السلام
AL
SALAM
مجموعة السلام القابضة

سَلَامٌ قَوْلًا مِّن رَّبٍّ رَّحِيمٍ

سورة يس
آية ﴿٥٨﴾

ANNUAL REPORT
2014

سَلَامٌ قَوْلًا مِّن رَّبٍّ رَّحِيمٍ

سورة يس ، آية 58

وإذا سلم عليهم –أي على أهل الجنة– الربُّ الرحيم، حصلت لهم السلامة التامة من جميع الوجوه، وحصلت لهم التحية، التي لا تحية أعلى منها، ولا نعيم مثلها.

تفسير السعدي

بسم الله الرحمن الرحيم

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His Highness
Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah
The Amir Of The State Of Kuwait

His Highness
Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah
The Prime Minister Of The State Of Kuwait

His Highness
Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah
The Crown Prince Of The State Of Kuwait

Contents

Board Of Directors

Prof. Zahir Omar Irani
Board Member

Falah fahed Al-Hajeri
Vice Chairman

Sheikh / Sabah Salman Al-Sabah
Board Member

Hassan Darweesh Al-Shamali
Board Member

Meshari Ahmed Al Majed
Chairman

Chairman's Speech

In The Name of Allah, Most Gracious, Most Merciful

Praise be to Allah, Lord of the Worlds, prayer and peace be upon Prophet Muhammad.

Dear brothers and sisters shareholders,,,

In my name and on behalf of my fellow members of the board of directors, executive management and all employees of Al-Salam Group Holding Company, I would like to welcome you and thank you for your presence. Besides, I would be glad, together with you, to go through the performance of Al-Salam Group Holding Company for the fiscal year ended on 31st December 2014, in addition to our vision of the Market and its indicators.

The global growth will know a boost and profit from the drop in oil prices which is mainly due to the increased supply, but there are some negative factors which may balance this boost and overwhelm it, such as the weak investment with continuous adaptation to the low expectations in the medium-term growth in many developed and emerging economies.

It is likely expected that the global growth will reach 3.5% and 3.7 % in the periods 2015 – 2016, after re-evaluating the potential possibilities for China, Russia, the euro zone and Japan; as well as the weakness of activity in some major oil-exporting countries because of the sharp drop in oil prices.

The United States of America growth had rebounded, surpassing expectations after its contraction witnessed in the first quarter of 2014; accompanied by a decrease in the unemployment levels. However, the inflation pressures remained more stable due to the increase in the dollar value and falling oil prices. In brief, growth is expected to exceed 3% in the period 2015-2016.

While here in Kuwait, the primary budget surplus has stabilized at 10.5 billion dinars by the end of the first eight months of 2014, thus showing a slow down from 13.5 billion dinars during the same period last year; which is lower than the average of the previous three fiscal years, as a result increased spending and declining revenues. As for the whole financial year, it is expected that government spending records a growth rate of 10% on an annual basis to reach 20.8 billion dinars for the full fiscal year, while the revenue is expected to decline by about 20.5 % on an annual basis. It is therefore expected a decline in the budget surplus by about 4.5 billion dinars by the end of the current fiscal year, to form about 9% of the GDP, which is the lowest surplus in the last five years.

Speaking about your Company, Al-Salam Group Holding Company witnessed a notable growth and development in its performance over the past years, as the Company has proven its ability to make an exceptional progress in recovery whereby it reversed the accumulated losses, managed to make dividend distributions to the shareholders and recorded retained earnings after the losses incurred by the Company during the global financial crisis. Therefore, such performance has a close link to the Company's strategic plan, which is intended into assets development; acquisition of cash-generating operational assets that would realize lucrative profits on investments; examine market risks and ensure optimal allocation of the Company's investment portfolio.

Besides, the Kuwait Stock Exchange performance was similar to the regional markets performance during the year 2014. Indeed, the GCC Stock markets closed in decline in comparison with the beginning of the year. Actually, the markets have seen a recovery for most of the year 2014 due to the support of strong economic conditions. Nevertheless, falling oil prices later during the year caused a drop in the performance of global markets and in particular the GCC markets leading it to erase most of the profits.

The Kuwait stock exchange market has shown good profits during most of the year 2014, with the support of strong economic conditions. It is expected that the economic growth will maintain its accelerating pace, supported by government spending and the five-year development plan. The weighted index rose, before the decline caused by the drop in oil prices, realizing 9% increase since the beginning of the year. Also, the market recorded gains of about 3 billion dinars in market value. Following the drop in oil prices, both indexes; the weighted index and the "Kuwait 15" dropped respectively by 11.2% and 12%. Besides, the price index decreased by 14.3%, and the pressure on market performance has increased due to moderate earnings of major companies. There was a divergence in the performance of different sectors, with best performances for the consumer goods and insurance sectors which rose by 11.3 % during the year.

Returning to the Company, Al-Slam Group continued adopting an approach towards expansion and diversification of investments, and to move forward, the Company has a strategy aimed at achieving greater returns for shareholders, and to take advantage of growth opportunities expected in the selected sectors, and to continue its policy of cautious expansion activities.

During the year 2014, the Company carried out strategic acquisitions which aim to increase its participation in associate companies, thus increasing its share of profits from their performance and results. Besides, increased participation in such associate companies entitles the Company to take total control over some of these companies which become subsidiaries, thus consolidating their financial statements with the group, in which having positive effects since it allows the participation in the results of their operations. Consequently, through these acquisitions, our Company aspires to target operational investment companies generating profits in the short – medium run, for the best interests of the Company and achieving greater benefit to the shareholders.

Specifically, Al-Slam Group succeeded, through its subsidiary Al-Dussur International for General Trading & Contracting Company, to increase its contribution in Takaful International for Takaful Insurance Company from 41.71 % to 87.53 %. Consequently, our group took control over the financial and operating policies of the Takaful Company. Therefore, this latter was reclassified from an associate to a subsidiary and its financial statements have been consolidated into the parent Company starting from the date of acquisition. This operation took place considering the future outlook expects the volume of Takaful insurance market in the world to reach US$ 20 billion by 2017, It highlights in particular the countries of the Gulf Cooperation Council, which contribute more than 62% of the total volume of Takaful insurance globally.

Also, during the year, the group increased its investment in Gulf Petroleum Investment Company ("GPI"), a Kuwaiti investment company listed on Kuwait Stock Exchange market, which resulted in the possession of our Company of more than 20% of GPI capital, while our ownership was limited to 10 % of its capital by the end of 2013 when our Company had acquired 99% stake in each of Atlantic Group Company and Reflection Company which hold diversified portfolios of investments, most important of these investments; stake of Gulf Petroleum Investment Company. This transaction resulted in reclassifying our investment in GPI from Investments available for sale to Investment in associate. This explains the decrease in available for sale investments in local equities by 71 % compared to

2013 to reach KD 1,433,040; giving rise in investments in associates to become worth by the end of 2014 the equivalent of KD 17,733,800 while it was worth KD 8,894,726 at the end of year 2013. Thus realizing an increase by 99 % to become the most important and valuable item among the Company's assets.

On the other hand, one of our subsidiaries, owning Al-Sary Company, has witnessed an increase in the total operational contracts to reach KD 21 million, with 14 contracts being executed with different governmental bodies, and most of these contracts extends for 3 – 5 years, and the average expected rate of return for such contracts is almost 20%.

