aims to eliminate the deficit within an acceptable period of time.

The following disclosures cover all the schemes on an aggregated basis. The schemes are closed to new members and are not accruing further benefits. Actuarial calculations have been made in order to determine pension liabilities and pension expenses in connection with the Group's defined benefit pension schemes.

The following assumptions have been used in calculating the liabilities and expenses incurred:

	31 Dec. 2014	31 Dec. 2013
Discount rate at 31 December	**3.50%**	4.35%
Inflation assumption (RPI)	**3.15%**	3.3%
Revaluation in deferment (CPI)	**2.15%**	2.3%
Expected return on plan assets	**3.50%**	4.35%
Future salary increases	**N/A**	N/A
Future pension increases	**3.15%**	3.3%
Mortality after retirement	SAPS (SINA) tables with medium cohort year of birth projections and minimum of 1.25% (2013: 1.25%) per annum improvement.	

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Effect of the Schemes on the Group's future cash flows (continued)
Under the mortality tables adopted, the expected age at death for a member at age 65 is as follows:

	31 Dec. 2014	31 Dec. 2013
Male currently aged 45	**89.3**	89.2
Female currently aged 45	**91.9**	91.8
Male currently aged 65	**87.5**	87.4
Female currently aged 65	**90.0**	89.9

The average of the weighted average duration of the liabilities of each of the schemes is 17 years (2013: 17 years).

Consolidated statement of profit or loss

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Interest cost	**(956)**	(1,109)
Expected return on assets	**798**	870
Settlement on the disposal of subsidiary	**-**	2,217
Accrued expenses	**(3)**	(23)
Net annual charge included in general and administrative expenses	**(161)**	1,955

A reconciliation of the movement in the liability for defined benefit pension scheme is as follows:

Consolidated statement of financial position

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Brought forward liability	**4,044**	6,699
Consolidated statement of profit or loss (net)	**161**	(1,955)
Contributions	**(744)**	(800)
Actuarial losses/(gain)	**966**	(13)
Foreign Exchange adjustments	**(68)**	113
Carried forward liability	**4,359**	4,044

Reconciliation of consolidated statement of financial position liability

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Present value of obligations	**24,330**	21,948
Fair value of plan assets	**(20,082)**	(18,030)
Net plan deficit	**4,248**	3,918
Unrecognised actuarial losses	**111**	126
Net liability recognised in the consolidated statement of financial position	**4,359**	4,044

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Effect of the Schemes on the Group's future cash flows (continued)

Changes in the present value of the defined benefit obligation

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Opening defined benefit obligation	**21,948**	28,731
Interest cost	**956**	1,109
Actuarial losses	**2,564**	(85)
Liabilities extinguished on settlement	**-**	(6,781)
Accrued expenses	**3**	23
Benefits paid	**(913)**	(1,422)
Foreign exchange adjustment	**(228)**	373
Closing defined benefit obligation	**24,330**	21,948

Changes in the fair value of the plan assets

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Opening fair value of plan assets	**18,030**	22,175
Expected return	**2,224**	870
Actuarial gain	**189**	(95)
Contributions by employer	**744**	800
Assets disposed on settlement	**(913)**	(1,422)
Benefits paid	**-**	(4,846)
Foreign exchange adjustment	**(192)**	548
Closing fair value of plan assets	**20,082**	18,030

The fair value of the plan assets, by category is as follows:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Plan assets:		
Equities	**8,073**	7,650
Bonds	**11,424**	9,739
Other assets	**585**	641
	20,082	18,030

The actual return on the Schemes' assets net of expenses over the period was 13.2%.

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Sensitivity of the value placed on liabilities

The defined benefit obligation would be affected by changes in the actuarial assumptions. The table below shows the potential impact of relatively small changes in the key assumptions:

Adjustment to assumptions	Approximate effect on liabilities KD '000
Discount rate	
Plus 0.5%	(1,774)
Minus 0.5%	2,016
Inflation	
Plus 0.25%	452
Minus 0.25%	(465)
Life expectancy	
Plus 1 year	813
Minus 1 year	(813)

Note the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

34 Discontinued operations

	Year ended 31 Dec. 2013 KD '000
Diamond H Controls Limited	2,168
BI Electric (Shenzen) Limited	(344)
Total profit for the year from discontinued operations	1,824

Diamond H Controls Limited ("DHC")

During the previous year, DHC was put into liquidation and the Group gave up control of the subsidiary. The operating loss of DHC up to the date of disposal and the profit or loss from remeasurement and disposal of assets and liabilities are summarised below:

	Year ended 31 Dec. 2013 KD '000
Sales	-
Cost of sales	(38)
Gross loss	(38)
General, administrative and other expenses	(1)
Loss from discontinued operations before and after tax, and for the year	(39)
Gain on re-measurement and disposal	
Gain before and after tax on disposal	2,207
Profit for the year from discontinued operations - DHC	2,168

Notes to the consolidated financial statements (continued)

34 Discontinued operations (continued)

BI Electric (Shenzhen) Limited ("BIE")
During the previous year, BIE, a subsidiary of Diamond Asia Controls Manufacturing (Hong Kong) Limited, was put into liquidation and the Group gave up control of the subsidiary. The operating loss of BIE up to the date of disposal and the profit or loss from remeasurement and disposal of assets and liabilities are summarised below:

	Year ended 31 Dec. 2013 KD '000
Sales	755
Cost of sales	(587)
Gross profit	168
Distribution costs	(49)
General, administrative and other expenses	(413)
	(294)
Finance costs	(53)
Loss from discontinued operations before and after tax, and for the year	(347)
Gain on remeasurement and disposal	
Gain before and after tax on disposal	3
Loss for the year from discontinued operations – DHC	(344)

35 Segmental analysis

The Group activities are concentrated in four main segments: investment, building material, specialist engineering and hotel and IT operations. The segments' results are reported to the higher management in the Group. In addition, the segments results, assets and liabilities are reported based on the geographic locations which the Group operates in.

Notes to the consolidated financial statements (continued)

35 Segmental analysis (Continued)

The following is the segments information, which conforms with the internal reporting presented to management:

	Investment		Building materials		Specialist engineering		Hotel & IT services		Total	
	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000	**31 Dec. 2014 KD '000**	31 Dec. 2013 KD '000	**31 Dec. 2014 KD '000**	31 Dec. 2013 KD '000	**31 Dec. 2014 KD '000**	31 Dec. 2013 KD '000	**31 Dec. 2014 KD '000**	31 Dec. 2013 KD '000
Segment revenue	**106,643**	76,500	**47,644**	44,660	**65,280**	63,926	**13,654**	7,850	**233,221**	192,936
Less:										
Income from investments									**(56,016)**	(48,659)
Share of result of associates									**(41,720)**	(18,398)
Realised gain on disposal of investment properties									**(740)**	-
Profit of disposal of associates									**(1,140)**	(889)
Change in fair value of investment properties									**(4,138)**	(1,891)
Rent income									**(1,553)**	(1,683)
Interest and other income									**(1,351)**	(4,559)
Sales, per consolidated statement of profit or loss									**126,563**	116,857
Segment profit	**63,074**	39,494	**8,320**	7,559	**4,020**	5,014	**(1,428)**	(76)	**73,986**	51,991
Less:										
Finance costs									**(30,520)**	(34,841)
Other unallocated loss									**(3,752)**	(862)
Profit before taxation, other statutory contributions and directors' remuneration, per consolidated statement of profit or loss									**39,714**	16,288
Segment assets	**1,229,207**	1,222,763	**53,214**	56,362	**78,965**	82,713	**24,562**	15,868	**1,385,948**	1,377,706
Segment liabilities	**(17,549)**	(4,184)	**(18,648)**	(22,002)	**(23,575)**	(26,573)	**(11,693)**	(8,458)	**(71,465)**	(61,217)
Segment net assets	**1,211,658**	1,218,579	**34,566**	34,360	**55,390**	56,140	**12,869**	7,410	**1,314,483**	1,316,489
Borrowings and due to banks									**(727,381)**	(753,081)
Total equity, per consolidated statement of financial position									**587,102**	563,408

Notes to the consolidated financial statements (continued)

35 Segmental analysis (Continued)

Property, plant and equipment of the Group are primarily utilised by the building materials segment, hotel & IT services segment and the specialist engineering segment. The additions and depreciation relating to property, plant and equipment along with impairment in values by each segment, in which the assets are used, are as follows:

	Investment KD '000	Building materials KD '000	Specialist engineering KD '000	Hotel & IT services KD '000	Total KD '000
At 31 December 2014					
Additions to property, plant and equipment	**61**	**1,494**	**3,228**	**2,377**	**7,160**
Depreciation	**182**	**3,546**	**2,899**	**221**	**6,848**
Impairment in value of available for sale investments	**28,205**	**-**	**-**	**-**	**28,205**
At 31 December 2013					
Additions to property, plant and equipment	741	12,830	3,272	-	16,843
Depreciation	280	6,303	2,872	191	9,646
Impairment in value of available for sale investments	24,706	-	-	-	24,706

Geographical segments

The geographical analysis is as follows;

	Assets		Sales	
	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Kuwait	**710,059**	685,778	**58,942**	49,778
Outside Kuwait	**675,889**	691,928	**67,621**	67,079
	1,385,948	1,377,706	**126,563**	116,857

36 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Transactions and balances included in the consolidated statement of financial position		
Due from related parties (refer note 21)	**2,912**	3,632
Due to related parties (refer note 29)	**3,875**	1,977
Current portion of the long term borrowings - murabaha payable to an associate (refer note 27c)	**15,040**	15,069

Notes to the consolidated financial statements (continued)

36 Related party transactions (continued)

	Year ended 31 Dec. 2014 KD '000	Year ended 31 Dec. 2013 KD '000
Transactions included in the consolidated statement of profit or loss		
Realised gain on sale of available for sale investments – to associate	-	847
Management and placement fees earned from related parties	2	156
Finance cost - paid to associate	774	989
Purchase of raw materials – from associates	**4,204**	4,192
Compensation of key management personnel of the Group		
Short term employee benefits and directors' remuneration	3,843	3,740
End of service benefits	2,139	121
	5,982	3,861

37 Summary of assets and liabilities by category and fair value measurement

37.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Financial assets:		
Loans and receivables (at amortised cost):		
• Accounts receivable and other financial assets (refer note 21)	69,898	63,602
• Murabaha and wakala investments	598	4,500
• Short term deposits	6,715	2,061
• Bank balance and cash	53,354	32,253
	130,565	102,416
Assets at fair value through profit or loss:		
• Investments at fair value through profit or loss (refer note 23)		
- Held for trading	32,969	38,113
- Designated on initial recognition	26,737	27,086
	59,706	65,199
Available for sale investments (refer note 19)		
- At fair value	622,751	688,696
- At cost / cost less impairment	57,520	60,547
	680,271	749,243
Total financial assets	**870,542**	916,858
Financial liabilities:		
At amortised cost		
• Long term borrowings	370,254	529,632
• Leasing creditors	478	131
• Accounts payable and other financial liabilities (refer note 29)	49,275	44,321
• Short term borrowings	335,453	200,375
• Due to banks	21,674	23,074
Total financial liabilities	**777,134**	797,533

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.2 Fair value measurement

Fair value represents 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. Investments at fair value though profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in Note 19 to the consolidated financial statements) are carried at fair value and measurement details are disclosed in note 37.3 to the consolidated financial statements. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs is considered a reasonable approximation of their fair values.

The Group also measures non-financial asset such as investment properties at fair value at each annual reporting date (refer 37.4).

37.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

The financial assets and liabilities measured at fair value on a recurring basis in the statement of consolidated financial position are grouped into the fair value hierarchy as follows;

At 31 December 2014

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value					
Available for sale investments					
-Managed funds					
Private equity funds	a	-	-	30,559	30,559
Other managed funds	c	-	10,528	77,423	87,951
-Unquoted equity participations	d	-	-	147,461	147,461
-Quoted shares	a	356,780	-	-	356,780
Investment at fair value through profit or loss					
-Quoted shares	a	32,969	-	-	32,969
-Local funds	b	-	7,936	-	7,936
-International managed portfolios and funds	e	-	-	18,801	18,801
Total assets		389,749	18,464	274,244	682,457

Notes to the consolidated financial statements (continued)

37 Summary of financial assets and liabilities by category (continued)

37.3 Fair value hierarchy (continued)

At 31 December 2013

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value					
Available for sale investments					
-Managed funds					
Private equity funds	c	-	-	54,610	54,610
Other managed funds	c	-	8,942	82,355	91,297
-Unquoted equity participations	d	-	-	126,496	126,496
-Quoted shares	a	416,293	-	-	416,293
Investment at fair value through profit or loss					
-Quoted shares	a	37,837	-	-	37,837
- Quoted debt instruments	a	276	-	-	276
-Local funds	b	-	11,030	-	11,030
-International managed portfolios and funds	e	-	-	16,056	16,056
Total assets		454,406	19,972	279,517	753,895

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair value, which are unchanged compared to the previous reporting period, are as follows:

Financial instruments in level 1

a) Quoted shares & debt instruments (level 1)

Quoted shares and debt instruments represent all listed equity securities and debt instruments which are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

Financial instruments in level 2 & 3

b) Local funds (level 2)

The underlying investments of these funds mainly comprise of local quoted shares and money market instruments and the fair value of the investment has been determined based on net asset values reported by the fund manager as of the reporting date.

c) Foreign funds (level 2)

The underlying investments in these private equity funds mainly represent foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.3 Fair value hierarchy (continued)

Other managed portfolios (level 3)
The underlying investments of other managed portfolios represent foreign quoted and unquoted securities managed by specialized portfolio managers. They are valued based on periodic reports received from the portfolio managers.

d) Unquoted equity participations (level 3)
The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

e) International managed portfolios and funds (level 3)
The underlying investments of international managed portfolios and funds represent quoted and unquoted securities. They are valued based on fund managers' report.

Level 3 Fair value measurements
The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2014 KD'000	31 Dec. 2013 KD'000
Opening balance	**279,517**	319,317
Net change in fair value recognised in other comprehensive income	**39,156**	(1,143)
Impairment recognised in profit or loss	**(8,560)**	(8,748)
Net change in fair value recognised in profit or loss	**(1,202)**	2,115
Net disposals during the year	**(34,667)**	(33,529)
Reclassified from carried at cost to fair valued investments	**-**	1,505
Closing balance	**274,244**	279,517

The following table provides information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs:

31 December 2014

Financial asset	Valuation technique	Significant unobservable input	Range	Sensitivity of the fair value measurement to the input
Unquoted Equity participations	DCF Method	Long term growth rate for cash flows for subsequent years	2% - 4.2%	Higher the growth rate, higher the value
		WACC	9.8% - 17%	Higher the WACC, lower the value
		Discount for lack of marketability	15% - 25%	Higher the discount rate, lower the value
Private equity and direct equity funds	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value
Other managed portfolios	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.3 Fair value hierarchy (continued)

31 December 2013

Financial asset	Valuation technique	Significant unobservable input	Range	Sensitivity of the fair value measurement to the input
Unquoted Equity participations	DCF Method	Long term growth rate for cash flows for subsequent years	3% - 4%	Higher the growth rate, higher the value
		WACC	10.6% - 17%	Higher the WACC, lower the value
		Discount for lack of marketability	10% - 15%	Higher the discount rate, lower the value
Private equity and direct equity funds	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value
Other managed portfolios	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value

The impact on profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account these premiums and discounts when pricing the investments.

In case of AFS assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through OCI) and, would not have an effect on profit or loss.