The process of restructuring Al-Salam Group assets made by management during year 2014 was to support the sustainable growth of the Company and the achievement of greater benefit to the shareholders in the near future and that, Allah willing, will bear fruit in the coming years. And thus, assets have been restructured and the distribution of the assets portfolio has changed based on the available opportunities for our Group to acquire additional stakes in companies where the Group has previously invested in order to strengthen our position. All these operations resulted in increasing total assets amounting KD 38,586,656 by the end of 2014, while they reached KD 35,779,805 in the end of 2013 with an increase of 7.84 %. Despite the decline in the fair value of investments by 42.95% compared to 2013 to become KD 2,884,443 and that was due to the sale of some of these investments as well as the decline in values of quoted local investment because of the stock market crisis that took place in the last quarter of 2014. As for the rest of the Company' assets, they had experienced a slight growth between 2013 and 2014.

With regard to liabilities, it should be noted that the Company is free of leverage and has no obligations towards banks since there are neither loans nor bank facilities to external parties through the year 2014. As for accounts payable, they are all related to the Company's activities. Besides, among the features of your Company we mention that total liabilities amounted KD 2,652,011 as of 31/12/2014 equivalent to 6.87% of total assets and its considered very low and reflect the Company's ability to easily meets its financial obligations towards creditors. One of the most important items of accounts payable consists of payables against main operational activities in subsidiaries with a value of KD 1,338,750. This is due to the operational expansion of one of the subsidiaries that aimed to buy a range of assets in order to support its expansion policy in its future contracts.

After we have talked about Al-Salam Group Consolidated financial statement position, now let's talk about the income statement for the year ended 2014. Even before starting reviewing the details, I would like to congratulate you gentlemen for the increase in the net profit available to shareholders of the parent Company which amounted to KD 1,974,553 in 2014, while it was KD 188,238 by the end of 2013; thus recording a remarkable increase of 949 percent. Accordingly, earnings per share increased during 2014 to be 7.69 fils per share while it didn't exceed by the end of 2013, the value of 0.73 fils per share. All this shows clearly the Company's outstanding achievements during 2014 and triggering the positive effects of our assets restructuring policy adopted with the perspective of better future, Allah willing, serving the interests of all shareholders of Al-Salam Group Holding Company.

The Company has been able to achieve high returns on investments reaching KD 1,457,571 after having suffered a loss of KD 196,131 by the end of 2013. This is mainly due to the acquisition of additional shares in Gulf Petroleum Investment Company, which resulted in the possession of more than 20% of its capital.

Besides, the acquisitions transactions that occurred allowed your Group to benefit from the results of associate companies valued at KD 306,297 after they didn't exceed KD 2,046 during the year 2013.

On the other hand, the net profits of contracts amounting to KD 675,841 contributed to the achievement of the Company's profits during 2014.

Among the inevitable expected results from the acquisition policy pursued by the Group, we mention the increase in general and administrative expenses. Indeed, during the year 2014 it reached KD 407,715 increasing by 27.11 % after they have been KD 320,738 by the end of 2013. Obviously, this increase is mainly attributed to the increase in the number of employees and therefore higher staff costs, as well as the accompanying rise in rents.

On this occasion I would like to mention that, given the Company's excellent performance and the successful continued expansion in operations conducted during 2014, the Board of Directors recommended a free bonus shares distribution with a percentage of 5% from the paid-up capital, thus totalizing 12,840,000 shares to be distributed to shareholders. And this recommendation is subject to approval of the General Assembly. Hence, the new capital, after the grant, will become worth KD 26,964,000 by 2015.

With respect to our vision for the current year 2015, we realize that the world economy is facing big challenges and our Gulf region lies in the middle of it, due to the large decline in oil prices, which will have big impacts on the averages growth in both public and private sectors. And we have conducted a comprehensive review of our entire short and medium term investment plans to equilibrate between liquidity and profitability rates in order to ensure and stabilize liquidity rates and cash flows in such a manner they don't affect the operational activities.

Besides, the restructuring process conducted in the past and which began to bring its fruits at all levels, and was obviously felt and detected not only by the shareholders but also by the members of the general assembly, contributed and will continue contributing in the future in order to develop the work system in a more positive way, Allah willing. Moreover, the current financial position of the Company offers the opportunity to benefit from any slowdown in growth rates since it increases the quality and quantity of investment opportunities from that we can exploit gain.

The current teamwork system adopted, moving the Company forward as a whole solid entity, increases the board of directors' faith and confidence in the executive management ability to perform required tasks in the best way and to achieve the best returns for shareholders, better still, to spare the Company the non-calculated risks of investments. And if the last year was considered as repositioning the Company to the normal situation and correcting its orientation, we can say that this year and the coming ones with the help of Allah will be the engine that will push the Company into the ranks of groups at the local and regional levels.

I would like to note that the Company will not distribute cash dividends for the year 2014. In addition to that, there will not be any remuneration for the Board Members, and the Board Members did not enjoy any benefits or advantages during the year.

As you are aware that Al-Salam Group Holding Company being an Islamic Investment Company, is very keen on adhere to the Rules and Standards of the Islamic Sharia in all its operations and transactions including all the financial services provided through the executive body of its associate and subsidiary companies as well according to the recommendations and instructions of the Sharia Supervisory Board.

At the end of this speech, I would like to extend my thanks, deep appreciation and gratitude to the members of the Board of Directors, members of the Sharia Board and the executive management for their support and efforts and to all the shareholders who have confidence in Al-Salam Group Holding Company and to all the employees of the Company for their efforts and hard work contributed, after ALLAH the Almighty, in the outstanding march which has maintained the progress of the Company in maximizing its assets and increasing the shareholders returns.

May Allah's peace, mercy and blessings be upon you

Meshari Ahmed Al Majed

Chairman

Management Report on Activities 2014

Following is an analysis of the financial position as at 31st December 2014 according to the Company's performance over the year 2014 compared to 2013. The contents of the analysis are based on the audited financial statements for the years 2013 – 2014.

Assets

Al-Salam Group had restructured its assets during the year 2014 and this was to support the sustainable growth of the Company and the achievement of greater benefit to the shareholders in the near future and that, Allah willing, will bear fruit in the coming years. Consequently, the assets have been restructured and the distribution of the assets portfolio has changed based on the available opportunities for our Group to acquire additional stakes in associate and subsidiary companies in order to increase its share of profits from their performance and results.

During the year, the Company managed to make Takaful International for Takaful Insurance Company one of its subsidiaries by increasing its stake from 41.71% to 87.53%. Besides, the Company succeeded in increasing its investment in Gulf Petroleum Investment Company ("GPI"), a Kuwaiti investment company listed on Kuwait Stock Exchange market, which resulted in the possession of our Company of more than 20% of GPI capital

On the other hand, one of Al-Salam Holding's subsidiaries, owning Al-Sary Company, has witnessed an increase in the total operational contracts to reach KWD 21 million, with 14 contracts being executed with different governmental bodies.

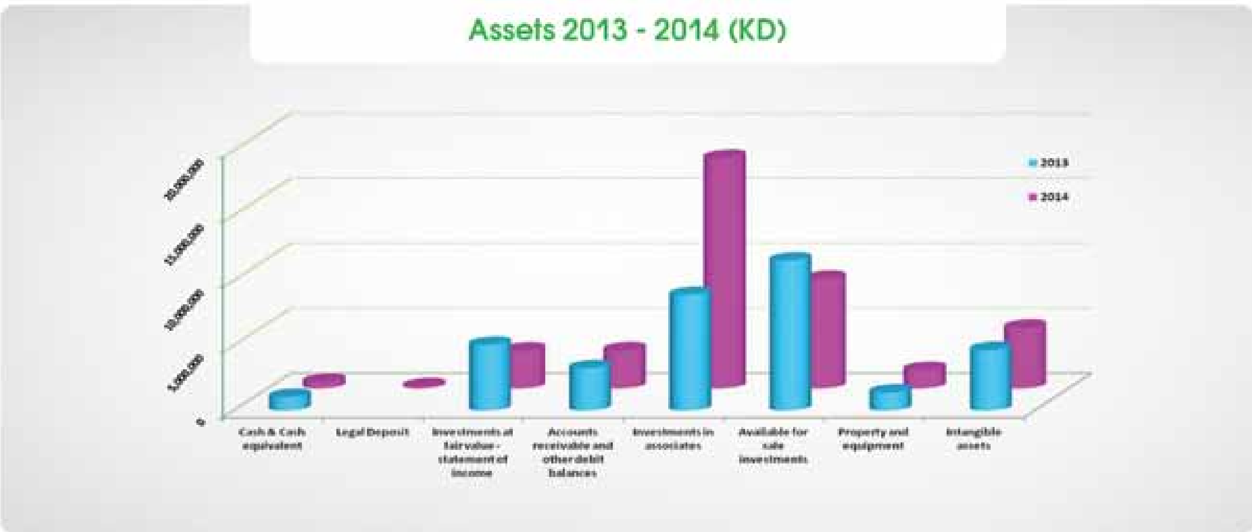
Following the Company's adopted strategy of assets' restructuring; the Company's total assets witnessed an increase by 7.84% by the end of the year 2014 reaching KD 38,586,656 after it was only KD 35,779,805 at the end of 2013.

In fact, the accomplished acquisitions had a remarkable impact over the assets' restructuring. Especially after the control of 20% of GPI capital, there was an increase in investment in associates by 99% as it reached KD 17,733,800 in 2014 after it was valued KD 8,894,726 by the end of 2013. Moreover, this explains the decline in investments available for sale by 27% between 2013 and 2014 to be worth KD 8,410,439 at the end of 2014.

However, the investments at fair value decreased by 42.95 % compared to year 2013 to become KD2,884,443 and that was due to the sale of some of these investments as well as the decline in values of quoted local investment because of the stock market crisis that took place in the last quarter of 2014

As for the rest of the Company' assets, they had experienced a slight growth between 2013 and 2014

The following chart demonstrates the Company's total assets for the two successive years 2013 and 2014.



Liabilities & Shareholders' Equity

With regard to liabilities, it should be noted that the Company is free of leverage and has no obligations towards banks since there are neither loans nor bank facilities to external parties through the year 2014.

We would also like to note that the Company relies on self-financing policy. Indeed, the total equity represented 91% of total assets in 2013, while liabilities accounted for the same year 9% of total assets reflecting the Company's eagerness to reduce external burdens in order to avoid overburdening the Company.

The Company continued implementing the self-financing strategy as the total equity has seen an increase in its contribution of financing total assets by 2%, since it represented in 2014 the percentage of 93% of total assets which led to a decline in external financing rate to be roughly accounted for only 7% of total assets. This expresses clearly the Company's ability to meet easily its financial obligations towards creditors.

Most of the liabilities consist in payables related to the Company's activities. In spite of the Group's assets restructuring through the acquisitions made during the year, these payables decreased by 20.3% compared to year end 2013 reaching KD 2,540,958 for year 2014. One of the most important items of accounts payable consists of payables against main operational activities in subsidiaries with a value of KD 1,338,750. This is due to the operational expansion of one of the subsidiaries that aimed to buy a range of assets in order to support its expansion policy in its future contracts.

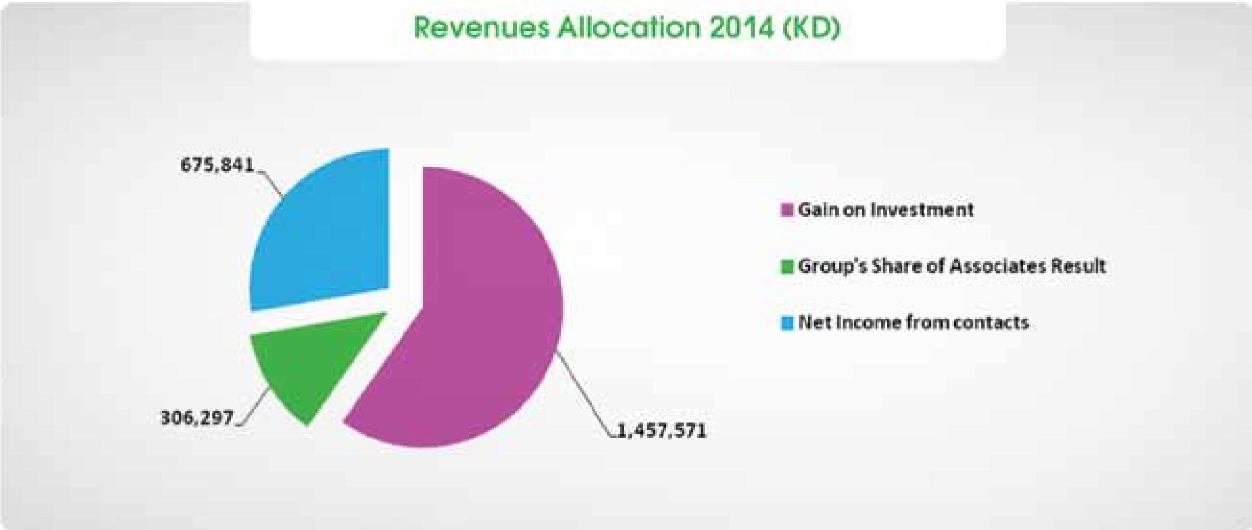
Revenues

The process of restructuring Al-Salam Group assets made by management over the past years and which continued implementing the same during year 2014, in order to support the sustainable growth of the Company and the achievement of greater benefit to the shareholders in the near future and that, Allah willing, has already started bearing its benefits. Actually, the process of assets' restructuring and the change in their distribution according to available investment opportunities for the Group, allowed the achievement of net profit attributable to shareholders of the parent Company for the year 2014 amounting to KD 1,974,553 thus recording a remarkable increase of 949% in comparison with 2013.

The Company has been able to achieve high returns on investments reaching KD 1,457,571 after having suffered a loss valued at KD 196,131 by the end of 2013. This is mainly due to the acquisition of additional shares in Gulf Petroleum Investment Company, which resulted in the possession of more than 20% of its capital.

Besides, the acquisitions transactions that occurred allowed your Group to benefit from the results of associate companies valued at KD 306,297 after they didn't exceed KD 2,046 during the year 2013.

On the other hand, the net profits of contracts amounting to KD 675,841 contributed to the achievement of the Company's profits during 2014.



Profitability

Indicator	2014	2013
Net Profit attributable to Shareholders of the Parent Company (KD)	**1,974,553**	188,238
Earnings per Share (Fils)	**7.69**	0.73
Return on Equity %	**5.60**	0.58
Return on Assets %	**5.12**	0.53
Book Value per Share (Fils)	**137**	126

All indicators clearly highlight the overall improvement and progress experienced by Al-Salam Group Holding during 2014. This was mainly due to the net profit for the year attributable to shareholders of the parent Company, which rose by 949% in 2014 to stand at KD 1,974,553. Accordingly, this affected directly the earnings per share which reached 7.69 fils per share, while it didn't exceed 0.73 fils per share by the end of 2013. Thereby achieving tremendous progress resulting in higher book value per share in 2014 amounting to 137 fils after it was 126 fils in 2013. All this shows clearly the Company›s outstanding achievements during 2014 and triggering the positive effects of our assets restructuring policy adopted with the perspective of better future, Allah willing, serving the interests of all shareholders of Al-Salam Group Holding Company.

Besides, among the positive indicators the Company enjoyed during 2014, we mention the return on equity which increased by 865%. At the same time, return on assets stood at 5.12 % in 2014 while it did not exceed 0.53% during 2013.