37.4 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2013 and 2014

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 December 2014				
Investment property				
- Lands and buildings in Kuwait	-	-	43,926	43,926
- Lands and buildings in Saudi Arabia	-	-	6,163	6,163
- Land in Jordan	-	-	415	415
- Lands in Kuwait	-	-	10,580	10,580
- Lands and buildings in UAE	-	-	341	341
	-	-	61,425	61,425
31 December 2013				
Investment property				
- Lands and buildings in Kuwait	-	-	34,777	34,777
- Lands and buildings in Saudi Arabia	-	-	5,925	5,925
- Land in Jordan	-	-	400	400
- Lands in Kuwait	-	-	8,841	8,841
	-	-	49,943	49,943

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.4 Fair value measurement of non-financial assets (continued)

The above buildings represent rental properties on freehold land categorized as "Investment Lands" (i.e land which can be used to construct multiple residential unit buildings, apartments, villas, Duplex and Studios), in Kuwait, Jordan and Saudi Arabia. The freehold land above also represents land categorized as investment lands. The fair value of the investment property has been determined based on valuations obtained from two independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management. One of these valuers is a local bank (for local investment properties) who has valued the investment properties using primarily two methods, one of which is the Yield Method and other being a combination of the market comparison approach for the land and cost minus depreciation approach for the buildings. The other valuer who is a local reputable valuer has also valued the investment properties primarily by using a combination of the methods noted above. When the market comparison approach is used adjustments have been incorporated for factors specific to the land in question, including plot size, location and current use. For the valuation purpose, the Company has selected the lower value of the two valuations (2013: lower of two valuations). Further information regarding the level 3 fair value measurements is set out in the table below:

31 December 2014

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Land and buildings in Kuwait and Saudi Arabia (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated marker price for land (per sqm)	KD1,200, to KD8,837	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD38 to KD247	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD2 to KD9	The higher the rent per square meter, the higher the fair value
		Yield rate	3.8% to 7.5%	The higher the yield rate, the higher the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land Kuwait and Jordan	Market comparison approach	Estimated market price for land (per sqm)	KD1,300 to KD8,500	The higher the price per square meter, the higher the fair value

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.4 Fair value measurement of non-financial assets (continued)

31 December 2013

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Land and buildings in Kuwait and Saudi Arabia (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated marker price for land (per sqm)	KD1,074–KD9,472	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD40-KD244	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD3 – KD9	The higher the rent per square meter, the higher the fair value
		Yield rate	4.8% to 7.2%	The higher the yield rate, the higher the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land Kuwait and Jordan	Market comparison approach	Estimated market price for land (per sqm)	KD1,254 to KD6,588	The higher the price per square meter, the higher the fair value

Level 3 Fair value measurements
The Group measurement of investment properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The movement in the investment properties is disclosed in note 18.

38 Risk management objectives and policies

The Group's financial liabilities comprise due to banks, short term and long term borrowings, leasing creditors and accounts payable and other liabilities. The main purpose of these financial liabilities is to raise finance for Group operations. The Group has various financial assets such as accounts receivable and other assets, bank balance and cash, murabaha and wakala investments, short term deposits and investment securities which arise directly from operations.

The Group's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The board of directors sets out policies for reducing each of the risks discussed below.

The Group also enters into derivative transactions, primarily interest rate swaps. The purpose is to manage the interest rate risks arising from the Group's sources of finance. The Group's policy is not to trade in derivative financial instruments.

The most significant financial risks to which the Group is exposed to are described below.

38.1 Market risk

a) Foreign currency risk
Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.1 Market risk (continued)

a) Foreign currency risk (continued)

The Group mainly operates in the Middle East, USA and United Kingdom and is exposed to foreign currency risk arising, primarily from US Dollar, Saudi Riyal and GBP. The consolidated statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the parent company's board of directors and a continuous assessment of the consolidated open positions.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follows:

	31 Dec. 2014 ***Equivalent*** **KD '000**	31 Dec. 2013 *Equivalent* KD '000
US Dollars	**(46,521)**	(91,115)
Saudi Riyals	**3,197**	15,958
GBP	**(14,285)**	(14,947)

The parent company's management estimates that a reasonable possible change in the above exchange rate would be 5%.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity (5%), then this would have the following impact on the profit for the year. There is no impact on the Group's other comprehensive income.

	Profit increase/ (decrease)	
	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
US Dollars	**2,326**	4,556
Saudi Riyals	**(160)**	(798)
GBP	**714**	747
	2,880	4,505

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity (5%), then there would be an equal and opposite impact on the profit for the year, and the balances shown above would be negative for US Dollars and GBP and positive for Saudi Riyals (2013: negative for US Dollars, GBP and positive for Saudi Riyals).

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.1 Market risk (continued)

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk on its short term deposits (refer note 31), short and long term borrowings (refer note 30 and 27) and due to banks which are both at fixed and floating interest rates. The risk is managed by the Group by managing an appropriate mix between fixed and floating rate, short term deposits and borrowings.

Positions are monitored regular to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year to reasonable possible change of interest rate of +25 (0.25%) and -75 (0.75%) basis points with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant. There is no impact on Group's other comprehensive income.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000	**31 Dec. 2014 KD '000**	31 Dec. 2013 KD '000
Effect on profit for the year	**(594)**	(1,786)	**1,782**	5,358

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, Jordan, Bahrain, Abu Dhabi, Saudi Arabia and USA. Equity investments are classified either as "investments at fair value through profit or loss" or "available for sale investments".

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits determined by the Group.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the loss for the year and other comprehensive income for the year ended 31 December would have been as follows:

A positive number below indicates a increase profit and other comprehensive income where the equity prices increase by 10%. All other variables are held constant.

	Profit for the year		Other comprehensive income	
	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000	**31 Dec. 2014 KD '000**	31 Dec. 2013 KD '000
Investments at fair value through profit or loss	**4,091**	4,914	**-**	-
Available for sale investments	**3,897**	2,568*	**35,678**	40,441
	7,988	7,482	**35,678**	40,441

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.1 Market risk (continued)

c) Equity price risk (continued)

* Had equity prices been higher by 10% the impairment loss which was recognised in the consolidated statement of profit or loss would be reduced and consequently the profit for the year 2014 would be higher and the profit for the year 2013 would be higher.

For a 10% decrease in the equity prices there would be an equal and opposite impact on the losses for the years and other comprehensive income and the amounts shown above would be negative.

38.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Available for sale investments	680,271	749,243
Accounts receivable and other assets (refer note 21)	69,898	63,602
Murabaha and wakala investments	598	4,500
Investments at fair value through profit or loss	59,706	65,199
Short term deposits	6,715	2,061
Bank balances	53,354	32,253
	870,542	916,858

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. None of the above financial assets are past due nor impaired except for certain wakala investments referred to in note 22, certain available for sale investments and account receivable and other asset referred to in note 19 and 21 respectively. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for bank balances and short term deposits is considered negligible, since the counterparties are reputable financial institution with high credit quality. Information on other significant concentrations of credit risk is set out in note 38.3.

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.3 Concentration of assets

The distribution of financial assets by geographic region was as follows:

	Kuwait KD '000	Other Middle Eastern Countries KD '000	Asia & Africa KD '000	UK & Europe KD '000	USA KD '000	Total KD '000
At 31 December 2014						
Geographic region:						
Available for sale investments	**199,950**	**270,240**	**107,192**	**18,755**	**84,134**	**680,271**
Accounts receivable and other assets	**25,081**	**3,538**	**1,404**	**31,362**	**8,513**	**69,898**
Investments at fair value through profit or loss	**29,843**	**7,763**	**2,818**	**15,543**	**3,739**	**59,706**
Murabaha and wakala investments	**598**	**-**	**-**	**-**	**-**	**598**
Short-term deposits	**6,715**	**-**	**-**	**-**	**-**	**6,715**
Bank balances and cash	**21,177**	**2,080**	**1,465**	**28,023**	**609**	**53,354**
	283,364	**283,621**	**112,879**	**93,683**	**96,995**	**870,542**
At 31 December 2013						
Geographic region:						
Available for sale investments	215,986	327,206	82,486	24,445	99,120	749,243
Accounts receivable and other assets	40,163	7,117	1,594	14,324	404	63,602
Investments at fair value through profit or loss	37,416	9,328	1,903	14,809	1,743	65,199
Murabaha and wakala investment	4,500	-	-	-	-	4,500
Short-term deposits	1,919	-	-	142	-	2,061
Bank balances and cash	22,721	4,145	211	3,702	1,474	32,253
	322,705	347,796	86,194	57,422	102,741	916,858

38.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The contractual maturities of financial liabilities based on undiscounted cash flows are as follows:

	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	1-5 Years KD '000	Total KD '000
31 December 2014					
Financial liabilities (undiscounted)					
Long-term borrowings	**6,659**	**1,812**	**5,097**	**413,448**	**427,016**
Leasing creditors	**-**	**-**	**236**	**478**	**714**
Accounts payable and other liabilities	**23,143**	**4,828**	**21,304**	**-**	**49,275**
Short-term borrowings	**41,804**	**87,820**	**219,757**	**-**	**349,381**
Due to banks	**21,674**	**-**	**-**	**-**	**21,674**
	93,280	**94,460**	**246,394**	**413,926**	**848,060**

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.4 Liquidity risk (continued)

	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	1-5 Years KD '000	Total KD '000
31 December 2013					
Financial liabilities (undiscounted)					
Long-term borrowings	-	3,940	10,931	593,327	608,198
Leasing creditors	-	-	-	172	172
Accounts payable and other liabilities	14,743	15,443	14,135	-	44,321
Short-term borrowings	33,879	63,137	107,410	-	204,426
Due to banks	23,074	-	-	-	23,074
	71,696	82,520	132,476	593,499	880,191

The Group's short term borrowings principally represent revolving facilities with local and foreign banks and financial institutions. The Group's management has successfully renewed all short term facilities which were classified as falling due within one month and one to three months.

39 Staff shares

The parent company has an approved share issuance scheme to its senior management, where the parent company's shares can be issued to staff as bonus shares by utilizing its treasury shares, and the scheme will expire in 2016. However no staff shares were issued during the year 2013 and 2014.

40 Capital risk management

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder 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, buy back shares, issue new shares or sell assets to reduce debt.

The capital structure for the Group consists of the following:

	31 Dec. 2014 KD '000	31 Dec. 2013 KD '000
Long term borrowings (refer note 27)	**370,254**	529,632
Short term borrowings (refer note 30)	**335,453**	200,375
Due to banks	**21,674**	23,074
	727,381	753,081
Less :		
Murabaha and wakala investments	**(598)**	(4,500)
Short - term deposits	**(6,715)**	(2,061)
Bank balances and cash	**(53,354)**	(32,253)
Net debt	**666,714**	714,267
Total equity	**587,102**	563,408

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

Notes to the consolidated financial statements (continued)

40 Capital risk management (continued)

This ratio is calculated as net debt divided by the total equity as follows:

	31 Dec. 2014 %	31 Dec. 2013 %
Net debt to equity ratio	114	127

41 Contingent liabilities

At 31 December 2014, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD30,589 thousand (2013: KD24,240 thousand).

42 Fiduciary assets

One of the subsidiaries of the Group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the consolidated statement of financial position. Assets under management at 31 December 2014 amounted to KD6,906 thousand (2013: KD6,804 thousand) of which assets managed on behalf of related parties amounted to KD5,085 thousand (2013: KD4,234 thousand).

43 Capital commitments

At the reporting date the Group had commitments for the purchase of investments and the acquisition of property, plant and equipment totalling KD 24,510 thousand (2013: KD25,438 thousand).

At the reporting date, the Group had commitment to pay lease rentals amounting to KD4,868 thousand (2013: KD5,100 thousand).

44 Comparative information

Certain other comparative figures has been reclassified to conform to the presentation in the current year, and such reclassification does not affect previously reported net assets, net equity and net results for the year or net decrease in cash and cash equivalents.

Annex (5)
Financial Statements
as of 31/12/2013

Consolidated financial statements and independent auditors' report

National Industries Group Holding – KPSC and Subsidiaries

Kuwait

31 December 2013

Contents

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Independent auditors' report

To the shareholders of
National Industries Group Holding – KPSC
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of National Industries Group Holding – KPSC ("The Parent Company") and its subsidiaries, (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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 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 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 National Industries Group Holding and its subsidiaries as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Matters

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 and by the Parent Company's articles and memorandum of association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 nor of the Parent Company's articles and memorandum of association, as amended, have occurred during the year that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Abdullatif A.H. Al-Majid
(Licence No. 70-A)
of Parker Randall (Allied Accountants)

Kuwait
30 March 2014

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000 (Restated)
Continuing operations			
Sales		**109,601**	106,443
Cost of sales		**(83,884)**	(80,561)
Gross profit		**25,717**	25,882
Income from investments	8	**48,659**	45,980
Share of results of associates	17	**18,398**	16,647
Profit/(loss) on disposal of associates	17	**889**	(154)
Dilution loss on associate	17	**-**	(253)
Gain/(loss) on disposal of property, plant and equipment	16	**1,693**	(7)
Realised gain on disposal of investment properties		**-**	60
Changes in fair value of investment properties	18	**1,891**	2,025
Rental, interest and other income	9	**7,279**	7,336
Distribution costs		**(5,427)**	(4,663)
General, administrative and other expenses		**(21,524)**	(21,882)
Reversal of provision for onerous property leases and dilapidations	28	**138**	1,939
		77,713	72,910
Finance costs	11	**(34,841)**	(38,883)
Impairment in value of available for sale investments	19c	**(24,706)**	(12,499)
Impairment in value of investment in associates		**(118)**	(584)
Impairment in value of receivables and other assets	21	**(898)**	(1,381)
Loss on foreign currency exchange		**(862)**	(3,232)
Profit before taxation, other statutory contributions and directors' remunerations		**16,288**	16,331
Taxation and other statutory contributions	12	**(1,375)**	(1,143)
Directors' remuneration		**(90)**	-
Profit for the year from continuing operations		**14,823**	15,188
Discontinued operations			
Profit for the year from discontinued operations	34	**1,824**	2,569
Profit for the year	13	**16,647**	17,757
Attributable to :			
Owners of the parent		**10,176**	12,981
Non-controlling interests		**6,471**	4,776
		16,647	17,757
Basic and diluted earnings per share attributable to the owners of the parent	14		
- From continuing operations		**6.7 Fils**	8.3 Fils
- From discontinued operations		**1.4 Fils**	2.0 Fils
Total		**8.1 Fils**	10.3 Fils

The notes set out on pages 10 to 77 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Profit for the year	**16,647**	17,757
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	**(2,959)**	(1,250)
Available for sale investments:		
- Net changes in fair value arising during the year	**29,255**	(5,671)
- Transferred to consolidated statement of profit or loss on disposal	**(22,147)**	(12,884)
- Transferred to consolidated statement of profit or loss on impairment	**24,706**	12,499
Share of other comprehensive income of associates		
- Changes in fair value	**2,702**	4,092
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	**31,557**	(3,214)
Items not to be reclassified to profit or loss in subsequent periods		
Defined benefit plan actuarial gains/(losses)	**13**	(2,719)
Total other comprehensive income not being reclassified to profit or loss in subsequent periods	**13**	(2,719)
Total other comprehensive income for the year	**31,570**	(5,933)
Total comprehensive income for the year	**48,217**	11,824
Total comprehensive income for the year attributable to:		
Owners of the parent	**33,304**	10,625
Non-controlling interests	**14,913**	1,199
	48,217	11,824

The notes set out on pages 10 to 77 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Assets			
Non-current assets			
Goodwill	15	9,221	7,083
Property, plant and equipment	16	70,712	63,994
Investment in associates	17	294,406	287,497
Investment properties	18	49,943	25,259
Available for sale investments	19	673,285	698,095
Accounts receivable	21	2,086	1,969
Total non-current assets		1,099,653	1,083,897
Current assets			
Inventories	20	31,908	25,644
Available for sale investments	19	75,958	79,847
Accounts receivable and other assets	21	66,174	62,176
Murabaha and wakala investments	22	4,500	11,293
Investments at fair value through profit or loss	23	65,199	61,992
Short-term deposits	31	2,061	6,129
Bank balances and cash	31	32,253	57,072
Total current assets		278,053	304,153
Total assets		1,377,706	1,388,050
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	24	129,510	129,510
Treasury shares	25	(30,375)	(30,375)
Share premium	24	122,962	122,962
Cumulative changes in fair value	26	164,439	140,199
Other components of equity	26	18,552	16,921
Retained earnings		10,344	2,911
Equity attributable to owners of the parent		415,432	382,128
Non-controlling interests	26	147,976	141,790
Total equity		563,408	523,918
Non-current liabilities			
Long-term borrowings	27	529,632	523,935
Leasing creditors		131	152
Provisions	28	12,688	15,139
Total non-current liabilities		542,451	539,226
Current liabilities			
Accounts payable and other liabilities	29	48,398	50,686
Short-term borrowings	30	200,375	256,323
Due to banks	31	23,074	17,897
Total current liabilities		271,847	324,906
Total liabilities		814,298	864,132
Total equity and liabilities		1,377,706	1,388,050

NI Group (S.A.K.)

Sa'ad Mohammed Al-Sa'ad
Chairman

Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 10 to 77 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to owners of the parent								
	Share Capital KD '000	Treasury shares KD '000	Share premium KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 26b) KD '000	Retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance as at 1 January 2013	129,510	(30,375)	122,962	140,199	16,921	2,911	382,128	141,790	523,918
Transactions with owners									
Net increase in non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	747	747
Redemption of units by non controlling interests of subsidiary	-	-	-	-	-	-	-	(1,532)	(1,532)
Amount due to non-controlling interests on reduction of share capital of subsidiary	-	-	-	-	-	-	-	(6,642)	(6,642)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	(4,558)	(4,558)
Other net changes in non-controlling interests	-	-	-	-	-	-	-	3,258	3,258
Total transactions with owners	-	-	-	-	-	-	-	(8,727)	(8,727)
Comprehensive income									
Profit for the year	-	-	-	-	-	10,176	10,176	6,471	16,647
Other comprehensive income for the year [Actuarial losses and others (refer note 26b)	-	-	-	24,240	(1,125)	13	23,128	8,442	31,570
Total comprehensive income for the year	-	-	-	24,240	(1,125)	10,189	33,304	14,913	48,217
Reserve transfers of subsidiaries	-	-	-	-	2,756	(2,756)	-	-	-
Balance at 31 December 2013	**129,510**	**(30,375)**	**122,962**	**164,439**	**18,552**	**10,344**	**415,432**	**147,976**	**563,408**

The notes set out on pages 10 to 77 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to owners of the parent								
	Share Capital KD '000	Treasury shares KD '000	Share premium KD '000	Cumulative changes in fair value KD '000	Other components of equity (Note 26b) KD '000	(Accumulated losses)/ retained earnings KD '000	Sub-Total KD '000	Non-controlling interests KD '000	Total KD '000
Balance at 1 January 2012	129,510	(30,375)	151,719	139,662	17,123	(36,136)	371,503	144,686	516,189
Transactions with owners									
Offset of accumulated losses (refer note 24b)	-	-	(28,757)	-	(1,767)	30,524	-	-	-
Dividend paid to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	(3,419)	(3,419)
Other net changes in non-controlling interests	-	-	-	-	-	-	-	(676)	(676)
Total transactions with owners	-	-	(28,757)	-	(1,767)	30,524	-	(4,095)	(4,095)
Comprehensive income									
Profit for the year	-	-	-	-	-	12,981	12,981	4,776	17,757
Other comprehensive income for the year [Actuarial losses and others (refer note 26b)	-	-	-	537	(174)	(2,719)	(2,356)	(3,577)	(5,933)
Total comprehensive income for the year	-	-	-	537	(174)	10,262	10,625	1,199	11,824
Reserve transfers of subsidiaries	-	-	-	-	1,739	(1,739)	-	-	-
Balance at 31 December 2012	129,510	(30,375)	122,962	140,199	16,921	2,911	382,128	141,790	523,918

The notes set out on pages 10 to 77 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000 (Restated)
OPERATING ACTIVITIES		
Profit before taxation, other statutory contributions and directors' remuneration	**16,288**	16,331
Adjustments:		
Depreciation of property, plant and equipment	**9,646**	6,290
Changes in fair value of investment properties	**(1,891)**	(2,025)
(Gain)/loss on disposal of property, plant and equipment	**(1,693)**	7
(Gain)/loss on disposal of associates	**(889)**	154
Realised gain on disposal of investment properties	**-**	(60)
Impairment in value of investment in associates	**118**	584
Share of results of associates	**(18,398)**	(16,647)
Dilution loss on associate	**-**	253
Reversal of impairment provision of wakala investment	**(874)**	-
Dividend income from available for sale investments	**(19,583)**	(20,016)
Profit on sale of available for sale investments	**(21,902)**	(20,312)
Impairment in value of receivable and other assets	**898**	1,381
Effect of discounting on accounts receivable	**(401)**	(407)
Impairment in value of available for sale investments and wakala investments	**24,706**	12,499
Deemed gain on available for sale investments	**(2,880)**	-
Net provisions (released)/charged	**(2,451)**	17
Finance costs	**34,841**	38,883
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments	**(531)**	(1,528)
	15,004	15,404
Changes in operating assets and liabilities:		
Inventories	**(6,264)**	(721)
Accounts receivable and other assets	**(8,710)**	13,424
Investments at fair value through profit or loss	**(3,207)**	19,824
Accounts payable and other liabilities	**2,906**	(1,273)
Cash (used in)/from operations	**(271)**	46,658
KFAS and Zakat contribution paid	**(482)**	(355)
NLST paid	**(33)**	(335)
Taxation paid	**(249)**	(386)
Net cash (used in)/from continuing operations	**(1,035)**	45,582
Net cash from discontinuing operations	**(190)**	(192)
Net cash (used in)/from operating activities	**(1,225)**	45,390

Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000 (Restated)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,363)	(7,429)
Proceeds from disposal of property, plant and equipment		2,471	160
Proceeds from disposal of investment properties		-	50
Acquisition of subsidiaries		(2,267)	-
Additions to investment properties		(17,814)	(10,462)
Investment in an associates		(10,820)	(2,910)
Dividend received from associate companies		8,201	7,779
Proceeds from disposal of associate		7,020	6,849
Proceeds from redemption of units of associate		-	4,078
Cash received from impairment wakala		874	-
Decrease/(increase) in wakala investments maturing after three months		6,793	(3,880)
Increase in blocked deposits		6,272	(7,581)
Purchase of available for sale investments		(27,559)	(20,851)
Proceeds from sale of available for sale investments		80,416	65,627
Dividend income received from available for sale investments		19,583	20,016
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments		548	1,550
Net cash from investing activities		65,355	52,996
FINANCING ACTIVITIES			
Net (decrease)/increase in long-term borrowings		(72,123)	74,942
Finance lease payments		(49)	(131)
Net increase/(decrease) in short-term borrowings		21,872	(183,137)
Dividend paid to the owners of the parent		(47)	(109)
Finance costs paid		(32,841)	(40,254)
Decrease in non-controlling interests		(8,727)	(4,095)
Net cash used in financing activities		(91,915)	(152,784)
Net decrease in cash and cash equivalents		(27,785)	(54,398)
Translation difference		(7)	12
		(27,792)	(54,386)
Cash and cash equivalents at beginning of the year		37,608	91,994
Cash and cash equivalents at end of the year	31	9,816	37,608

The notes set out on pages 10 to 77 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

National Industries Group Holding – KPSC ("the parent company") was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a "Holding Company". The parent company along with its subsidiaries are jointly referred to as "the Group". The parent company's shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.

- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.

- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.

- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.

- Employing excess funds available with the group by investing them in investment and real estate portfolios managed by specialised companies.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance.

The address of the parent company's registered office is PO Box 417, Safat 13005, State of Kuwait.

The board of directors of the parent company approved these consolidated financial statements for issuance on 30 March 2014. The general assembly of the parent company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the revaluation of freehold and leasehold properties, the measurement at fair value of investments at fair value through profit or loss, available for sale financial assets and investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) and all values are rounded to the nearest thousand (KD '000), except when otherwise indicated.

The Group has elected to present the "statement of comprehensive income" in two statements: the "statement of profit or loss" and a "statement of comprehensive income".

Notes to the consolidated financial statements (continued)

3 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) and applicable requirements of Ministerial Order No. 18 of 1990.

4 Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in the previous year, except for adoption of new and amended standards discussed below:

4.1 New and amended standards adopted by the Group

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities has resulted in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

Standard	*Effective for annual periods beginning*
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	1 January 2013
IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IFRS 7 Financial Instruments: Disclosures – amendments	1 January 2013
Annual Improvements 2009-2011	1 January 2013

IAS 1 Presentation of Financial Statements

The amendment to IAS 1 requires entities to group other comprehensive income items presented in the consolidated statement of comprehensive income based on those:

a) Potentially reclassifiable to consolidated statement of income in a subsequent period, and

b) That will not be reclassified to consolidated statement of income subsequently.

The amendments to IAS 1 changed the current presentation of the consolidated statement of comprehensive income of the Group; however the amendment affected presentation only and had no impact on the Group's financial position or performance.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. It revises the definition of control together with accompanying guidance to identify an interest in a subsidiary. To meet the definition of control in IFRS 10, all nine criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same. IFRS 10 did not change the classification (as subsidiaries or otherwise) of any of the Group's existing investees, except for consolidation of a subsidiaries noted in note 17.6.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures
IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. As a consequence of the new IFRS 11, IAS 28 brings investments in joint ventures into its scope, however, the equity accounting methodology under IAS 28 remains unchanged.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments including subsidiaries, joint arrangements, associates and unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. IFRS 12 disclosures are provided in Note 7 and 17.

IFRS 13 Fair Value Measurement
IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7, 'Financial Instruments; Disclosures'.

The group has applied IFRS 13 for the first time in the current year, see Note 37.3 and 37.4.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures are required to be provided retrospectively.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (continued)
The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

Annual Improvements 2009-2011 (the Annual Improvements)
The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the Group are summarised below:

Clarification of the requirements for opening statement of financial position (amendments to IAS 1):
- clarifies that the appropriate date for the opening statement of financial position ("third balance sheet") is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements (amendments to IAS 1):
- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Tax effect of distribution to holders of equity instruments (Amendments to IAS 32):
- addresses a perceived inconsistency between IAS 12 'Income Taxes' (IAS 12) and IAS 32 'Financial Instruments: Presentation' (IAS 32) with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

The amendment did not have an impact on the consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

Early adoption of IAS 19 Employee Benefits – amendments
During the previous year the Group elected to adopt the new provisions of IAS 19 (revised June 2012) 'Employee Benefits' earlier than required by the Accounting Standard (effective for annual periods beginning on or after 1 January 2013) and the change in accounting policy was done during the year 2012.

4.2 IASB Standards issued but not yet effective
At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standard	*Effective for annual periods beginning*
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2014
IFRS 9 Financial Instruments	To be determined
IFRIC 21 Levies	1 January 2014

4.2.1 IAS 32 Financial Instruments: Presentation - Amendments

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the group's consolidated financial statements from these amendments.

4.2.2 IAS 36 Impairment of Assets- Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are applicable to annual periods beginning on or after 1 January 2014. Management does not anticipate a material impact on the group's consolidated financial statements from these amendments.

4.2.3 IAS 39 Financial Instruments: Recognition and Measurement- Amendments

Under the IAS 39 amendments 'Novation of Derivatives and Continuation of Hedge Accounting' there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2014, with earlier application being permitted.

4.2.4 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, and hedge accounting have been issued. Chapter dealing with impairment methodology is still being developed. The effective date for the entire standard will be determined after completion of the new impairment model.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

4.2.4 IFRS 9 Financial Instruments (continued)

Further, in November 2013, the IASB made limited modifications to IFRS 9's financial asset classification model to address application issues. Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice.

The group's management have yet to assess the impact of this new standard on the group's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

4.2.6 IFRIC 21 Levies

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.

IFRIC 21 provides the following guidance on recognition of a liability to pay levies, a) the liability is recognised progressively if the obligating event occurs over a period of time, and b) if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The Group is not currently subjected to any significant levies so this amendment is not expected to have a significant impact on the Group's financial statements. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

5 Summary of significant accounting policies

The significant accounting policies and measurements bases adopted in the preparation of the consolidated financial statements are summarised below:

5.1. Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. . The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.1. Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- 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
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

5.2. Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensives income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within other comprehensive income.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.2. Business combinations (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

5.3. Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.13 for a description of impairment testing procedures.

5.4. Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidate statements of income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The difference in reporting dates of the associates and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional 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 the 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 recognises the amount under a separate heading in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.5. Segment reporting

The Group has three operating segments: Investment, building materials and specialist engineering segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.6. Profit or loss from discontinued operations

A discontinued operation is a component of the Group that has either been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the consolidated statements of profit or loss. This amount, which comprises the post-tax profit or loss of discontinued operations and the post tax gain or loss resulting from the measurement and disposal of assets classified as assets held for sale, is further analysed in note 34.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date of the latest period presented.

5.7. Revenue

Revenue arises from the sale of goods, rendering of services, investing activities and real estate activities. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts.

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 payment is made. The following specific recognition criteria should also be met before revenue is recognised;

5.7.1. Sale of goods

Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognised on delivery.

When goods are sold together with customer loyalty incentives, the consideration receivable is allocated between the sale of goods and sale of incentives based on their fair values. Revenue from sale of incentives is recognised when they are redeemed by customers in exchange for products supplied by the Group.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.7. Revenue (continued)

5.7.2.Rendering of services

The Group generates revenues from after-sales service and maintenance, consulting and construction contracts. Consideration received for these services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed.

In recognising after-sales service and maintenance revenues, the Group considers the nature of the services and the customer's use of the related products, based on historical experience.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

The Group earns fees and commission income from diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

- *Fee income from providing transaction services*

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

5.7.3. Interest and similar income

Interest income and expenses are reported on an accrual basis using the effective interest method.

Murabaha income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

5.7.4.Dividend income

Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.7.5. Revenue from sale of investment properties

Revenue from sale of investment properties is recognised on completion of sale contract and after transferring the risk and rewards associated with the real estate to the purchaser and the amount of revenue can be reliably measured.

5.8. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.9. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.10. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost or valuation, less the estimated residual value of property, plant and equipment, on a straight-line basis over their estimated useful lives as follows:

Freehold buildings	Lower of 50 years or remaining useful life
Long leasehold property	Lower of 50 years or remaining lease term
Short leasehold property	Lease term
Property on leasehold land	4 to 20 years
Plant and machinery	1 to 15 years
Motor vehicles	2 to 10 years
Furniture and equipment	4 to 10 years

Any increase arising on revaluation is credited directly to other comprehensive income as "revaluation reserve" except to the extent where the increase reverses a revaluation decrease related to the same asset for which a decrease in valuation has previously been recognised as an expense, it is credited to the consolidated statement of income. Any decrease in the net carrying amount arising on revaluation is charged directly to the consolidated statement of income, or charged to the revaluation reserve to the extent that the decrease is related to an increase for the same asset which was previously recorded as a credit to the revaluation surplus.

Depreciation on the re-valued properties is charged to the consolidated statement of income over their remaining estimated useful lives and an amount equivalent to the excess depreciation charge relating to the increase in carrying amount is transferred each year from the revaluation reserve to retained earnings.

No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for their intended use.

5.11. Leased assets

5.11.1. Finance lease

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

See note 5.10 for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

5.11.2. Operating lease

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term except where the lease terms are onerous in which case the provision is made for the net present value of the probable liability. Associated costs, such as maintenance and insurance, are expensed as incurred.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.12. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised 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 or from investment property 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, plant and equipment up to the date of change in use.

5.13. Impairment testing of goodwill and non financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments

5.14.1. Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights 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 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 a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

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 consolidated statement of profit or loss.

5.14.2. Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.2. Classification and subsequent measurement of financial assets (continued)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All material income and expenses relating to financial assets that are recognised in profit or loss are presented within income from investments, interest & other income or under a separate headings in the consolidated statement of profit or loss.

- *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 recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

The Group categorises loans and receivables into following categories:

- *Murabaha investments / receivables*

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a Murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.

Murabaha receivables which arise from the Group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the Group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

- *Wakala investments*

Wakala is an agreement whereby the Group provides a sum of money to a financial institution under an agency arrangement, who invests it according to specific conditions in return for a fee. The agent is obliged to return the amount is case of default, negligence or violation of any terms and conditions of the Wakala.

- *Loans and advances*

Loans and advances are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.2. Classification and subsequent measurement of financial assets (continued)

- *Bank balances cash and Short term deposits*

Cash on hand and demand deposits are classified under bank balances and cash and short term deposits represent deposits placed with financial institutions with a maturity of less than one year.

- *Receivables and other financial assets*

Trade receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables which are not categorised under any of the above are classified as "Other receivables/Other financial assets"

- *Financial assets at* FVTPL

Classification of investments as financial assets at FVTPL depends on how management monitor the performance of these investments. Investments at FVTPL are either "held for trading" or "designated" as such on initial recognition.