Kuwait, 11/3/2015

RAQABA Global for Sharia'a Consultations

Shari'ah Supervisory Board Report

Thanks to Allah only, Prayers and Peace be upon the last prophet and his family and companions.

Dear Shareholders,

Al-Salam Group Holding Company, K.S.C (public)

Kuwait

Shari'ah Compliance Report,

We have audited the contracts and the transactions executed by Al-Salam Group Holding Company (the Company) and its subsidiaries (together referred as the Group) during the financial year ended on 31/12/2014 to express an opinion about the extent of the Company's compliance with the rules of Shari'ah as per the Shari'ah standards issued from the Shari'ah Board for Accounting and Auditing Islamic Financial Institutions, decisions of doctrinal Associations and legal authorities accepted by us.

Responsibility of the Management on Shari'ah Compliance,

The compliance responsibility to implement the contracts and the transactions according to the provisions of Islamic Shari'a accepted by us shall reside with the Company's management. The management is also responsible about the required Internal Shari'ah Control to assure the execution of the contracts and the transactions according to the provisions of Islamic Shari'a accepted by us.

Responsibility of Shari'a Control Board,

Our responsibility is limited to expressing an independent opinion about the Company's compliance with accepted by us rules and principles of Shari'ah based on our audit. We have conducted our audit in accordance with standards and criteria issued by Accounting and Auditing Islamic Financial Institutions and in accordance with the international standards of assurance operations issued by the International Auditing and Assurance Standards Board that both require us to abide by professional code of ethics and plan and implement the required auditing procedures to obtain all information, interpretations, representations and assurances that we deem necessary to provide us with adequate evidences to give a reasonable assurance that the Company is in compliance with the accepted by us rules of Islamic Sharia.

Audit performance include procedures to obtain audit proves in regards to the extent of compliance with Shari'ah rules and principles accepted by us. We believe that audits carried out by us provide an appropriate basis to give our opinion.

Opinion,

- One of the Group's subsidiaries paid interests equal to KD1,155 due to a renewal of a stocks forward contract, and the Group had overdrawn an account in a conventional bank. And this does not have any consequences on the legitimacy of revenues.

In our opinion, all contracts and transactions executed by the Group during the financial year ended on 31/12/2014 were executed in compliance with the sharia'h laws and principles accepted by us.

Zakat,

The Company's Zakat was calculated in accordance with the criteria approved by us and under our supervision. The due Zakat amount on shareholders (investors) for the year ended 31/12/2014 is KD471,642 which is KD0.00184 per share. The company is not entitled to pay Zakat and therefore the payment of Zakat resides under the shareholders' responsibility.

- Trader's Zakat calculation equation:

number of shares held x market price per share as on the Zakat date x (2.5% for Hijri year and 2.577% for the Gregorian year)

Allah's peace, mercy and blessings be upon you.

Dr. Abdul Bari Mashal Chairman, Shari'ah Board	**Sheikh. Mohamed Fouad Al-Badr** Member, Shari'ah Board	**Sheikh. Waqayan Othman Al-Waqayan** Member, Shari'ah Board

**Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait**

Consolidated financial statements
for the year ended December 31, 2014
with
Independent auditors' report

Contents

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A world-wide network of independent Accounting Firms and Business Advisers.

Independent Auditors' Report

The Shareholders,

Al Salam Group Holding Company

K.S.C (Public)

and its subsidiaries

Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Al Salam Group Holding Company - K.S.C (Public) - (the Parent Company) and its subsidiaries (together referred to as "the group") - which comprise the consolidated statement of financial position as of December 31, 2014 and the consolidated statements of income, comprehensive income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management of the Parent Company 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 misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent Company'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 Parent Company'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 reasonable basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion - the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Al Salam Group Holding Company - K.S.C (Public) and its subsidiaries - as of December 31, 2014 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the parent company, physical counting was carried out in accordance with recognized practices, the consolidated financial statements together with the financial contents of the report of the parent company's Board of Directors are in accordance therewith. Also, we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate the information that is required by the Companies' Law no. 25 of year 2012, as amended and related Executive Regulations, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation and the parent Company's memorandum and articles of association. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 25 of year 2012, as amended and related Executive Regulations, law no. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation or of the parent Company's memorandum and articles of association during the financial year ended December 31, 2014 that might have had a material effect on the parent Company's business or its consolidated financial position.

Abdul Hussein Mohammad Al-Rsheed
License No. 67 (A)
Rödl Middle East
Burgan - International Accountants

Adel Al- Sanea
Auditors Registry No. 86 Category (A)
Kuwaiti Accountant Auditing
A member of H.L.B International

January 22, 2015
State of Kuwait

Consolidated Statement of Financial Position

as of December 31, 2014
"All amounts are in Kuwaiti Dinars"

	Note	2014	2013
Assets			
Cash and cash equivalents		**475,557**	1,025,355
Term Deposit		**135,000**	-
Investments at fair value - statement of income	5	**2,884,443**	5,056,560
Accounts receivable and other debit balances	6	**2,902,410**	3,248,433
Available for sale investments	7	**8,410,439**	11,528,541
Investment in associates	8	**17,733,800**	8,894,726
Intangible assets	9	**4,649,170**	4,649,170
Property and equipment	10	**1,395,837**	1,377,020
Total assets		**38,586,656**	35,779,805
Liabilities and equity			
Liabilities			
Accounts payable and other credit balances	11	**2,540,958**	3,188,995
Provision for end of service indemnity		**111,053**	97,470
Total liabilities		**2,652,011**	3,286,465
Equity			
Share capital	12	**25,680,000**	25,680,000
Share premium	13	**5,904,559**	5,904,559
Statutory reserve	14	**820,507**	616,237
Voluntary reserve	15	**17,978**	17,978
Cumulative changes in fair value		**(721,147)**	(1,333,716)
Group's share of associate reserves		**228,401**	-
Gains on sale of treasury shares		**730,372**	730,372
Retained earrings		**2,616,896**	846,613
Equity attributable to shareholders of the Parent Company		**35,277,566**	32,462,043
Non controlling interests		**657,079**	31,297
Total equity		**35,934,645**	32,493,340
Total liabilities and equity		**38,586,656**	35,779,805

Meshari Ahmed Al Majed
Chairman

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

Consolidated Statement of Income

for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinars"

	Note	2014	2013
Revenue			
Gain/(losses) on investments	16	**1,457,571**	(196,131)
Group's share of associates' results	8	**306,297**	2,046
Net contracting income	17	**675,841**	713,599
Other income		**805**	-
General and administrative expenses	18	**(407,715)**	(320,738)
Net profit for the year before calculate Contribution to Kuwait Foundation for the Advancement of Science, Zakat and National Labor Support Tax		**2,032,799**	198,776
Contribution to Kuwait Foundation for the Advancement of Science		**(8,598)**	-
Zakat		**(17,014)**	-
National Labor Support Tax		**(42,535)**	(4,827)
Net profit for the year		**1,964,652**	193,949
Attributable to:			
Shareholders of the Parent Company		**1,974,553**	188,238
Non-controlling interests		**(9,901)**	5,711
Net profit for the year		**1,964,652**	193,949
Earnings per share / (fils)	19	**7.69**	0.73

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

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinars"

	2014	2013
Net profit for the year	**1,964,652**	193,949
Other comprehensive income :		
Cumulative changes in fair value	**636,205**	(1,355,643)
Transferred to statement of income from sale available for sale investments	**17,182**	-
Group's share of associate reserves	**228,401**	-
Transferred to statement of income from impairment in fair value of available for sale investments	**892,375**	-
Transferred to statement of income on acquisition of an associate	**(931,700)**	-
Total other comprehensive income/(loss) for the year	**842,463**	(1,355,643)
Total comprehensive income/(loss) for the year	**2,807,115**	(1,161,694)
Attributable to:		
Shareholders of the Parent Company	**2,815,523**	(1,167,405)
Non-controlling interests	**(8,408)**	5,711
Total comprehensive income/(loss) for the year	**2,807,115**	(1,161,694)

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

Consolidated Statement of Cash Flows

for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinars"

	2014	2013
Cash flows from operating activities		
Net profit for the year	**1,964,652**	193,949
Adjustments		
Provision for end of service indemnity	**12,248**	26,976
(Gains)/losses on investments	**(1,457,571)**	196,131
Losses from sale property and equipment	**5,114**	-
Depreciation	**275,782**	219,793
Group's share of associates' results	**(306,297)**	(2,046)
Adjusted profit before calculate the effect of change in working capital items	**493,928**	634,803
Investments at fair value - statement of income	**2,141,336**	1,512,774
Accounts receivable and other debit balances	**910,771**	(996,383)
Accounts payable and other credit balances	**(2,057,826)**	621,914
Cash generated from operations	**1,488,209**	1,773,108
End of service indemnity paid	**(10,542)**	(34,688)
Net cash generated from operating activities	**1,477,667**	1,738,420
Cash flows from investing activities		
Available for sale investments	**2,162,302**	(6,568,721)
Proceeds from sale property and equipment	**7,000**	-
Property and equipment	**(117,610)**	(204,124)
Cash dividends received	**19,507**	-
Investments in associates	**-**	7,352,968
Acquisition of subsidiary	**(4,086,664)**	(1,994,526)
Net cash used in investing activities	**(2,015,465)**	(1,414,403)
Cash flows from financing activities		
Net movement on non-controlling interests	**(12,000)**	-
Finance and Musharka	**-**	444,401
Cash dividends paid	**-**	(14,556)
Net cash (used in)/generated from financing activities	**(12,000)**	429,845
Net (decrease)/increase in cash and cash equivalents	**(549,798)**	753,862
Cash and cash equivalents at beginning of the year	**1,025,355**	271,493
Cash and cash equivalents at end of the year	**475,557**	1,025,355

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

Consolidated Statement of Changes in Equity

for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinars"

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Group's share of associate reserves	Gains on sale of treasury shares	Retained earnings	Total equity attributable to shareholders of the Parent Company	Non controlling interests	Total
Balance at January 1, 2013	24,000,000	5,904,559	596,930	17,978	21,927	-	730,372	2,357,682	33,629,448	25,586	33,655,034
Bonus shares	1,680,000	-	-	-	-	-	-	(1,680,000)	-	-	-
Net profit for the year	-	-	-	-	-	-	-	188,238	188,238	5,711	193,949
Other comprehensive loss for the year	-	-	-	-	(1,355,643)	-	-	-	(1,355,643)	-	(1,355,643)
Total comprehensive loss for the year	-	-	-	-	(1,355,643)	-	-	188,238	(1,167,405)	5,711	(1,161,694)
Transferred to statutory reserve	-	-	19,307	-	-	-	-	(19,307)	-	-	-
Balance at December 31, 2013	25,680,000	5,904,559	616,237	17,978	(1,333,716)	-	730,372	846,613	32,462,043	31,297	32,493,340
Balance at January 1, 2014	25,680,000	5,904,559	616,237	17,978	(1,333,716)	-	730,372	846,613	32,462,043	31,297	32,493,340
Dividend from subsidiary	-	-	-	-	-	-	-	-	-	(12,000)	(12,000)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	646,190	646,190
Net profit for the year	-	-	-	-	-	-	-	1,974,553	1,974,553	(9,901)	1,964,652
Other comprehensive income for the year	-	-	-	-	612,569	228,401	-	-	840,970	1,493	842,463
Total comprehensive income for the year	-	-	-	-	612,569	228,401	-	1,974,553	2,815,523	(8,408)	2,807,115
Transferred to statutory reserve	-	-	204,270	-	-	-	-	(204,270)	-	-	-
Balance at December 31, 2014	**25,680,000**	**5,904,559**	**820,507**	**17,978**	**(721,147)**	**228,401**	**730,372**	**2,616,896**	**35,277,566**	**657,079**	**35,934,645**

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

Note to the Consolidated Financial Statements

for the year ended December 31, 2014
"All amounts are in Kuwaiti Dinars unless stated otherwise"

1. Incorporation and activity

Al Salam Group Holding Company - K.S.C (Public) was incorporated on November 9, 1997.

The Parent Company's main activities are as follows:

- Owning shares in Kuwaiti or Foreign shareholding or limited liability companies, or participating in establishing these companies and managing and lending them and providing guarantees on their behalf to others.
- Lending the companies in which it owns shares and providing guarantees on behalf of those companies to others, providing that the holding Company's ownership percentage in the share capital of the borrowed Company must be at least 20%.
- Owning industrial equity of patents, industrial trademarks, industrial fees or any other rights related to that and franchise them to other companies to utilize them inside Kuwait or abroad.
- Owning the necessary movables and properties to carry out its activity in accordance with the Law.

The Parent Company may have an interest in, or may participate in any form with the institutions that have a similar business or that will assist the Parent Company to achieve its objectives inside or outside Kuwait and it may establish or participate in or acquire these institutions or join them.

The registered address of the Parent Company is: Al-Qibla - Plot (5) - Building (11) owned by Mousa Abdullwahab Al Naqee - Kuwait.

The Board of Directors approved these consolidated financial statements for the year ended December 31, 2014 for issue on January 22, 2015.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014:

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

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

a) Obtain funds from one or more investors for the purpose of providing them with investment management services;

b) Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Group is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

- **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities**

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off'. The amendments also classify the application of the IAS 32 offsetting criteria to settlement systems (such as central cleaning house systems) which apply gross settlement mechanisms that are not simultaneous.

That adoption of the amendments is not expected to have any impact on the consolidated financial position, performance, as disclosures in the consolidated financial statements of the Group.

- **Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets**

The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. the amendments also require disclosure of the recoverable amounts for the assets as cash generating units (CGUs) for which impairment loss has been recognized as reversed during the period.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

2.2 New and revised IFRSs in issue but not yet effective:

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

- **IFRS 9: Financial Instruments**

(Effective for annual periods beginning on or after January 1, 2018 with earlier application permitted).

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

- **IFRS 15: Revenue from Contracts with Customers**

(Effective for annual periods beginning on or after January 1, 2017 with earlier application permitted).

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for group to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that group should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-Step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, the group recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

- **Amendments to IFRS 11: Accounting for Acquisitions of Interest in Joint Operations**

(Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization**

(Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).

The amendments to IAS 16 prohibit group from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue; or

b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The Group believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets.

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

(Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

- **Amendments to IAS 19: Defined Benefit Plans - Employee Contributions**

(Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).

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

For contributions that are independent of the number of years of service, the group may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the group is required to attribute them to the employees' periods of service.

The management anticipates that the new standards will be adopted in the Group's accounting policies for the period beginning on or after the effective date of the pronouncement, and those new standards that have been issued but are not relevant to the Group's operations will not be expected to have a material impact on the Group's financial statements.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

3.1 Basis of presentation

- These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies Law requirements.
- The accounting policies used in preparation of these consolidated financial statements are consistent with those used in preparation of the consolidated financial statements of the previous year.

3.2 Accounting convention

- These consolidated financial statements are prepared under the historical cost convention, adjusted through the revaluation of some assets according to fair value as explained in detail in the accompanying policies and disclosures.
- The consolidated financial statements are prepared in Kuwaiti Dinar.