The group classifies investments as trading if they are acquired principally for the purpose of selling or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of statement of profit or loss in the management accounts, they are as designated at FVTPL upon initial recognition.

All derivative financial instruments fall into the category of FVTPL, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

- *HTM investments*

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss. The group currently has not classified any assets in to this category.

- *AFS financial assets*

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.2. Classification and subsequent measurement of financial assets (continued)

- *AFS financial assets (continued)*

Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Impairment charges are recognised in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognised in the consolidated statement of profit or loss..

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

AFS financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

5.14.3. Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trust certificates issued, borrowings, leasing creditors, due to banks, trade payables and other liabilities s and derivative financial instruments.

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

- *Financial liabilities other than at fair value through profit or loss(FVTPL)*

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Wakala payables*

Wakala payables represent short-term borrowings under Islamic principles, whereby the group receives funds for the purpose of financing its investment activities and are stated at amortised cost.

- *Murabaha finance payables*

Murabaha finance payables represent amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha finance payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

5.14.3. Classification and subsequent measurement of financial liabilities (continued)

- *Ijara financing*

Ijara finance payable ending with ownership is an Islamic financing arrangement through which a financial institution provides finance to purchase an asset by way of renting the asset ending with transferring its ownership. This ijara finance payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- *Leasing and hire purchase payables*

Assets acquired under finance leases and hire purchase arrangements are capitalised and the related liabilities, excluding finance charges. Finance charges in respect of such liabilities are charged to the consolidated statement of income as incurred.

- *Accounts payables and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "Other financial liabilities"

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or other income.

- *Financial liabilities at fair value through profit or loss(FVTPL)*

Financial liabilities at FVTPL are either held for trading or designated as such on initial recognition.

Financial liabilities held for trading or designated at FVTPL, are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

- *Derivative financial instruments*

The Group uses derivative financial instruments, such as interest rate swaps to mitigate its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at cost, being the fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using valuation quotes provided by financial institutions, based on prevailing market information. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The group does not adopt hedge accounting, and any realised and unrealised (from changes in fair value) gain or losses are recognised directly in the consolidated statement of income.

5.14.4. Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.14. Financial instruments (continued)

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

5.14.6. Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 37.

5.15. Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.16. Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the parent company's articles of association.

Other components of equity include the following:
- foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD and the Group's share of foreign currency translation reserves shown in the associates statement of financial position.
- Fair value reserve – comprises gains and losses relating to available for sale financial assets

Retained earnings/(accumulated losses) include all current and prior period retained profits/ accumulated losses. All transactions with owners of the parent company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

5.17. Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.17. Treasury shares (continued)

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not 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 to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.18. Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

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

5.19. Foreign currency translation

5.19.1. Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the parent company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.19.2. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of income and "available for sale" are reported as part of the cumulative change in fair value reserve within other comprehensive income.

5.19.3. Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.19. Foreign currency translation (continued)

5.19.3. Foreign operations (continued)

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5.20. End of service indemnity

The parent and its local subsidiaries 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 in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.21. Pensions (Related to the foreign subsidiaries)

Contributions are paid to both defined benefit and defined contribution pension schemes in accordance with the recommendations of independent actuaries and advisors.

Contributions to defined contribution schemes are charged to the consolidated statement of income on an accrual basis.

During the previous year the Group elected to early adopt the new provisions of IAS 19 (revised June 2012) 'Employee Benefits' and the accounting policy for the defined benefit schemes was as follows.

In respect of defined benefit schemes a defined benefit liability (or asset) is recognised in the consolidated statement of financial position and it is calculated as the present value of the defined benefit obligation using the projected unit credit method plus any unrecognised actuarial gains or losses less any past service cost not recognised less the market value of the plan assets.

Pension expense is charged to the consolidated statement of income and is calculated as the aggregate of current service cost (using the projected unit credit method), a net interest cost on the discounted defined benefit obligation net of the expected return on plan assets, recognised actuarial gains and losses, recognised past service costs and the effect of curtailments or settlements.

Actuarial gains or losses are recognised in full in other comprehensive income.

During the previous year the accounting policy has been adopted retrospectively. (see note 33).

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.22. Share-based Payment

Certain employees of the group receive remuneration in the form of share-based payment transactions, whereby the employees render services in exchange for shares ("equity settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the period end market value of the company's shares with the issue price. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the shares vest.

5.23. Taxation

5.23.1. National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

5.23.2. Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.23.3. 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.

For the year ended 31 December 2012 and 2013, the Parent Company has no liability towards NLST, KFAS and Zakat due to tax losses incurred. Under the NLST and Zakat regulations no carry forward of losses to the future years nor any carry back to prior years is permitted.

5.23.4. Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

Deferred taxation is provided in respect of all temporary differences. Deferred tax assets are recognised in respect of unutilised tax losses when it is probable that the loss will be used against future profits.

5.24. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, short-term deposits, murabaha and wakala investments and short term highly liquid investments maturing within three months from the date of inception less due to banks and blocked bank balances.

5.25. Fiduciary assets

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.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty

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

6.1. Significant management judgments

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

6.1.1. Classification of financial instruments

Judgements are made in the classification of financial instruments based on management's intention at acquisition. Such judgement determines whether it is subsequently measured at cost, amortised cost or at fair value and if the changes in fair value of instruments are reported in the statement of income or other comprehensive income.

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets as fair value through income statement depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

6.1.2. Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the statement of income.

The Group classifies property as trading 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.

6.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.1. Significant management judgments (continued)

6.1.4. Equity method accounting for entities in which the Group holds less that 20% of the voting rights

Management has assessed the level of influence that the Group has over its material associate, Mabanee Company - KPSC and determined that it has significant influence even though the share holding in this associate is below 20%, because of the factors mentioned in note 17.3. Consequently, this investment has been classified as an associate and has been accounted for using the equity method.

6.2. Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of goodwill and other intangible assets

The Group determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

6.2.2. Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the 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 recognises the amount in the consolidated statement of income.

During the 2013 the group recognised an impairment loss of KD118 thousand (2012: KD584 thousand) against investments in associates.

6.2.3. Impairment of available for sale equity investments

The Group treats available for sale equity investments 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 judgment. In 2013 the Group recognised an impairment loss on available for sale investments (see note 19).

6.2.4. Impairment of loans and receivables

The group's management reviews periodically items classified as loans and receivables (including wakala investments note 22) to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. In 2013 the Group has recognised impairment losses on loans and receivables of KD898 thousand (2012: KD1,381 thousand).

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.2. Estimates uncertainty (continued)

6.2.5. Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

At the financial position date, gross inventories were KD33,142 thousand (2012: KD27,049 thousand), with provision for old and obsolete inventories of KD1,234 thousand (2012: KD1,405 thousand). Any difference between the amounts actually realised in future periods and the amount expected will be recognised in the consolidated statement of profit or loss.

6.2.6. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other obsolescence that may change the utility of certain software and property, plant and equipment.

6.2.7. Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.8. Revaluation of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in a arm's length transaction at the reporting date.

6.2.9. Defined benefits obligation

Management's estimate of the defined benefit obligation is based on number of critical underlying assumption such as standard rates of inflation, mortality, discount rate and anticipation of future pension increases. Variation in these assumptions may significantly impact the defined benefit obligations and amount and the annual defined benefits expenses (as analysed in note 33).

Notes to the consolidated financial statements (continued)

7 Subsidiary companies

7.1 Details of the Group's material consolidated subsidiaries at the end of the reporting period are as follows:

	Country of registration and place of business	Nature of business	Proportion of ownership interest held by the Group 31 Dec. 2013 %	31 Dec. 2012 %
Al Durra National Real Estate – KSC (Closed)	Kuwait	Real Estate	100	100
Proclad Group Limited	UAE	Specialist Engineering	100	100
National Combined Industries Holding Company for Energy – KSC (Closed)	Kuwait	Investments	100	100
Pearl National Holding – KSC (Closed)	Kuwait	Investments	100	100
NIG (Guernsey) Limited	Guernsey	Specialist Engineering	100	100
NIC Holdings (UK) Plc	United Kingdom	Specialist Engineering	100	100
BI Group Plc	United Kingdom	Specialist Engineering	100	100
Economic Holding Company – KSC (Closed)	Kuwait	Investments	100	100
NI Group (Bahrain) EC	Bahrain	Investments	100	100
Eagle Proprietary Investments Limited	UAE	Investments	100	100
Pearl Offshore Enterprises Limited	BVI	Investments Holdings	100	100
Denham Investment LTD	Cayman Islands	Investments	85	85
Ikarus Petroleum Industries Company – KPSC	Kuwait	Petroleum	72	72
National Industries Company - KPSC	Kuwait	Industrial	51	51
Noor Financial Investment Company – KPSC	Kuwait	Investments	51	51

7.2 Subsidiaries with material non-controlling interests

The group includes three subsidiaries, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI 31 Dec. 2013	31 Dec. 2012	Profit allocated to NCI 31 Dec. 2013 KD '000	31 Dec. 2012 KD '000	Accumulated NCI 31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Noor Financial Investment Company - KPSC (NFI)	49%	49%	3,966	(572)	45,884	51,439
National Industries Company - KPSC (NIC)	49%	49%	(34)	2,548	46,945	46,486
Ikarus Petroleum Industries Company – KPSC (IPI)	28%	28%	3,074	2,467	49,317	37,585
Individual immaterial subsidiaries with non-controlling interests			(535)	333	5,830	6,280
			6,471	4,776	147,976	141,790

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	31 December 2013		
	NFI KD '000	NIC KD '000	IPI KD '000
Non-current assets	143,556	70,701	190,694
Current assets	62,535	36,481	15,874
Total assets	206,091	107,182	206,568
Non-current liabilities	102,425	5,153	32,364
Current liabilities	39,089	18,793	961
Total liabilities	141,514	23,946	33,325
Equity attributable to the shareholders of the parent company	22,532	40,787	124,208
Non-controlling interest (including non controlling interests in the subsidiary's statement of financial position)	42,045	42,449	49,035

	31 December 2012		
	NFI KD '000	NIC KD '000	IPI KD '000
Non-current assets	147,906	72,407	149,578
Current assets	71,310	38,753	20,624
Total assets	219,216	111,160	170,202
Non-current liabilities	128,515	7,031	-
Current liabilities	23,486	21,361	38,288
Total liabilities	152,001	28,392	38,288
Equity attributable to the shareholders of the parent company	20,688	41,124	94,577
Non-controlling interest(including non controlling interests in the subsidiary's statement of financial position)	46,527	41,644	37,337

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

	For the year ended 31 December 2013		
	NFI KD '000	NIC KD '000	IPI KD '000
Revenue	24,084	45,675	13,852
Profit for the year attributable to the shareholders of the parent company	4,587	315	7,906
Profit for the year attributable to NCI	2,637	364	3,121
Profit for the year	7,224	679	11,027
Other comprehensive income for the year attributable to the shareholders of the parent company	(2,743)	1,315	28,275
Other comprehensive income for the year attributable to NCI	(53)	1,282	11,162
Total other comprehensive income for the year	(2,796)	2,597	39,437
Total comprehensive income for the year attributable to the shareholders of the parent company	1,844	1,630	36,181
Total comprehensive income for the year attributable to NCI	2,584	1,646	14,283
Total comprehensive income for the year	4,428	3,276	50,464
Dividends paid to non controlling interests	-	(2,053)	(2,505)

	For the year ended 31 December 2012		
	NFI KD '000	NIC KD '000	IPI KD '000
Revenue	22,084	42,185	11,721
Profit for the year attributable to the shareholders of the parent company	2,290	2,548	6,416
Profit for the year attributable to NCI	2,562	2,133	2,533
Profit for the year	4,852	4,681	8,949
Other comprehensive income for the year attributable to the shareholders of the parent company	1,032	484	(14,473)
Other comprehensive income for the year attributable to NCI	886	470	(5,714)
Total other comprehensive income for the year	1,918	954	(20,187)
Total comprehensive income for the year attributable to the shareholders of the parent company	3,322	3,032	(8,057)
Total comprehensive income for the year attributable to NCI	3,448	2,603	(3,181)
Total comprehensive income for the year	6,770	5,635	(11,238)
Dividends paid to non controlling interests	-	(1,705)	(1,670)

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

	For the year ended 31 December 2013		
	NFI KD '000	NIC KD '000	IPI KD '000
Net cash flow from operating activities	1,089	8,804	1,529
Net cash flow from investing activities	20,446	(423)	13,717
Net cash flow from financing activities	(25,007)	(11,423)	(15,760)
Net cash outflow	(3,472)	(3,042)	(514)

	For the year ended 31 December 2012		
	NFI KD '000	NIC KD '000	IPI KD '000
Net cash flow from operating activities	11,140	13,189	(6,234)
Net cash flow from investing activities	2,609	(4,600)	9,786
Net cash flow from financing activities	(26,498)	(5,289)	(2,355)
Net cash (outflow)/inflow	(12,749)	3,300	1,197

7.3 Losing control over a subsidiaries

Disposal of subsidiaries during the year 2013

Diamond H Controls Limited

A decision was made to put the subsidiary, Diamond H Controls Limited ('DHC'), into liquidation on 30 October 2013. This results in the Group giving up its control of the company and the transaction has been accounted for as a disposal of 100% of the share capital of DHC. At the date of the effective disposal, the carrying amounts of DHC's net liabilities were as follows:

	KD '000
Total assets	10
Total liabilities	(2,217)
Total net liabilities	(2,207)
Profit recognised in the consolidated statement of profit or loss under discontinued operations	**2,207**

BI Electric (Shenzhen) Limited

A decision was made to put the subsidiary, BI Electric (Shenzhen) Limited ('BIE'), itself a subsidiary of Diamond Asia Controls Manufacturing (Hong Kong) Limited, into liquidation on 30 September 2013. This results in the Group giving up its control of the company and the transaction has been accounted for as a disposal of 100% of the share capital of BIE. At the date of the effective disposal, the carrying amounts of BIE's net liabilities were as follows:

	KD '000
Total assets	226
Total liabilities	(229)
Total net liabilities	(3)
Profit recognised in the consolidated statement of profit or loss under discontinued operations	**3**

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.3 Losing control over a subsidiary (continued)

Consideration

As the above companies were put into liquidation, management does not anticipate that any consideration will be received.

7.4 Certain non-controlling interests in the above subsidiary companies are held on behalf of the parent company by third party nominees.

7.5 Pearl Offshore Enterprises Limited is a special purpose vehicle (SPV) which was incorporated during the year 2011 and assets with a carrying value of KD86,156 thousand (2012: KD43,953 thousand) and liabilities of KD47,044 thousand (2012: KD20,936 thousand) of the parent company are held by the SPV.

8 Income from investments

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Dividend income:		
- From investments at fair value through profit or loss	233	818
- From available for sale investments	19,583	20,016
Profit on sale of available for sale investments	21,902	20,312
Realised gain on investments at fair value through profit or loss	114	1,795
Unrealised gain on investments at fair value through profit or loss	3,947	3,039
Deemed gain on acquisition of available for sale investments*	2,880	-
	48,659	45,980

* This represents the gain which has arisen as a result of the return of shares of a local quoted financial institution by the Charity which was set up by the Parent Company under the Kuwait Ministry of Social Affairs and Labour. The shares which were originally donated to the Charity by the Parent Company in the past was returned by the Charity during the year as per the Instructions from the relevant authorities who stated that the shares held were in violation of certain laws applicable to the Charity. The fair value of the shares transferred as of the transfer date has been recognised as income under income from investments during the current year.

9 Rental, interest and other income

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Rental income	1,683	1,271
Interest/profit on bank balances, short term deposits, murabaha and wakala investments	531	1,528
Income from financing of future trade by customers	355	278
Effect of unwinding of discount on receivables	401	407
Net income from hotel operation from foreign subsidiary*	180	347
Net income from IT services of subsidiary*	993	361
Reversal of impairment provision on wakala investment (note 22)	874	-
Management and placement fees	306	734
Gain on bargain purchase of a subsidiary	194	-
Others	1,762	2,410
	7,279	7,336

Notes to the consolidated financial statements (continued)

9 Rent, interest and other income (continued)

* Details of net income from IT and related services of local subsidiaries and hotel operations from a foreign subsidiary are as follows:

	IT services		Hotel operations	
	Year ended 31 Dec. 2013 KD	Year ended 31 Dec. 2012 KD	**Year ended 31 Dec. 2013 KD**	Year ended 31 Dec. 2012 KD
Revenue	**5,118**	1,407	**2,136**	2,574
Less: Operating costs	**(4,125)**	(1,046)	**(1,956)**	(2,227)
	993	361	**180**	347

10 Net gain or (loss) on financial assets

Net gain or (loss) on financial assets, analysed by category, is as follows:

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Loans and receivables		
- bank balances and short term deposits	**339**	1,365
- murabaha and wakala investments	**192**	163
- account receivable and other assets (income from future trade)	**355**	278
- impairment in value of receivable and other assets	**(898)**	(1,381)
- effect on unwinding of discount on receivable	**401**	407
- Reversal of impairment provision on wakala investment	**874**	-
At fair value through profit or loss		
- held for trading	**2,628**	3,192
- designated as such on initial recognition	**1,666**	2,460
- net gain from dealing in interest rate swaps	**-**	14
Available for sale investments		
- recognised in other comprehensive income (including non-controlling interests share)	**31,814**	(6,056)
- recycled from other comprehensive income to consolidated statement of profit or loss		
• On impairment	**(24,706)**	(12,499)
• On disposal	**22,147**	12,884
- recognised directly in consolidated statement of profit or loss	**22,218**	27,444
	57,030	28,271
Net gain recognised in the consolidated statement of profit or loss	**25,216**	34,327
Net gain/(loss) recognised in the other comprehensive income	**31,814**	(6,056)
	57,030	28,271

11 Finance costs

Finance costs relate mainly to due to banks, short and long term borrowings, and lease creditors. All these financial liabilities are stated at amortised cost.

Notes to the consolidated financial statements (continued)

12 Taxation and other statutory contributions

(a) Taxation of foreign subsidiaries*

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Current tax expense		
Current year charge	(676)	(304)
Deferred tax expense		
Current year credit/(charge)	208	(3)
	(468)	(307)

(b) KFAS, NLST and Zakat of local subsidiaries **

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Contributions to Kuwait Foundation for Advancement of Science (KFAS)	(196)	(192)
Provision for National Labour Support Tax (NLST)	(513)	(447)
Provision for Zakat	(198)	(197)
	(907)	(836)
	(1,375)	(1,143)

*The above tax is calculated based on the tax law adopted in United Kingdom.

**The contributions and provisions are on profit of local subsidiaries, whereas no contribution and provision for the parent company was recognised in the current year (2012: Nil) as the net taxable results attributable to the parent company was a loss.

13 Profit for the year

Profit for the year is stated after charging:

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Staff costs	27,553	29,020
Depreciation	9,646	6,290

The number of staff employed by the parent company at 31 December 2013 was 67 (2012: 66)

Notes to the consolidated financial statements (continued)

14 Basic and diluted earnings per share attributable to the owners of the parent

Earnings per share is calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2013	Year ended 31 Dec. 2012 (Restated)
Profit for the year attributable to the owners of the parent (KD '000)		
- from continuing operations	8,352	10,412
- from discontinued operations	1,824	2,569
Total	**10,176**	12,981
Weighted average number of shares outstanding during the year (excluding treasury shares) – shares	**1,261,959,044**	1,261,959,044
Basic and diluted earnings per share		
- from continuing operations	6.7 Fils	8.3 Fils
- from discontinued operations	1.4 Fils	2.0 Fils
Total	8.1 Fils	10.3 Fils

15 Goodwill

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Balance at 1 January	7,083	6,760
Additions	1,990	-
Foreign exchange adjustment	148	323
	9,221	7,083

Notes to the consolidated financial statements (continued)

16 Property, plant and equipment

Year ended 31 December 2013

	Land KD '000	Freehold property KD '000	Leasehold property KD '000	Property on leasehold land KD '000	Plant and machinery KD '000	Motor vehicles KD '000	Furniture and equipment KD '000	Leased plant, machinery & vehicles KD '000	Property under construction KD '000	Total KD '000
Cost or valuation										
At 1 January 2013	-	15,818	120	30,449	76,030	10,628	13,423	1,996	5,819	154,283
Foreign exchange adjustments	-	155	-	-	691	2	(2)	80	-	926
Additions/transfer and due to consolidation of new subsidiaries (refer note 17.6)	1,945	737	2	5,122	9,334	667	848	636	(2,448)	16,843
Write off	-	-	-	(131)	(1,182)	(403)	(379)	-	-	(2,095)
Disposals	(580)	-	(51)	(196)	(479)	(44)	(218)	-	-	(1,568)
At 31 December 2013	1,365	16,710	71	35,244	84,394	10,850	13,672	2,712	3,371	168,389
Accumulated depreciation and impairment losses										
At 1 January 2013	-	2,112	40	22,677	45,914	8,804	9,281	1,461	-	90,289
Foreign exchange adjustments	-	18	2	1	482	5	(2)	37	-	543
Charge for the year	-	638	5	1,065	6,618	822	469	29	-	9,646
Write off	-	-	-	(131)	(1,158)	(386)	(336)	-	-	(2,011)
Relating to disposals	-	-	(5)	(196)	(339)	(43)	(207)	-	-	(790)
At 31 December 2013	-	2,768	42	23,416	51,517	9,202	9,205	1,527	-	97,677
Net book value										
At 31 December 2013	1,365	13,942	29	11,828	32,877	1,648	4,467	1,185	3,371	70,712

Properties on lease hold land are on lands which have been leased from the government of Kuwait through renewable lease contracts.

Property under construction mainly represents the cost incurred, on the expansion of the one of the subsidiaries existing factories and the construction of a manufacturing lines by a subsidiary. During the year, portions of the manufacturing lines which were completed and ready for intended use were capitalised in the appropriate categories. The costs relating to the remaining manufacturing lines and facilities will be transferred to the appropriate asset categories when the assets are ready for their intended use.

Furthermore, during the year, one of the Group's subsidiary's disposed a land which had carrying value of KD580 thousand for a consideration of KD2,273 thousand, realising a gain of KD1,693 thousand.

Notes to the consolidated financial statements (continued)

16 Property, plant and equipment (continued)

Year ended 31 December 2012

	Freehold property KD '000	Leasehold property KD '000	Property on leasehold land KD '000	Plant and machinery KD '000	Motor vehicles KD '000	Furniture and equipment KD '000	Leased plant, machinery & vehicles KD '000	Property under construction KD '000	Total KD '000
Cost or valuation									
At 1 January 2012	14,046	1,220	29,599	71,814	10,887	12,906	2,013	17,042	159,527
Foreign exchange adjustments	26	(31)	-	575	1	-	27	-	598
Additions/transfer	1,479	13	2,236	11,469	606	732	-	(9,106)	7,429
Write off	-	-	(1,386)	(354)	(822)	(215)	-	-	(2,777)
Disposals	-	(815)	-	(7,474)	(44)	-	(44)	-	(8,377)
Reclassification	267	(267)	-	-	-	-	-	-	-
Transferred to inventories	-	-	-	-	-	-	-	(2,117)	(2,117)
At 31 December 2012	15,818	120	30,449	76,030	10,628	13,423	1,996	5,819	154,283
Accumulated depreciation and impairment losses									
At 1 January 2012	1,115	861	23,721	49,424	8,791	8,996	1,303	-	94,211
Foreign exchange adjustments	46	9	-	(79)	1	-	35	-	12
Charge for the year	567	69	342	3,801	869	500	142	-	6,290
Write off	-	-	(1,386)	(354)	(822)	(215)	-	-	(2,777)
Relating to disposals	-	(515)	-	(6,878)	(35)	-	(19)	-	(7,447)
Reclassification	384	(384)	-	-	-	-	-	-	-
At 31 December 2012	2,112	40	22,677	45,914	8,804	9,281	1,461	-	90,289
Net book value									
At 31 December 2012	13,706	80	7,772	30,116	1,824	4,142	535	5,819	63,994

Notes to the consolidated financial statements (continued)

17 Investment in associates

Details of the Group's material associates at the end of the reporting period are as follows:

	Country of registration and principal place of business	Nature of business	Percentage ownership 31 Dec. 2013	Percentage ownership 31 Dec. 2012
Meezan Bank Ltd – (Quoted)* (Note 17.2)	Pakistan	Islamic banking	**49**	49
Privatization Holding Company – KPSC (Quoted)	Kuwait	Financial services	**33**	34
Kuwait Cement Company – KPSC (Quoted)	Kuwait	Industrial	**26**	25
Airport International Group - P.S.C	Jordan	Airport operations	**24**	24
Mabanee Company - KPSC - (Quoted)	Kuwait	Real estate	**19**	19

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Movement during the year is as follows:		
Balance at 1 January	**287,497**	283,126
Additions during the year	**10,820**	6,690
Capital reduction and redemption of units by associates	**-**	(4,078)
Share of results	**18,398**	16,647
Share of other comprehensive income	**2,702**	4,092
Dividend received	**(8,201)**	(7,779)
Dilution loss of an associate (refer 17.3)	**-**	(253)
Disposal of associates	**(6,131)**	(7,003)
Impairment in value	**(118)**	(584)
Reclassification of remaining investment to available for sale investments on disposal	**-**	(1,297)
Reclassification (Note 17.6)	**(5,084)**	-
Foreign currency translation adjustment	**(3,349)**	(2,247)
Other adjustments	**(2,128)**	183
Balance at the end of the year	**294,406**	287,497

17.1 All of the above named associates are accounted for using the equity method in these consolidated financial statements.

17.2 On 16 December 2013, one of the local subsidiaries entered into a Sale & Purchase Agreement ("SPA") with a foreign buyer to sell the entire stake (49% holding) in Meezan Bank Ltd., for a consideration of approx KD53.5M (equivalent of USD 190M). The SPA stated that the sale will be finalized and the share transfer to the buyer will occur only upon obtaining regulatory and all necessary approvals including those from State Bank of Pakistan which the Group's management expected to occur by 15 April 2014. However subsequent to the reporting date on 12th March 2014, the buyer was declined regulatory approval by State Bank of Pakistan (SBP) which is the primary step in the sale process. Consequently, management of the Group is of the view that the occurrence of the sale is highly unlikely and does not intend to seek for any new buyers in the foreseeable future and thus has retained the classification of the investment as an associate.

17.3 During the previous year, one of the group's associate, Mabanee Company - KPSC acquired control of one of its associate by issuing its ordinary shares as a purchase consideration. Consequently this has resulted in the group's shareholding in Mabanee, diluting to 19% from 20%, resulting in a dilution loss of KD253 thousand. Although, the group owns 19% of Mabanee Company - KPSC, the group exercises significant influence over the associate by way of board representation.

17.4 A major portion of an associate with a carrying value of KD90,233 thousand (2012: KD83,941 thousand) have been subject to an exchangeable option (note 27 c).

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.5 During the current year, the group partially disposed an insignificant stake in two of its quoted associate's which resulted in a net gain of KD701 thousand. Further during the year, group disposed another two of its associates with a realised gain of KD188 thousand.

17.6 Consequent to the adoption of IFRS 10 – "consolidated financial statements", the Group has reclassified two of its investment in associates (which were individually not significant to the Group) to subsidiaries and has consolidated it to the Group during current the year as the impact of the consolidation of these new subsidiaries to the Group is not material both for the current and previous years.

17.7 Summarised financial information in respect of each of the Group's material associates named above, are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Groups share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

17.7.1 Mabanee Company - KPSC

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Non-current assets	662,451	646,600
Current assets	29,800	17,791
Non-current liabilities	(120,014)	(134,945)
Current liabilities	(56,305)	(54,921)
Non controlling interest	(89)	(506)
Equity attributable to the shareholders of the associate	515,843	474,019

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Revenue	63,604	36,508
Profit for the year	53,750	33,414
Other comprehensive income for the year	807	46
Total comprehensive income for the year	54,557	33,460
Dividends received from the associate during the year	2,426	1,134

A reconciliation of the above summarised financial information to the carrying amount of the investment in Mabanee Company - KPSC is set out below:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Net assets of the associate attributable to the shareholders of the associate	515,843	474,019
Proportion of the Group's ownership interest	18.53%	18.96%
Interest in the associate	95,586	89,874
Goodwill	13,098	13,154
Other Adjustments	811	1,187
Carrying value of the investment	109,495	104,215

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.7.1 Mabanee Company – KPSC (Continued)
As at 31 December 2013 the fair value of the Group's interest in Mabanee Company - KPSC, which is listed on the Kuwait Stock Exchange was KD146,050 thousand (2012: KD140,694 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

17.7.2 Kuwait Cement Company – KPSC

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Non-current assets	**243,807**	224,220
Current assets	**66,937**	61,984
Non-current liabilities	**(75,448)**	(107,131)
Current liabilities	**(41,150)**	(27,439)
Equity	**194,146**	151,634

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Revenue	**69,035**	61,063
Profit for the year	**17,160**	14,782
Other comprehensive income for the year	**3,538**	(1,466)
Total comprehensive income for the year	**20,698**	13,316
Dividends received from the associate during the year	**2,436**	2,436

A reconciliation of the above summarised financial information to the carrying amount of the investment in Kuwait Cement Company – KPSC is set out below:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Net assets of the associate attributable to the shareholders of the associate	**194,146**	151,634
Proportion of the Group's ownership interest in the associate	**25.617%**	25.467%
Interest in the associate	**49,734**	38,617
Goodwill	**14,893**	14,893
Other Adjustments	**4,255**	2,646
Carrying value of the investment	**68,882**	56,156

As at 31 December 2013 the fair value of the Group's interest in Kuwait Cement Company – KPSC, which is listed on the Kuwait Stock Exchange was KD67,625 thousand (2012: KD71,454 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

17.7.3 Meezan Bank Ltd.

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Non-current assets	**394,529**	469,289
Current assets	**493,496**	333,192
Non-current liabilities	**(464,118)**	(400,872)
Current liabilities	**(369,152)**	(349,443)
Equity	**54,755**	52,166

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.7.3 Meezan Bank Ltd. (continued)

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Revenue	**39,787**	36,485
Profit for the year	**12,515**	12,204
Other comprehensive income for the year	**(1,854)**	1,820
Total comprehensive income for the year	**10,661**	14,024
Dividends received from the associate during the year	**1,833**	2,045

A reconciliation of the above summarised financial information to the carrying amount of the investment in Meezan Bank Ltd is set out below:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Net assets of the associate attributable to the shareholders of the associate	**54,755**	52,166
Proportion of the Group's ownership interest in the associate	**49.11%**	49.11%
Interest in the associate	**26,891**	25,618
Goodwill	**7,590**	9,198
Carrying value of the investment	**34,481**	34,816

As at 31 December 2013 the fair value of the Group's interest in Meezan Bank Ltd, which is listed on the Karachi Stock Exchange was KD51,836 thousand (2012: KD38,636 thousand), based on the quoted market price available on that exchange, which is a level 1 input in terms of IFRS 13.

17.7.4 Privatization Holding Company – KPSC

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Non-current assets	**137,698**	121,250
Current assets	**41,074**	50,576
Non-current liabilities	**(16,055)**	(15,443)
Non controlling interests	**(805)**	(698)
Current liabilities	**(59,313)**	(47,737)
Equity	**102,599**	107,948

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Revenue	**10,938**	14,209
(Loss)/profit for the year	**(1,202)**	4,240
Other comprehensive income for the year	**(539)**	4,856
Total comprehensive income for the year	**(1,741)**	9,096
Dividends received from the associate during the year	**1,474**	1,258

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.7.4 Privatization Holding Company – KPSC (continued)

A reconciliation of the above summarised financial information to the carrying amount of the investment in Privatization Holding Company – KPSC is set out below:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Net assets of the associate attributable to the shareholders of the associate	**102,599**	107,948
Proportion of the Group's ownership interest in the associate	**33.3%**	34%
Interest in the associate	**34,152**	36,775
Other Adjustments	**(1,791)**	(1,397)
Carrying value of the investment	**32,361**	35,378

As at 31 December 2013 the fair value of the Group's interest in Privatization Holding Company – KPSC, which is listed on the Kuwait Stock Exchange was KD16,701 thousand (2012: KD22,384 thousand), based on the quoted market price available on the exchange, which is a level 1 Input in terms of IFRS 13.