3.3 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with International Financial Reporting

Standards requires the use of estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management best knowledge, the actual results may differ from those estimates.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, at banks and short term deposits with a maturity date not exceeding three months from the date of deposit.

3.5 Basis of consolidation the financial statements

The consolidated financial statements include the financial statements of Parent Company and its subsidiaries as of December 31, 2014 (Note - 4).

Subsidiaries are the companies controlled by the group. Control is achieved where the group directly or indirectly has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.The results of subsidiaries acquired (or disposed of during the year) are included in the consolidated financial statements from the date of acquisition (or up to the date of disposal).

The financial statements of subsidiary are consolidated on a line-by-line basis by adding together alike items of assets, liabilities, revenues and expenses.

All inter-company balances and transactions, including unrealized profits or losses between the companies, are eliminated when preparing the consolidated financial statements.The consolidated financial statements are prepared using consistent accounting policies and for like transactions and other events in the same circumstances.

The financial statements of subsidiary are prepared at the same date or within three months before the financial year ends of the group, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries financial year date and the group's financial year date.

Non-controlling interests represent the portions of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of income and within equity in the consolidated financial position separately from the equity of the shareholders. Acquisition of subsidiaries are accounted according to the purchasing method as the cost of acquisition represents the fair value of the amounts paid, assets acquired and liabilities that carried to acquire the subsidiary in addition to the direct costs related to the acquisition.

Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill, if the cost acquisition is less then fair value of the net assets of the subsidiary acquired the difference is recognized directly (decreased when acquired) in the consolidated statement of income in the period of acquisition.

3.6 Financial instruments

Classification

The investments classification depends upon the purpose of acquisition the investment. Management determines this classification at initial acquisition of financial instruments and reviews this classification at the preparation of consolidated financial statements.The group classified its financial instruments as follows:

Financial assets at fair value - statement of income

A financial asset is classified in financial asset at fair value if it acquired principally for the purpose of selling in the short term or if the management decides to classify it in the initial recognition.

Financial assets available for sale

These are non-derivative financial assets that are not included in any of the above categories and are principally acquired to be held for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Recognition and de-recognition

Financial instrument is recognized when the group becomes a party to a contracted commitment of a financial instrument. Regular purchase and sale of financial assets are recognized on settlement date - the date on which the group receives or delivers the asset. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership to another party.

Measurement

All investments are initially recognized at fair value plus transaction costs for all investments not carried at fair value - statement of income as its transaction costs are recognized in the consolidated statement of income. Subsequently, financial assets at fair value - statement of income and financial assets available for sale are re-measured at fair value.

Unrealized gains and losses arising from changes in the fair value of financial assets at fair value - statement of income are included in the consolidated statement of income in the period in which they arise. Changes in fair value of financial assets available for sale are recognized directly in equity. When available for sale investments are sold or impaired, the accumulated changes in fair value recognized in equity are included in the consolidated statement of income.

Fair value

The fair value of financial instruments in a regular financial market is based on last bid prices.

For the unquoted investments, the group establishes fair value by reference to other instruments that are substantially similar or by using the expected discounted cash flows discounted by the current ratios applied for similar items that have similar risks and circumstances. Available for sale investments, with no available reliable measurement instrument to determine its fair value are carried at cost less impairment.

Impairment in value

The group assesses at each consolidated financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale investments, a significant or prolonged decline in the fair value of these investments below its cost is considered as an indicator that these investments are impaired.

If any evidence for impairment exists for available for sale financial assets, the cumulative losses measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognized in prior years are transferred from equity to the consolidated statement of income.

Impairment losses recognized on equity instruments are not reversed through the consolidated statement of income again.

3.7 Investment in associates

An associate is the company over which the group exerts significant influence. Investment in associates is accounted under the equity method.

Under the equity method, the investment in associate is initially recorded at cost and adjusted with changes after acquisition in the group's share of the associate's equity.The goodwill related to acquire an associate is included in the book value of the investment and not amortized.

The group recognizes its share in profits or losses of an associate realized in the consolidated statement of income from the date that the influence started effectively until the date that influences effectively ended .Adjustments on the carrying amount may also be necessary to reflect the changes in the group's share in the associate arising from changes in the associate's equity.The group share as a result of these changes is recognized in the equity.

Unrealized gains from transactions with associates are eliminated to the extent of the group's share in the associate, unrealized losses are eliminated unless the transaction provides evidence of impairment in value of the asset transferred.An assessment for impairment in investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.

The associate's financial statements are prepared at the same date of the group's reporting date or to a date not earlier than three months of the group's reporting date using consistent accounting policies.There were adjustments made to reflect the effects of significant transactions and other events that occurred between the associate financial year end and the group's financial year end.

3.8 Intangible assets and goodwill

Identifiable non-monetary assets acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets with indefinite useful lives are not subject to amortization and are tested at least annually for impairment.

Intangible assets which have a finite life are amortized over their useful lives. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of identifiable net assets acquired in a business combination or the associates at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is allocated to each cash generating unit for the purpose of impairment testing. Goodwill is testing at least annually for impairment and carried at cost less accumulated impairment losses. Gain or losses on disposal of the subsidiary or a part of the subsidiary include the carrying amount of goodwill relating to the subsidiary or the portion sold.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible assets is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss taken to the consolidated statement of income and that relating to goodwill cannot be reversed in the subsequent periods.

3.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The recoverable value of property and equipment are reviewed at the consolidated financial position date. If the recoverable value for property and equipment decreased from the book value in which case the book value is written down to the recoverable value. If the useful lives are different from its estimated lives then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactive periods.

Property and equipment are depreciated on straight line basis to reduce its value to the residual value over their estimated useful lives. The useful lives of the property and equipments are as follow:

Furniture and air conditions	20%
Machines and equipment	10%
Decorations and fixtures	20%
Motor vehicles	15%
Computers	20%

3.10 Impairment of non-financial assets

At each consolidated financial position date, the group reviews the carrying amounts of its non-financial assets, to determine whether there is any objective evidence that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated and an impartment loss recognized in the consolidated statement of income for the difference between the assets recoverable amount is estimated and the carrying amount.

Reversal of impairment losses recognized in prior years is recorded as revenue, when there is an indication that the impairment losses, recognized for the asset no longer exist or has decreased.

3.11 Islamic debt instruments

The Islamic debt instruments are initially recognized at value which received from the contracts less transactions costs incurred. Islamic debt instruments are subsequently re-measured at amortized cost and the difference between net proceeds and the payable amount are recognized in the consolidated statement of income using effective cost method over the finance period.

3.12 Treasury shares

The treasury shares represents the shares of the Group purchased and were issue and then re-buy them later by the Group and has not been reissued or canceled. Treasury shares are accounted under cost method.

Under the cost method, the weighted average cost of the treasury shares is charged to an account in equity. When the treasury shares are sold, gains are credited in a separate account in equity (Gain on sale of treasury shares) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on the same account. Any excess losses are charged to retained earnings then voluntary reserve then statutory reserve. Realized gains subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and gain on sale of treasury shares account respectively. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares with the same percentage and reduces the average cost per share without affecting the total cost of treasury shares.

3.13 Finance charges

Interest on Islamic debt instruments is calculated on the accrual basis and is recognized in the consolidated statement of income in the period in which it is incurred.

3.14 Provisions

Provision is recognized when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each consolidated financial position date and adjusted to reflect the current best estimate.