17.7.5 Airport International Group P.S.C

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Non-current assets	**231,427**	224,618
Current assets	**24,836**	21,577
Non-current liabilities	**(102,105)**	(102,372)
Current liabilities	**(29,943)**	(30,916)
Equity	**124,215**	112,907

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Revenue	**43,473**	39,395
(Loss)/profit for the year	**(3,637)**	10,373
Other comprehensive income for the year	**7,086**	-
Total comprehensive income for the year	**3,449**	10,373

A reconciliation of the above summarised financial information to the carrying amount of the investment in Airport International Group P.S.C is set out below:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Net assets of the associate attributable to the shareholders of the Group	**124,215**	112,907
Proportion of the Group's ownership interest	**24%**	24%
Interest in the associate	**29,812**	27,098
Other Adjustments	**553**	(205)
Carrying value of the investment	**30,365**	26,893

Airport International Group P.S.C, is an unquoted investment.

Notes to the consolidated financial statements (continued)

17 Investment in associates (continued)

17.8 Aggregate information of associates that are not individually material to the Group

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
The Group's share of profit for the year	**(1,600)**	(2,895)
The Group's share of other comprehensive income for the year	**(3,110)**	(784)
The Group's share of total comprehensive income	**(4,710)**	(3,679)
Aggregate carrying amount of the Group's interest in these associates as of the reporting date	**18,822**	30,039

17.9 The group's share of associates' contingent liabilities amounted to KD75,198 thousand (2012: KD63,140 thousand). This includes the group's share of contingent liabilities related to a foreign bank (Meezan Bank Ltd.) which amounted to KD40,662 thousand (2012: KD30,177 thousand).

18 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Fair value as at 1 January	**25,259**	13,912
Additions	**22,793**	10,462
Disposal	**-**	(1,140)
Change in fair value	**1,891**	2,025
	49,943	25,259

Investment properties comprise of land and buildings in the following countries:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Kuwait	**43,618**	24,944
Saudi	**5,925**	-
Jordan	**400**	315
Total	**49,943**	25,259

a) Investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers. (refer note 37 for details)

b) Investments properties amounting to KD22,350 thousand (2012: KD13,700 thousand) are secured against bank loans (refer note 27). Further during the year the Group has acquired properties for a consideration of KD6,091 thousand in Kuwait which have been partly financed by Ijara Financing agreements amounting to KD3,000 thousand (refer note 30).

Notes to the consolidated financial statements (continued)

19 Available for sale investments

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Non Current		
Managed funds		
- Local	2,634	6,905
- Foreign	152,493	182,798
	155,127	189,703
Unquoted equity participations		
- Local	32,146	44,649
- Foreign	145,677	158,512
	177,823	203,161
Quoted shares		
- Local	109,730	108,089
- Foreign	230,605	197,142
	340,335	305,231
	673,285	698,095
Current		
Quoted shares (a)		
- Local	73,369	78,135
- Foreign	2,589	1,712
	75,958	79,847
	749,243	777,942

a) The quoted shares classified as current at 31 December represents the remaining investments from those which were transferred from investments at fair value through profit or loss as of 1 July 2008 (refer note 23 a).

b) Managed funds include investments in private equity funds with a carrying value of KD54,610 thousand (2012: KD75,410 thousand). Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

c) At the end of the year, the group recognised an impairment loss of KD6,512 thousand (2012 : KD6,622 thousand) for certain local and foreign quoted shares, as the market value of these shares at reporting dates declined significantly below their costs. Further the group also recognised an impairment loss of KD18,194 thousand (2012: KD5,877 thousand) against certain unquoted shares, local and foreign funds based on estimates made by management as per information available to them and the net assets values reported by the investment managers.

d) Unquoted investments and managed funds of KD60,547 thousand (2012: KD79,283 thousand) are carried at cost less impairment in value if any, since their fair value cannot be reliably determined. The Group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.

e) Quoted shares with a fair value of KD162,216 thousand (2012: KD103,399 thousand) are secured against short term borrowings (refer note 30) and long term borrowings (refer note 27).

f) During the year the Group sold to its associate, unquoted investments with a carrying value of KD6,819 thousand for a consideration of KD7,666 thousand which resulted in a net gain of KD847 thousand. The consideration due has been reduced from the balance due to associates.

Notes to the consolidated financial statements (continued)

20 Inventories

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Finished goods and work-in-progress	14,179	12,102
Raw materials and consumables	15,680	11,752
Spare parts and others	2,961	2,630
Goods in transit	322	565
	33,142	27,049
Provision for obsolete and slow moving inventories	(1,234)	(1,405)
	31,908	25,644

21 Accounts receivable and other assets

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Financial assets		
Net trade receivables	22,819	19,371
Amount due on disposal of foreign investments properties (refer note 21b and 21c)	7,646	16,409
Amount due on disposal of local investment properties	-	1,150
Amounts due on sale of investments	2,438	101
Due from associates	2,331	4,708
Due from other related parties	1,068	1,144
Due from key management personnel	233	233
Advance payments to acquire investments	2,039	1,555
Due from Kuwait Clearing Company (future trade)	5,544	3,228
Due from investment brokerage companies	5,033	2,091
Interest and other accrued income	1,863	1,430
Other financial assets	12,588	5,914
	63,602	57,334
Less: amount due after one year	(2,086)	(1,969)
	61,516	55,365
Non-financial assets		
Other assets	4,658	6,811
	4,658	6,811
	66,174	62,176

a) Trade receivables are non-interest bearing and generally on 30 to 90 days terms.

As at 31 December the aging analysis of trade receivables is as follows:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Neither past due nor impaired	15,805	13,291
Past due but not impaired		
- less than 3 months	2,364	1,893
- 3 – 6 months	4,650	4,187
Total trade receivables	22,819	19,371

Trade receivables that are less than six months past due, are not considered impaired since they relate customers for whom there is no recent history of default.

Notes to the consolidated financial statements (continued)

21 Accounts receivable and other assets (continued)

b) During the year 2011, the Group disposed its investment property located in Saudi Arabia for a consideration of KD26,535 thousand and the total cash received on this sale up to 31 December 2012 amounted to KD9,914 thousand. Out of the balance of KD16,621 thousand (which was due in two installments in November 2012 and November 2013), during the period an amount of KD3,603 thousand was received in cash and the buyer partially settled the remaining balance due as of November 2012 by transferring another real estate property (Hotel property) situated in Saudi Arabia which has been valued at KD4,803 thousand. This property has been classified under investment property. The remaining balance due on sale of investment property is included in accounts receivable and other assets at 31 December 2013.

Subsequent to the reporting date the Group has further collected an amount of KD3,771 thousand from the amount due on sale of foreign investment properties. The Group's management expects the remaining amount to be collected during the year 2014.

c) Due on disposal of foreign investment properties have been discounted based on an effective interest rate of 5.5% to give effect to the differed payment term. The effect of unwinding of discount for the year ended 31 December 2013 on this receivable amounted to KD401 thousand (2012: KD407 thousand) recognised in "Other income".

d) During the year, the Group recognised an impairment loss of KD898 thousand (2012: KD1,381 thousand) against trade and other receivables.

22 Murabaha and wakala investments

	Effective profit rate % (per annum) 2013	2012	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Due from a local Islamic investment company/ due from related parties	-	-	**14,324**	14,968
Provision for impairment in value			**(14,324)**	(14,968)
			-	-
Placed with local Islamic banks	**0.25%-0.625%**	0.375%-1.125%	**4,500**	11,293
			4,500	11,293

During the current year, the Group received an amount of KD874 thousand (including profit of KD230 thousand) from the above mentioned impaired wakala investment of a local Islamic investment company and recorded this as other income. The amount of wakala investment has been shown net of the principal amount recovered.

No other profit was recognised on impaired wakala investments during the current year (2012: Nil). Wakala investment of KD14,324 thousand (2012: KD14,968 thousand) placed with a local Islamic investment company matured in 2008. The investee company defaulted on settlement of these balances on the maturity date. Full provision has been made for these receivables in accordance with the Central Bank of Kuwait credit provisioning rules.

Notes to the consolidated financial statements (continued)

22 Murabaha and wakala investments (continued)

During previous years, one of the local subsidiary's of the group violated Articles 148 and 151 of the Commercial Companies Law of 1960 when it assumed the financial and legal obligations on wakala investments of KD9,968 thousand that the subsidiary had placed with an investment company in a fiduciary capacity under a wakala agreement with certain related parties, despite having no such obligation under the wakala agreement. The group has initiated legal proceedings against the parties to recover KD9,968 thousand including profits thereon. The court has rejected the case during the current year and the subsidiary has appealed the court decisions.

23 Investments at fair value through profit or loss

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Held for trading :		
Quoted shares		
- Local	**31,282**	26,742
- Foreign	**6,555**	2,824
	37,837	29,566
Quoted debt instruments - foreign	**276**	2,815
	38,113	32,381
Designated on initial recognition :		
Local funds	**11,030**	14,426
International managed portfolios and funds	**16,056**	15,185
	27,086	29,611
	65,199	61,992

a) In 2008, as a result of significant developments in the global financial markets, the group had reclassified investments with a fair value of KD380,755 thousand as at 1 July 2008 from "fair value through profit or loss" category to "available for sale" category. The fair value of remaining reclassified investments as of 31 December 2013 is KD75,958 thousand (2012: KD79,847 thousand).

b). During 2008, a local money market funds, in which the group has investments totaling to KD1,616 thousand as at 31 December 2013 (2012: KD1,753 thousand), suspended redemption requests. Management has been informed by the managers of the funds that redemptions will be made depending on availability of liquid funds. The group's management considers this to be a situation arising from the current crisis in the global financial market and its impact on the local market. The investment has been fair valued based on the unaudited net asset value reported by the fund manager as of 31 December 2013. The group's management expects to realise these investments at not less than its carrying value.

c). Quoted shares, held by local subsidiaries, with a fair value of KD11,502 thousand (2012: KD15,433 thousand) are secured against short term borrowings (refer note 30) and long term borrowings (refer note 27).

Notes to the consolidated financial statements (continued)

24 Share capital and share premium

a) As of 31 December 2013 and 2012, authorized issued and fully paid up share capital in cash of the parent company is comprised of 1,295,098,167 shares of 100 Fils each.

b) The shareholders of the parent company approved at the shareholders Annual General Assembly held on 24 May 2012, to offset the accumulated losses, amounting to KD30,524 thousand against general reserve (KD856 thousand), statuary reserve (KD911 thousand) and then share premium (KD28,757 thousand).

c) Share premium is not available for distribution.

25 Treasury shares

	31 Dec. 2013	31 Dec. 2012
Number of shares	**33,139,123**	33,139,123
Percentage of issued shares	**2.56%**	2.56%
Market value (KD '000)	**7,688**	7,025
Cost (KD'000)	**30,375**	30,375

Reserves of the parent company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

As at 31 December 2013 and 2012, one of the associate companies of the group held 115,582,837 (2012: 115,582,837) shares of the parent company's shares equivalent to 8.9% (2012: 8.9%) of the parent company's shares issued.

26 Cumulative changes in fair value, other components of equity and Non-controlling interests

a) Cumulative change in fair value

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Balance at 1 January	**140,199**	139,662
Other comprehensive income:		
Net change in fair value of available for sale investments	**20,880**	(1,308)
Transferred to consolidated statement of profit or loss on disposal of available for sale of investments	**(18,695)**	(11,276)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	**18,821**	9,476
Share of fair value adjustment in associates	**3,234**	3,645
Other comprehensive income for the year	**24,240**	537
Balance at 31 December	**164,439**	140,199

Notes to the consolidated financial statements (continued)

26 Cumulative changes in fair value, other components of equity and Non-controlling interests (continued)

b) Other components of equity

	Statutory reserve KD '000	General reserve KD '000	Gain on Sale of treasury shares reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balance as at 31 December 2011	911	856	18,452	(3,096)	17,123
Offset of accumulated losses	(911)	(856)	-	-	(1,767)
Reserve transfers of subsidiaries	1,232	507	-	-	1,739
Other comprehensive income:					
Currency translation differences	-	-	-	(174)	(174)
Balances at 31 December 2012	1,232	507	18,452	(3,270)	16,921
Reserve transfers of subsidiaries	1,371	1,385	-	-	2,756
Other comprehensive income:					
Currency translation differences	-	-	-	(1,125)	(1,125)
Balances at 31 December 2013	**2,603**	**1,892**	**18,452**	**(4,395)**	**18,552**

Statutory reserve
In accordance with the Companies Law and the parent company's articles of association, 10% of the profit for the year before KFAS, NLST, Zakat and directors remuneration but after Non-controlling interest is to be transferred to statutory reserve. The parent company may resolve to discontinue such annual transfer when the reserve totals 50% of the 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. No transfer is required in a year in which the group has incurred a loss or where accumulated losses exist.

c) Non-controlling interests

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Balance at 1 January	**141,790**	144,686
Net increase in non-controlling interests on acquisition of subsidiary	**747**	-
Redemption of units by non-controlling interests of subsidiary	**(1,532)**	-
Amount due to non-controlling interests on reduction of share capital of subsidiary	**(6,642)**	-
Dividend paid to non-controlling interests by the subsidiaries	**(4,558)**	(3,419)
Other net changes in non-controlling interests	**3,258**	(676)
Transactions with non-controlling interests	**(8,727)**	(4,095)
Profit for the year	**6,471**	4,776
Other comprehensive income :		
Exchange differences arising on translation of foreign operations	**(1,834)**	(1,076)
Net change in fair value of available for sale investments	**8,375**	(4,363)
Transferred to consolidated statement of profit or loss on disposal of available for sale investments	**(3,452)**	(1,608)
Transferred to consolidated statement of profit or loss on impairment in value of available for sale investments	**5,885**	3,023
Share of other comprehensive income of associates	**(532)**	447
Total other comprehensive income for the year	**8,442**	(3,577)
Total comprehensive income for the year	**14,913**	1,199
Balance at 31 December	**147,976**	141,790

Notes to the consolidated financial statements (continued)

27 Long-term borrowings

Currency	Effective Interest rate	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Conventional loans			
Kuwaiti Dinars (note 27c)	3.5% - 5%	**387,952**	361,483
US Dollars	1.75% - 3.25%	**63,170**	71,654
Euro	2% - 4.8%	**5,654**	4,995
		456,776	438,132
Less : Due within one year		**(68,318)**	(77,937)
		388,458	360,195
Islamic financing arrangements			
Murabaha payables (note 27c)	5%	**101,757**	101,950
Other Islamic financing arrangements	3.8% - 5.5%	**67,180**	66,190
		168,937	168,140
Less: Due within one year		**(27,763)**	(4,400)
		141,174	163,740
Total		**529,632**	523,935

a. During the year, the parent company has rescheduled Kuwaiti Dinar denominated loans amounting to KD37,332 thousand (2012: KD54,000 thousand) and US Dollar denominated loans equivalent to KD8,124 thousand (2012: KD Nil thousand) from short term loans to long term loans.

During 2011 and 2012, a local subsidiary of the Group restructured its financing arrangements with local banks and accordingly loans and wakala payables amounting to KD128,215 thousand were converted into secured long term facilities. As per loan restructuring agreements, these loans are required to be fully secured. As of 31 December 2013, these are partly secured (notes 18, 19 and 23).

Further, US Dollar loan equivalent of KD46,262 thousand (2012: KD23,264 thousand) and Kuwait Dinar loans of KD8,000 thousand (2012: KD8,000 thousand) are secured by certain available for sale investments (refer note 19).

Further to the initial agreement in 2012, during the current year one of the subsidiaries has completed the restructuring of the short term US Dollar loan (equivalent to KD32,881 thousand at 30 June 2013 and KD32,392 thousand at 31 December 2012) which was obtained from a local bank, by way of entering into an agreement with the same bank. As per the agreement the subsidiary received two secured long term loans aggregating to KD32,364 thousand (a US Dollar loan of 65,000 thousand equivalent to KD18,364 thousand at 31 December 2013 and KD loan of 14,000 thousand) which was utilised to repay the old US Dollar loan in full. As per the agreement the loans are to be repaid in instalments commencing from July 2015 and ending in January 2018, and the loan facilities are secured against quoted investments (refer note 19).

b. The Euro loans are secured against property, plant and equipment with a book value of KD1,287 thousand (2012: KD1,509 thousand). Also, other Islamic financing arrangement amounting to KD2,308 (2012: KD Nil) are secured against property, plant and equipment with a book value of KD2,826 thousand (2012: KD Nil).

c. Long term borrowings include KD101,757 thousand (2012: KD101,950 thousand) of Islamic and KD25,000 thousand (2012: KD25,000 thousand) of conventional borrowings due in 2015 for which the group provided an exchange option to the respective lenders on the shares of one of its associates having a carrying value of KD90,233 thousand (2012: KD83,941 thousand). Under the terms of the agreements, these shares are kept in a custody portfolio account with a specialised institution.

Notes to the consolidated financial statements (continued)

28 Provisions

	31 Dec. 2013 KD'000	31 Dec. 2012 KD '000
Pension liability (refer note 33)	4,044	6,699
Provision for staff indemnity	7,768	7,512
Provision for land-fill expenses	717	710
Provision for rental property	359	553
	12,888	15,474
Less: Provision for rental property – amount due in less than one year	(200)	(335)
	12,688	15,139

The provision for rental property relates to onerous property rental costs (net of estimated rent receivable) and dilapidations obligations of foreign subsidiaries which are payable over various periods up to 2017. During the year, the Group reversed an amount of KD138 thousand (2012: KD 1,939 thousand) for onerous property rental costs and dilapidation obligations.

29 Accounts payable and other liabilities

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Financial liabilities		
Trade payables	18,128	15,846
Accrued interest	3,220	1,220
Dividend payable	1,263	1,282
Leasing creditors - amount due in less than one year	126	154
Provision for rental property – amount due in less than one year	200	335
National labour support tax	4,755	4,608
Kuwait Foundation for the Advancement of Sciences and Zakat	1,154	838
Other accruals	5,537	5,085
Due to associates (refer note 36)	279	9,667
Due to other related parties (refer note 36)	1,698	448
Amounts payable to non controlling interest due to capital reduction of one of the local subsidiary	1,366	1,315
Other liabilities	6,595	8,398
	44,321	49,196
Non-financial liabilities		
Other creditors	3,312	1,050
Accruals	765	440
	4,077	1,490
	48,398	50,686

Notes to the consolidated financial statements (continued)

30 Short-term borrowings

Currency	Effective Interest rate	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Conventional loans			
Kuwaiti Dinars	4.5% - 6%	23,335	62,949
US Dollars	1% - 5%	46,262	71,444
Sterling	2% - 3.5%	282	9,968
Jordan Dinars	3.9% - 5.9%	-	96
		69,879	144,457
Long term borrowings due within one year		68,318	77,937
		138,197	222,394
Islamic financing arrangements			
Murabaha/wakala/Ijara payables	3% - 6.5%	34,415	29,529
Long term Islamic financing arrangements due within one year		27,763	4,400
		62,178	33,929
Total		200,375	256,323

a. Islamic financing arrangements include Ijara payables of KD7,183 thousand (2012: KD2,873 thousand) which is secured against investment properties of local subsidiaries (refer note 18).

b. As of 31 December 2013, one of the local subsidiaries have a unutilised facility from a local bank which is secured against local investments with a fair value of KD8,216 thousand (2012 : KD10,353 thousand). The facility is available to the subsidiary to utilise when required.

31 Cash and cash equivalents

	Effective interest/profit rate %	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Short term deposits	1.5%	2,061	6,129
Bank balance and cash	1.5%	32,253	57,072
Due to banks	5%-6%	(23,074)	(17,897)
		11,240	45,304
Less: Blocked balances		(1,424)	(7,696)
Cash and cash equivalents for the purpose of consolidated statement of cash flow		9,816	37,608

32 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose 5% bonus shares on outstanding shares as at 31 December 2013 (2012: Nil) and not to distribute any cash dividend (2012: Nil).

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes

The Group has defined benefit pension schemes for the employees of certain subsidiaries in the United Kingdom. The Schemes provide benefits based on final salary and length of service on retirement. The Schemes are subject to the Statutory Funding Objective under the United Kingdom Pensions Act 2004. A valuation of the schemes is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Group must agree with the Trustees of the Schemes the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The Schemes are managed by a professional trustee appointed by the Group. The Trustee has responsibility for obtaining valuation of the fund, administering benefit payments and investing the Schemes' assets. The Trustee delegates some of these functions to their professional advisers where appropriate.

The Schemes expose the Group to a number of risks:

- Investment risk: The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term the short term volatility can cause additional funding to be required if deficit emerges.
- Interest rate risk: The Schemes' liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Schemes hold assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: A significant proportion of the benefits under the Schemes are linked to inflation. Although the Schemes' assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- Mortality risk: In the event that members live longer than assumed a deficit will emerge in the Schemes.
- For certain sections of the Schemes, members are assumed to commute 20% of their pension for cash at retirement. If on average less pension is taken this would lead to a deficit emerging.
- The Trustee holds insurance policies for some members of the Schemes. There is a very small risk that the insurers may default on their policies which would cause additional funding to be required.

Effect of the Schemes on the Group's future cash flows

The Group is required to agree Schedules of Contributions with the Trustee of the Schemes following the valuation which must be carried out at least once every three years. In the event the valuation reveals a larger deficit than expected the Group may be required to increase contributions above those set out in the existing Schedules of Contributions. Conversely if the position is better than expected contributions may be reduced.

The group expects to contribute KD720 thousand to its defined benefit plans annually which has been agreed with the pension trustee in line with actuarial advice and aims to eliminate the deficit within an acceptable period of time.

The following disclosures cover all the schemes on an aggregated basis. The schemes are closed to new members and are not accruing further benefits. Actuarial calculations have been made in order to determine pension liabilities and pension expenses in connection with the group's defined benefit pension schemes.

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Effect of the Schemes on the Group's future cash flows (continued)
The following assumptions have been used in calculating the liabilities and expenses incurred:

	31 Dec. 2013	31 Dec. 2012
Discount rate at 31 December	4.35%	4.2%
Inflation assumption (RPI)	3.3%	2.55%
Revaluation in deferment (CPI)	2.3%	2.25%
Expected return on plan assets	4.35%	4.2%
Future salary increases	N/A	N/A
Future pension increases	3.3%	2.55%
Mortality after retirement	SAPS (SINA) tables with medium cohort year of birth projections and minimum of 1.25% (2012: 1%) per annum improvement.	

Under the mortality tables adopted, the expected age at death for a member at age 65 is as follows:

	31 Dec. 2013	31 Dec. 2012
Male currently aged 45	89.2	89.1
Female currently aged 45	91.8	91.7
Male currently aged 65	87.4	87.3
Female currently aged 65	89.9	89.7

The average of the weighted average duration of the liabilities of each of the schemes is 17 years (2012: 18 years).

Consolidated statement of profit or loss

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Interest cost	(1,109)	(1,413)
Expected return on assets	870	1,157
Settlement on the disposal of subsidiary	2,217	1,307
Accrued expenses	(23)	(132)
Net annual charge included in general and administrative expenses	1,955	919

A reconciliation of the movement in the liability for defined benefit pension scheme is as follows:

Consolidated statement of financial position

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Brought forward liability	6,699	5,535
Consolidated statement of profit or loss (net)	(1,955)	(919)
Contributions	(800)	(845)
Actuarial (losses)/gain	(12)	2,719
Foreign Exchange adjustments	112	209
Carried forward liability	4,044	6,699

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Reconciliation of consolidated statement of financial position liability

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Present value of obligations	**21,948**	28,731
Fair value of plan assets	**(18,030)**	(22,175)
Net plan deficit	**3,918**	6,556
Unrecognised actuarial losses	**126**	143
Net liability recognised in the consolidated statement of financial position	**4,044**	6,699

Changes in the present value of the defined benefit obligation

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Opening defined benefit obligation	**28,731**	28,040
Interest cost	**1,109**	1,413
Actuarial losses	**(85)**	3,470
Liabilities extinguished on settlement	**(6,781)**	(3,922)
Accrued expenses	**23**	131
Benefits paid	**(1,422)**	(1,307)
Foreign exchange adjustment	**373**	906
Closing defined benefit obligation	**21,948**	28,731

Changes in the fair value of the plan assets

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Opening fair value of plan assets	**22,175**	22,638
Expected return	**870**	1,157
Actuarial gain	**(95)**	756
Contributions by employer	**800**	845
Assets disposed on settlement	**(1,422)**	(2,616)
Benefits paid	**(4,846)**	(1,307)
Foreign exchange adjustment	**548**	702
Closing fair value of plan assets	**18,030**	22,175

The fair value of the plan assets, by category is as follows:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Plan assets:		
Equities	**7,650**	10,043
Bonds	**9,739**	11,611
Other assets	**641**	521
	18,030	22,175

The actual return on the Schemes' assets net of expenses over the period was 3.8% (2012:8.1%).

Notes to the consolidated financial statements (continued)

33 Defined benefit pensions schemes (continued)

Sensitivity of the value placed on liabilities
The defined benefit obligation would be affected by changes in the actuarial assumptions. The table below shows the potential impact of relatively small changes in the key assumptions:

Adjustment to assumptions	Approximate effect on liabilities KD '000
Discount rate	
Plus 0.5%	(1,624)
Minus 0.5%	1,828
Inflation	
Plus 0.25%	399
Minus 0.25%	(381)
Life expectancy	
Plus 1 year	691
Minus 1 year	(696)

Note the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

34 Discontinued operations

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
George Wilson Industries Limited	-	2,155
BI Composites Limited	-	603
Diamond H Controls Limited	2,168	(35)
BI Electric (Shenzen) Limited	(344)	(154)
Total profit for the year from discontinued operations	1,824	2,569

Diamond H Controls Limited ("DHC")

On 30 October 2013, DHC was put into liquidation and the Group gave up control of the subsidiary. The operating loss of DHC up to the date of disposal and the profit or loss from remeasurement and disposal of assets and liabilities are summarised below:

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Sales	-	2
Cost of sales	(38)	70
Gross (loss)/profit	(38)	72
General, administrative and other expenses	(1)	(107)
Loss from discontinued operations before and after tax, and for the year	(39)	(35)
Gain on re-measurement and disposal		
Gain before and after tax on disposal	2,207	-
Gain/(loss) for the year from discontinued operations - DHC	2,168	(35)

Notes to the consolidated financial statements (continued)

34 Discontinued operations (continued)

BI Electric (Shenzhen) Limited ("BIE")
On 30 September 2013, BIE, a subsidiary of Diamond Asia Controls Manufacturing (Hong Kong) Limited, was put into liquidation and the Group gave up control of the subsidiary. The operating loss of BIE up to the date of disposal and the profit or loss from remeasurement and disposal of assets and liabilities are summarised below:

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Sales	755	941
Cost of sales	(587)	(805)
Gross profit	168	136
Distribution costs	(49)	(140)
General, administrative and other expenses	(413)	(129)
	(294)	(133)
Finance costs	(53)	(21)
Loss from discontinued operations before and after tax, and for the year	(347)	(154)
Gain on remeasurement and disposal		
Gain before and after tax on disposal	3	-
Loss for the year from discontinued operations - DHC	(344)	(154)

35 Segmental analysis

The group activities are concentrated in three main segments: investment, building material and specialist engineering. The segments' results are reported to the higher management in the group. In addition, the segments results, assets and liabilities are reported based on the geographic locations which the group operates in.

Notes to the consolidated financial statements (continued)

35 Segmental analysis (Continued)

The following is the segments information, which conforms with the internal reporting presented to management:

	Investment		Building materials		Specialist engineering		Total	
	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000	**31 Dec. 2013 KD '000**	31 Dec. 2012 KD '000	**31 Dec. 2013 KD '000**	31 Dec. 2012 KD '000	**31 Dec. 2013 KD '000**	31 Dec. 2012 KD '000
Segment revenue	**77,116**	71,641	**45,675**	42,185	**63,926**	64,258	**186,717**	178,084
Less:								
Income from investments							**(48,659)**	(45,980)
Share of result of associates							**(18,398)**	(16,647)
Realised gain on disposal of investment properties							**-**	(60)
Loss of disposal and dilution of associates							**(889)**	407
Change in fair value of investment properties							**(1,891)**	(2,025)
Rent, interest and other income							**(7,279)**	(7,336)
Sales, per consolidated statement of profit or loss							**109,601**	106,443
Segment profit	**40,341**	45,704	**6,636**	8,442	**5,014**	4,300	**51,991**	58,446
Less:								
Finance costs							**(34,841)**	(38,883)
Other unallocated loss							**(862)**	(3,232)
Profit before taxation, other statutory contributions and directors' remuneration, per consolidated statement of profit or loss							**16,288**	16,331
Segment assets	**1,234,452**	1,259,966	**60,541**	54,508	**82,713**	73,576	**1,377,706**	1,388,050
Segment liabilities	**(17,643)**	(26,733)	**(17,001)**	(14,508)	**(26,573)**	(24,736)	**(61,217)**	(65,977)
Segment net assets	**1,216,809**	1,233,233	**43,540**	40,000	**56,140**	48,840	**1,316,489**	1,322,073
Borrowings and due to banks							**(753,081)**	(798,155)
Total equity, per consolidated statement of financial position							**563,408**	523,918

Notes to the consolidated financial statements (continued)

35 Segmental analysis (Continued)

Property, plant and equipment of the group are primarily utilised by the building materials segment and the specialist engineering segment. The additions and depreciation relating to property, plant and equipment along with impairment in values by each segment, in which the assets are used, are as follows:

	Investment KD '000	Building materials KD '000	Specialist engineering KD '000	Total KD '000
At 31 December 2013				
Additions to property, plant and equipment	**741**	**12,830**	**3,272**	**16,843**
Depreciation	**471**	**6,303**	**2,872**	**9,646**
Impairment in value of available for sale investments	**24,706**	-	-	**24,706**
At 31 December 2012				
Additions to property, plant and equipment	1,684	2,298	3,447	7,429
Depreciation	436	2,931	2,923	6,290
Impairment in value of available for sale investments	12,499	-	-	12,499

Geographical segments

The geographical analysis is as follows;

	Assets		Sales	
	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Kuwait	**685,778**	715,536	**45,675**	42,185
Outside Kuwait	**691,928**	672,514	**63,926**	64,258
	1,377,706	1,388,050	**109,601**	106,443

36 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Transactions and balances included in the consolidated statement of financial position		
Due from related parties (refer note 21)	**3,632**	6,085
Due to related parties (refer note 29)	**1,977**	10,115
Long term borrowings - murabaha payable to an associate (refer note 27c)	**15,069**	15,098

Notes to the consolidated financial statements (continued)

36 Related party transactions (continued)

	Year ended 31 Dec. 2013 KD '000	Year ended 31 Dec. 2012 KD '000
Transaction included in the consolidated statement of profit or loss		
Realised gain on sale of available for sale investments – to associate (19f)	847	-
Management and placement fees earned from related parties	156	101
Impairment in value of receivable	-	981
Finance cost - paid to associate	989	415
Purchase of raw materials – from associates	4,192	5,931
Compensation of key management personnel of the Group		
Short term employee benefits and directors' remuneration	3,740	3,453
End of service benefits	121	160
	3,861	3,613

37 Summary of assets and liabilities by category and fair value measurement

37.1 Categories of financial assets and liabilities

The carrying amounts of the group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Financial assets:		
Loans and receivables (at amortised cost):		
• Accounts receivable and other financial assets (refer note 21)	63,602	57,334
• Murabaha and wakala investments	4,500	11,293
• Short term deposits	2,061	6,129
• Bank balance and cash	32,253	57,072
	102,416	131,828
Assets at fair value through profit or loss:		
• Investments at fair value through profit or loss (refer note 23)		
- Held for trading	38,113	32,381
- Designated on initial recognition	27,086	29,611
	65,199	61,992
Available for sale investments (refer note 19)		
- At fair value	688,696	698,659
- At cost / cost less impairment	60,547	79,283
	749,243	777,942
Total financial assets	916,858	971,762
Financial liabilities:		
At amortised cost		
• Long term borrowings	529,632	523,935
• Leasing creditors	131	152
• Accounts payable and other financial liabilities (refer note 29)	44,321	49,196
• Short term borrowings	200,375	256,323
• Due to banks	23,074	17,897
Total financial liabilities	797,533	847,503

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.2 Fair value measurement

Fair value represents 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. Investments at fair value though profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in Note 19 to the consolidated financial statements) are carried at fair value and measurement details are disclosed in note 37.3 to the consolidated financial statements. In the opinion of the group's management, except for certain long term borrowing (refer note 27), the carrying amounts of all other financial assets and liabilities which are at amortised costs is considered a reasonable approximation of their fair values.