3.15 Revenue recognition

- Revenue from Finance and Musharka is recognized, based on periodic distribution to achieve consistent return on outstanding balances of these transactions.
- Dividends income is recognized when the group's right to receive it is established.
- Gains on sale of investments are recognized by the difference between the cash sale proceeds and the net book value of the investment sold.
- Revenue is recognized from operations when the service is delivered and issuing an invoice, however revenue and expenses are recorded based on the accrual basis.
- Other categories of income are recognized when earned, at the time the related services are rendered and / or based on the terms of the contractual agreement of each activity.

3.16 Foreign currencies

The functional currency of the group is the Kuwaiti Dinar ("KD") and accordingly, the consolidated financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the average rates of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated into KD at rates of exchange prevailing at the consolidated financial position date. The resultant exchange differences are taken to the consolidated statement of income.

3.17 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but disclosed when an inflow of economic benefits is probable.

4. Investments in subsidiaries

These consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries:

	Shareholding percentage %			
	2014	2013	**Country of incorporation**	**Activity**
Al Dosr International for General Trading and Contracting Company (W.L.L)	**99%**	99%	Kuwait	General Trading and Contracting
Atlantic Group for General Trading and Contracting Company (W.L.L)	**99%**	99%	Kuwait	General Trading and Contracting

Al Dosr International for General Trading and Contracting Company (W.L.L) owing subsidiaries and their details are as follows :

	Shareholding percentage % 2014	2013	Country of incorporation	Activity
Asal Holding Company K.S.C (Holding)	**99.2%**	99.2%	Kuwait	Holding
Reflection Group for General Trading and Contracting Company (W.L.L)	**99%**	99%	Kuwait	General Trading and Contracting
Takaful International for Takaful Insurance K.S.C (Closed)	**87.53%**	41.71%	Kuwait	Takaful Insurance

- During the year, the Group increase share from 41.71% to 87.53% in Takaful International for Takaful Insurance K.S.C (Closed) hence the Group controlled on financial and operating policies thus the Company reclassified as subsidiary and consolidated financial information as of acquisition date (note – 8).
- Consolidated financial statements of subsidiary based of audited financial information as of December, 31 2014.

5. Investments at fair value - statement of income

	2014	2013
Investments in local shares - quoted	**149,325**	4,967,560
Investments in local shares - unquoted	**2,735,118**	89,000
	2,884,443	5,056,560

- The investments have been evaluated in accordance with valuation technique methods in note (3/6).
- Investments in unquoted shares are valuated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies.

6. Accounts receivable and other debit balances

	2014	2013
Due from related parties (Note - 20)	**657,524**	881,900
Advance payments for purchasing investments	**329,168**	504,168
Net trade receivables	**782,128**	688,866
Refundable depoists	**9,689**	2,229
Banks gurantee	**885,022**	865,069
Prepaid expenses	**190,281**	265,419
Staff receivables	**47,158**	35,782
Other	**1,440**	5,000
	2,902,410	3,248,433

As on December 31, the trade receivables aging were as follows:

2014

During 30 days	30-60 days	60-90 days	90-120 days	>120 days	Total
366,198	**205,364**	**71,134**	**60,059**	**79,373**	**782,128**

2013

During 30 days	30-60 days	60-90 days	90-120 days	>120 days	Total
-	-	407,564	221,019	60,283	688,866

The carrying value of accounts receivable and other debit balances approximates its fair value. The maximum exposure to credit risks at the reporting date is the fair value of each class of other debit balances mentioned above.

7. Available for sale investments

	2014	2013
Investments in local shares - quoted	**1,433,040**	4,986,624
Investments in local shares - unquoted	**6,977,399**	6,541,917
	8,410,439	11,528,541

- Investments in unquoted shares are evaluated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies.

8. Investments in associates

The details of these investments are as follow:

Company name	Shareholding percentage % 2014	2013	2014	2013
India Holding Company K.S.C (Holding)	**33.98%**	33.98%	**8,434,765**	8,487,626
Takaful International for Takaful Insurance K.S.C (Closed)	**-**	41.71%	**-**	407,100
Gulf Petroleum Investment Co. K.S.C (Public)	**20.09%**	-	**9,299,035**	-
			17,733,800	8,894,726

- During the financial year, the Group increase share from 41.71% to 87.53% in Takaful International for Takaful Insurance K.S.C (Closed) and reclassified from investment in associate to investment in subsidiary (note – 21).
- During the current year, the Group purchased additional shares in Gulf Petroleum Investment Co.- Kuwaiti shareholding company listed on Kuwait Stock Exchange, which resulted acquisition more than 20%, which resulted reclassification of available for sale investment to investment in an associate company ,Acquisition has been registered based on fair values of the net assets acquired by using financial information as of acquisition date, The management to prepare a detailed study to determine the fair values of assets and liabilities acquired.

  Resulted from the acquisition of an associate company and transferred cumulative change in the fair value of the investment held previously to the income statement as follows:

Temporary fair value for net assets acquired	**43,372,767**
The percentage of the Group›s ownership share (%)	**20.09%**
The fair value of the Group›s share of net assets acquired	**8,711,476**
Fair value as at the date of acquisition and the amount paid for the additional share	**(7,194,171)**
Gain on bargain purchase	**1,517,305**
Cumulative fair value of the transferred to statement of income when the acquisition of an associate company	**931,700**

Shown below summary of financial information relating to the company's Gulf Petroleum Investment Co K.S.C (Public) based on the available financial information (Unaudited) as of acquisition date:

	2014
Total assets	**60,907,057**
Total liabilities	**(17,187,837)**
Net assets	**43,719,220**

	2014
Total revenue	**7,829,429**
Total expenses	**(5,817,411)**
Net Profit	**2,012,018**
Group›s share in the contingent liabilities and commitment	**1,752,799**

- The Group's share of associate results India Holding Company K.S.C (Holding) has been recognized loss with amount KD 52,861 based on the audited financial statements as of December 31, 2014.
- Investment in associate - India Holding Company K.S.C (Holding) - includes goodwill with amount of KD 1,455,038.
- The Group's share of associate results Gulf Petroleum Investment Co K.S.C (Public) with amount of KD 359,158 has been recognized based on the unaudited interim financial information as of September 30, 2014.

  The movements of investments in associat companies are as follows:

	2014	2013
Balance at beginning	**8,894,726**	22,593,497
Transferred to subsidiaries	**(407,100)**	-
Transferred to available for sale investments	**-**	(6,337,095)
Transfer from available for sale investments	**7,194,171**	-
Disposals	**-**	(7,770,822)
Gain on bargain purchase	**1,517,305**	-
Group share of associate reserves	**228,401**	-
Group share of results of associates	**306,297**	2,046
Additions	**-**	407,100
	17,733,800	8,894,726

9. Intangible assets

This item represents the value of goodwill amounting to KD 2,654,644 resulted from acquisition of Asal Holding Company K.S.C. (Holding) though a subsidiary and goodwill amounting to KD 1,994,526 resulted from acquisition during the year of Atlantic Group for General Trading and Contracting Company (W.L.L). The management of the Group considers there is no any impairment in value of investment during financial year.