The Group also measures non-financial asset such as investment properties at fair value at each annual reporting date (refer 37.4).

37.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

The financial assets and liabilities measured at fair value on a recurring basis in the statement of consolidated financial position are grouped into the fair value hierarchy as follows;

At 31 December 2013

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value					
Available for sale investments					
-Managed funds					
Private equity funds	c	-	-	54,610	54,610
Other managed funds	c	-	8,942	82,355	91,297
-Unquoted equity participations	d	-	-	126,496	126,496
-Quoted shares	a	416,293	-	-	416,293
Investment at fair value through profit or loss					
-Quoted shares	a	37,837	-	-	37,837
- Quoted debt instruments	a	276	-	-	276
-Local funds	b	-	11,030	-	11,030
-International managed portfolios and funds	e	-	-	16,056	16,056
Total assets		454,406	19,972	279,517	753,895

Notes to the consolidated financial statements (continued)

37 Summary of financial assets and liabilities by category (continued)

37.3 Fair value hierarchy (continued)

At 31 December 2012

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total Balance KD'000
Assets at fair value					
Available for sale investments					
-Managed funds					
Private equity funds	c	-	-	75,410	75,410
Other managed funds	c	-	9,449	83,690	93,139
-Unquoted equity participations	d	-	-	145,032	145,032
-Quoted shares	a	385,078	-	-	385,078
Investment at fair value through profit or loss					
-Quoted shares	a	29,566	-	-	29,566
- Quoted debt instruments	a	2,815	-	-	2,815
-Local funds	b	-	14,426	-	14,426
-International managed portfolios and funds	e	-	-	15,185	15,185
Total assets		417,459	23,875	319,317	760,651

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair value, which are unchanged compared to the previous reporting period, are as follows:

Financial instruments in level 1

a) Quoted shares & debt instruments (level 1)

Quoted shares and debt instruments represent all listed equity securities and debt instruments which are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

Financial instruments in level 2 & 3

b) Local funds (level 2)

The underlying investments of these funds mainly comprise of local quoted shares and money market instruments and the fair value of the investment has been determined based on net asset values reported by the fund manager as of the reporting date.

c) Foreign funds (level 2)

The underlying investments in these private equity funds mainly represent foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.3 Fair value hierarchy (continued)

Other managed portfolios (level 3)
The underlying investments of other managed portfolios represent foreign quoted and unquoted securities managed by specialized portfolio managers. They are valued based on periodic reports received from the portfolio managers.

d) Unquoted equity participations (level 3)
The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

e) International managed portfolios and funds (level 3)
The underlying investments of international managed portfolios and funds represent quoted and unquoted securities. They are valued based on fund managers' report.

Level 3 Fair value measurements
The group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2013 KD'000	31 Dec. 2012 KD'000
Opening balance	319,317	305,918
Net change in fair value recognised in other comprehensive income	(1,143)	17,309
Impairment recognised in profit or loss	(8,748)	(6,039)
Net change in fair value recognised in profit or loss	2,115	1,014
Net disposals during the year	(33,529)	(15,749)
Reclassified from carried at cost to fair valued investments	1,505	16,864
Closing balance	279,517	319,317

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.3 Fair value hierarchy (continued)

The following table provides information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs:

Financial asset	Valuation technique	Significant unobservable input	Range	Sensitivity of the fair value measurement to the input
Unquoted Equity participations	DCF Method	Long term growth rate for cash flows for subsequent years	3% - 4%	Higher the growth rate, higher the value
		WACC	10.6% - 17%	Higher the WACC, lower the value
		Discount for lack of marketability	10% - 15%	Higher the discount rate, lower the value
Private equity and direct equity funds	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value
Other managed portfolios	NAV reported by investment manager	Fair market value of the underlying assets	N/A	Higher the FMV of the assets, higher the value

The impact on profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account these premiums and discounts when pricing the investments.

In case of AFS assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through OCI) and, would not have an effect on profit or loss.

37.4 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2013:

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Investment property				
- Lands and buildings in Kuwait	-	-	34,777	34,777
- Lands and buildings in Saudi Arabia	-	-	5,925	5,925
- Land in Jordan	-	-	400	400
- Lands in Kuwait	-	-	8,841	8,841
	-	-	49,943	49,943

Notes to the consolidated financial statements (continued)

37 Summary of assets and liabilities by category (continued)

37.4 Fair value measurement of non-financial assets (continued)

The above buildings represent rental properties on freehold land categorized as "Investment Lands" (i.e land which can be used to construct multiple residential unit buildings, apartments, villas, Duplex and Studios), in Kuwait, Jordan and Saudi Arabia. The freehold land above also represents land categorized as investment lands. The fair value of the investment property has been determined based on valuations obtained from two independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management. One of these valuers is a local bank (for local investment properties) who has valued the investment properties using primarily two methods, one of which is the Yield Method and other being a combination of the market comparison approach for the land and cost minus depreciation approach for the buildings. The other valuer who is a local reputable valuer has also valued the investment properties primarily by using a combination of the methods noted above. When the market comparison approach is used adjustments have been incorporated for factors specific to the land in question, including plot size, location and current use. For the valuation purpose, the Company has selected the lower value of the two valuations (2012: lower of two valuations). Further information regarding the level 3 fair value measurements is set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Land and buildings in Kuwait and Saudi Arabia (rental properties)	Yield method and Market comparison approach for land & cost less depreciation for buildings	Estimated marker price for land (per sqm)	KD1,074–KD9,472	The higher the price per square meter, the higher the fair value
		Construction cost (per sqm)	KD40-KD244	The higher the construction cost per square meter, the higher the fair value
		Average monthly rent (per sqm)	KD3 – KD105	The higher the rent per square meter, the higher the fair value
		Yield rate	4.8% to 7.2%	The higher the yield rate, the higher the value
		Vacancy rate	10%	The higher the vacancy rate the lower the fair value
Freehold land Kuwait and Jordan	Market comparison approach	Estimated market price for land (per sqm)	KD1,254 to KD6,588	The higher the price per square meter, the higher the fair value

Level 3 Fair value measurements

The Group measurement of investment properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The investment properties within this level can be reconciled from beginning to ending balances as follows;

31 December 2013	Investment properties Total KD'000
Opening balance	25,259
Purchases	22,793
Total gains for the year included in profit or loss for assets held at the end of the reporting period:	
-Changes in fair value recognised in profit or loss	1,891
Closing balance	49,943

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies

The group's financial liabilities comprise due to banks, short term and long term borrowings, leasing creditors and accounts payable and other liabilities. The main purpose of these financial liabilities is to raise finance for group operations. The group has various financial assets such as accounts receivable and other assets, bank balance and cash, murabaha and wakala investments, short term deposits and investment securities which arise directly from operations.

The group's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The board of directors sets out policies for reducing each of the risks discussed below.

The group also enters into derivative transactions, primarily interest rate swaps. The purpose is to manage the interest rate risks arising from the group's sources of finance. The group's policy is not to trade in derivative financial instruments.

The most significant financial risks to which the group is exposed to are described below.

38.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group mainly operates in the Middle East, USA and United Kingdom and is exposed to foreign currency risk arising, primarily from US Dollar, Saudi Riyal and GBP. The consolidated statement of financial position can be significantly affected by the movement in these currencies. To mitigate the group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the parent company's board of directors and a continuous assessment of the consolidated open positions.

The group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follows:

	31 Dec. 2013 *Equivalent* KD '000	31 Dec. 2012 *Equivalent* KD '000
US Dollars	**(91,115)**	(129,198)
Saudi Riyals	**15,958**	25,882
GBP	**(14,947)**	(11,249)

The parent company's management estimates that a reasonable possible change in the above exchange rate would be 5%.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity (5%), then this would have the following impact on the profit for the year. There is no impact on the Group's other comprehensive income.

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.1 Market risk (continued)

a) Foreign currency risk (continued)

	Profit increase/ (decrease)	
	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
US Dollars	**4,556**	6,460
Saudi Riyals	**(798)**	(1,294)
GBP	**747**	562
	4,505	5,728

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity (5%), then there would be an equal and opposite impact on the profit for the year, and the balances shown above would be negative for US Dollars and GBP and positive for Saudi Riyals (2012: negative for US Dollars, GBP and positive for Saudi Riyals).

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the group's exposure to the foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The group is exposed to interest rate risk on its short term deposits (refer note 31), short and long term borrowings (refer note 30 and 27) and due to banks which are both at fixed and floating interest rates. The risk is managed by the group by managing an appropriate mix between fixed and floating rate, short term deposits and borrowings.

Positions are monitored regular to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year to reasonable possible change of interest rate of +25 (0.25%) and -75 (0.75%) basis points with effect from the beginning of the year. The calculation is based on the group's financial instruments held at each reporting date. All other variables are held constant. There is no impact on group's other comprehensive income.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000	**31 Dec. 2013 KD '000**	31 Dec. 2012 KD '000
Effect on profit for the year	**(1,786)**	(1,809)	**5,357**	5,427

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, Jordan, Bahrain, Abu Dhabi, Saudi Arabia and USA. Equity investments are classified either as "investments at fair value through profit or loss" or "available for sale investments".

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.1 Market risk (continued)

c) Equity price risk (continued)

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits determined by the group.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the loss for the year and other comprehensive income for the year ended 31 December would have been as follows:

A positive number below indicates a increase profit and other comprehensive income where the equity prices increase by 10%. All other variables are held constant.

	Profit for the year		Other comprehensive income	
	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000	**31 Dec. 2013 KD '000**	31 Dec. 2012 KD '000
Investments at fair value through profit or loss	**4,914**	4,681	**-**	-
Available for sale investments	**2,568***	7,602*	**40,441**	30,906
	7,482	12,283	**40,441**	30,906

* Had equity prices been higher by 10% the impairment loss which was recognised in the consolidated statement of profit or loss would be reduced and consequently the profit for the year 2013 would be higher and the loss for the year 2012 would be lower.

For a 10% decrease in the equity prices there would be an equal and opposite impact on the losses for the years and other comprehensive income and the amounts shown above would be negative.

38.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

The group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Available for sale investments	**749,243**	777,942
Accounts receivable and other assets (refer note 21)	**63,602**	57,334
Murabaha and wakala investments	**4,500**	11,293
Investments at fair value through profit or loss	**65,199**	61,992
Short term deposits	**2,061**	6,129
Bank balances	**32,253**	57,072
	916,858	971,762

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.2 Credit risk (continued)

The group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The group's policy is to deal only with creditworthy counterparties. None of the above financial assets are past due nor impaired except for certain wakala investments referred to in note 22, certain available for sale investments and account receivable and other asset referred to in note 19 and 21 respectively. The group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the group's financial assets are secured by collateral or other credit enhancements.

In respect of receivables, the group is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for bank balances and short term deposits is considered negligible, since the counterparties are reputable financial institution with high credit quality. Information on other significant concentrations of credit risk is set out in note 38.3.

38.3 Concentration of assets

The distribution of financial assets by geographic region was as follows:

	Kuwait KD '000	Other Middle Eastern Countries KD '000	Asia & Africa KD '000	UK & Europe KD '000	USA KD '000	Total KD '000
At 31 December 2013						
Geographic region:						
Available for sale investments	**215,986**	**327,206**	**82,486**	**24,445**	**99,120**	**749,243**
Accounts receivable and other assets	**40,163**	**7,117**	**1,594**	**14,324**	**404**	**63,602**
Investments at fair value through profit or loss	**37,416**	**9,328**	**1,903**	**14,809**	**1,743**	**65,199**
Murabaha and wakala investments	**4,500**	**-**	**-**	**-**	**-**	**4,500**
Short-term deposits	**1,919**	**-**	**-**	**142**	**-**	**2,061**
Bank balances and cash	**22,721**	**4,145**	**211**	**3,702**	**1,474**	**32,253**
	322,705	**347,796**	**86,194**	**57,422**	**102,741**	**916,858**
At 31 December 2012						
Geographic region:						
Available for sale investments	234,494	322,582	84,973	85,405	50,488	777,942
Accounts receivable and other assets	27,121	19,670	1,021	9,405	117	57,334
Investments at fair value through profit or loss	37,090	6,658	1,821	13,513	2,910	61,992
Murabaha and wakala investment	11,293	-	-	-	-	11,293
Short-term deposits	1,636	-	-	4,493	-	6,129
Bank balances and cash	48,415	4,239	85	4,207	126	57,072
	360,049	353,149	87,900	117,023	53,641	971,762

Notes to the consolidated financial statements (continued)

38 Risk management objectives and policies (continued)

38.4 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The contractual maturities of financial liabilities based on undiscounted cash flows are as follows:

	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	1-5 Years KD '000	Total KD '000
31 December 2013					
Financial liabilities (undiscounted)					
Long-term borrowings	-	3,940	10,931	593,327	608,198
Leasing creditors	-	-	-	172	172
Accounts payable and other liabilities	14,743	15,443	14,135	-	44,321
Short-term borrowings	33,879	63,137	107,410	-	204,426
Due to banks	23,074	-	-	-	23,074
	71,696	82,520	132,476	593,499	880,191
31 December 2012					
Financial liabilities (undiscounted)					
Long-term borrowings	-	4,219	12,285	582,896	599,400
Leasing creditors	-	-	-	171	171
Accounts payable and other liabilities	7,578	31,406	10,212	-	49,196
Short-term borrowings	29,153	58,239	178,001	-	265,393
Due to banks	17,897	-	-	-	17,897
	54,628	93,864	200,498	583,067	932,057

The group's short term borrowings principally represent revolving facilities with local and foreign banks and financial institutions. The group's management has successfully renewed all short term facilities which were classified as falling due within one month and one to three months.

39 Staff shares

The parent company has an approved share issuance scheme to its senior management, where the parent company's shares can be issued to staff as bonus shares by utilizing its treasury shares, and the scheme will expire in 2016. However no staff shares were issued during the year 2012 and 2013.

40 Capital risk management

The group's capital management objectives are to ensure that the group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder 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, buy back shares, issue new shares or sell assets to reduce debt.

Notes to the consolidated financial statements (continued)

40 Capital risk management (continued)

The capital structure for the group consists of the following:

	31 Dec. 2013 KD '000	31 Dec. 2012 KD '000
Long term borrowings (refer note 27)	**529,632**	523,935
Short term borrowings (refer note 30)	**200,375**	256,323
Due to banks	**23,074**	17,897
	753,081	798,155
Less :		
Murabaha and wakala investments	**(4,500)**	(11,293)
Short - term deposits	**(2,061)**	(6,129)
Bank balances and cash	**(32,253)**	(57,072)
Net debt	**714,267**	723,661
Total equity	**563,408**	523,918

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 the total equity as follows:

	31 Dec. 2013 %	31 Dec. 2012 %
Net debt to equity ratio	**127**	138

41 Contingent liabilities

At 31 December 2013, the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD12,795 thousand (2012: KD11,858 thousand).

42 Fiduciary assets

One of the subsidiaries of the group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the consolidated statement of financial position. Assets under management at 31 December 2013 amounted to KD6,804 thousand (2012: KD26,996 thousand) of which assets managed on behalf of related parties amounted to KD4,234 thousand (2012: KD8,444 thousand).

43 Capital commitments

At the reporting date the group had commitments for the purchase of investments and the acquisition of property, plant and equipment totalling KD25,438 thousand (2012: KD28,219 thousand).

At the reporting date, the group had commitment to pay lease rentals amounting to KD5,100 thousand (2012: KD4,917 thousand).

44 Comparative information

The comparative consolidated statement of profit or loss has been re-presented as if an operation discontinued during the current year has been discontinued from the start of the comparative year (refer note 34).

In addition certain other comparative figures has been reclassified to conform to the presentation in the current year, and such reclassification does not affect previously reported net assets, net equity and net results for the year or net decrease in cash and cash equivalents.