10. Property and equipment

	Furniture and Air condition	Machinery and Equipment	Decorations and fixtures	Vehicles	Computers	Total
Cost						
Balance at January 1, 2014	34,172	1,192,211	5,500	916,684	5,206	2,153,773
Addations	2,630	293,748	-	5,727	4,605	306,710
Disposals	-	(12,600)	-	-	-	(12,600)
Result from acquisition of subsidary	133,229	11,925	-	-	-	145,154
Balance at December 31, 2014	170,031	1,485,284	5,500	922,411	9,811	2,593,037
Accumulated depreciation						
Balance at January 1, 2014	23,600	320,214	5,499	425,069	2,371	776,753
Charged for the year	4,575	132,160	-	137,737	1,310	275,782
Disposals	-	(486)	-	-	-	(486)
Result from acquisition of subsidary	133,228	11,923	-	-	-	145,151
Balance at December 31, 2014	161,403	463,811	5,499	562,806	3,681	1,197,200
Net book value						
At December 31, 2014	**8,628**	**1,021,473**	**1**	**359,605**	**6,130**	**1,395,837**
At December 31, 2013	10,572	871,997	1	491,615	2,835	1,377,020

- The additions for property and equipment item include an amount of KD 189,100 was acquired in accordance with term selling contracts, the effect of this transaction has been eliminated from the consolidated statement of cash flows as it was a non-cash transaction.

11. Accounts payable and other credit balances

	2014	2013
Due to related parties (Note -20)	**177,773**	1,649,428
Payables for purchasing property and equipment	**557,384**	586,533
Payables insurance subscribers	**781,366**	-
Accrued expanses	**170,632**	169,610
Trade payables	**82,769**	47,822
Payables for purchasing financial investments	**211,281**	268,040
Staff-leave provision	**64,765**	60,556
Taxable deductions	**371,105**	294,757
Dividends payables	**121,670**	112,249
Other	**2,213**	-
	2,540,958	3,188,995

12. Share capital

The Parent Company's issued, authorized and paid-up share capital is KD 25,680,000 (Twenty Five Million and Six Hundred and Eighty Thousand Kuwaiti Dinar) divided into 256,800,000 shares (Two Hundred and Fifty Six Million and Eight Hundred Thousand shares) and all are in cash.

13. Share premium

The share premium is not available for distribution to shareholders, but can be used if the local laws don't state otherwise.

14. Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles and Memorandum of Association, 10% of net profit for the year before contribution to Kuwait Foundation for the Advancement of Science, Zakat and Board of Directors remuneration is transferred to the statutory reserve. The General Assembly may discontinue such annual transfer if the reserve excesses half of the share capital. Distribution of the reserve is limited to the amount required to secure distribution of dividends reached 5 % in years when retained earnings of the group are not sufficient that amount.

15. Voluntary reserve

As required by the Parent Company's Articles and Memorandum of Association a percentage of the net profit for the year is transferred to the voluntary reserve proposed by the Board of Directors and approved by the General Assembly. Such transfer may discontinue by a resolution of the Ordinary General Assembly of the Shareholders based on a recommendation from the Board of Directors.

16. Gain/(losses) on investments

	2014	2013
Gain/(losses) on sale of investments	**14,236**	(24,860)
Transferred to statement of income on acquisition of an associate	**931,700**	-
Gain on bargain purchase	**1,517,305**	-
Impairment losses from available for sale investment	**(892,375)**	-
Change in value of investments at fair value - statement of income	**(132,802)**	(171,271)
Cash dividends	**19,507**	-
	1,457,571	(196,131)

17. Net contracting income

	2014	2013
Revenue of contract	**4,408,837**	3,763,004
Cost of activity	**(3,732,996)**	(3,049,405)
	675,841	713,599

18. General and administrative expenses

	2014	2013
Staff costs	**202,652**	178,409
Provision for doubtful debts	**62,478**	-
Rent	**23,900**	10,970
Subscriptions and fees	**19,222**	22,107
Professional fees	**12,313**	18,112
Promotions and advertising	**15,948**	50,779
Traveling and transportations	**8,222**	14,005
Other	**62,980**	26,356
	407,715	320,738

19. Earnings per share/(fils)

Earnings per share is computed by dividing the net profit for the year by the weighted average of ordinary shares outstanding during the year as follows:

	2014	2013
Net profit for the year	**1,974,553**	188,238
Weighted average of outstanding shares during the year/(share)	**256,800,000**	256,800,000
Earnings per share/(fils)	**7.69**	0.73

20. Transactions with related parties

Related parties comprise of the associates, major shareholders, Board of Directors, key management personnel of the group, companies which they control or jointly controlled or significantly influence. The group's management determines the pricing policies and terms of these transactions. The balances and amounts due from/to related parties are interest free and have no specific maturity date.

The balances and movement of transactions with related parties which included in the consolidated financial statements are as follows:

Consolidated statement of financial position:	2014	2013
Due from related parties (Note - 6)	**657,524**	881,900
Due to related parties (Note – 11)	**177,773**	1,649,428

Consolidated statement of income:

Statement of income does not include any transactions with related parties during the year.

The transactions with related parties are subject to approval of the Shareholders' General Assembly.

21. Acquisition of subsidiaries

During the year, the Group increase share from 41.71% to 87.53% in Takaful International for Takaful Insurance K.S.C (Closed) hence the Group controlled on financial and operating policies thus the Company reclassified as subsidiary and consolidated financial information as of acquisition date.

	Takaful International for Takaful Insurance K.S.C (Closed)
Total assets	**6,413,004**
Total Liabilities	**(1,232,566)**
Net assets	**5,180,438**
Minority interest from acquisition of subsidiary	**(646,190)**
Group's share of net assets acquired	**4,534,248**
Less: Transferred from associate	**(407,100)**
Less: Cash and cash equivalents in subsidiary	**(40,484)**
Consideration paid	**4,086,664**

22. Contingent liabilities

As of December 31, 2014, the Group had contingent liabilities consists of letters of guarantee amounted to KD 1,953,221 (December 31, 2013: KD 1,139,332).

23. Shareholders' General Assembly

On May 11, 2014, the Ordinary and Extraordinary General Assembly of the Shareholders held and approved the consolidated financial statements for the year ended December 31, 2013 and approved the Board of Directors' proposal not to distribute bonus shares of the Parent Company's Share Capital for the year ended December 31, 2013, and also not to distribute bounces to the Board of Directors for the year ended December 31, 2013.

24. Proposed dividends

On January 22, 2015 Board of Director's proposed distribute bonus shares of 5% which equal 5 shares from each 100 share.

The proposal is subject to approval of Shareholders' General Assembly.

25. Segment distribution

The Group practices its main activities through two segments:

- Investment segment: The investments are represested in investment portfolios managed by others.
- General trade and contracting segment: is to provide services for others.

And the following is an analysis of information by segment results for the year ended December 31:

	2014			2013		
	Investment	**General trade and contracting**	**Total**	Investment	General trade and contracting	Total
Segment revenues	**1,763,868**	**4,408,837**	**6,172,705**	(194,085)	3,763,004	3,568,919
Segment results	**1,763,868**	**675,841**	**2,439,709**	(194,085)	713,599	519,514
Segment assets	**29,028,682**	**4,576,032**	**33,604,714**	25,479,827	3,962,583	29,442,410
Segment liabilities	**332,951**	**557,384**	**890,335**	380,289	586,533	966,822

	2014	2013
Total segment results	**2,439,709**	519,514
Other income	**805**	-
Other expenses	**(475,862)**	(325,565)
Net profit for the year	**1,964,652**	193,949
Total segment assets	**33,604,714**	29,442,410
Cash and cash equivalents	**82,851**	870,004
Term deposits	**135,000**	-
Receivables and other debit balances	**102,216**	802,921
Intangible assets	**4,649,170**	4,649,170
Property and equipment	**12,705**	15,300
Total assets	**38,586,656**	35,779,805

The group practices in geographic market are local market in the state of Kuwait.

26. Financial instruments and risks management

A) Significant accounting policies

Details of the significant accounting policies - including the criteria for measurement and recognition of revenue and expenses - in respect of each class of financial assets and liabilities are disclosed in Note (3) to the consolidated financial statements.

Categories of financial instruments

The group's financial assets and liabilities have been classified in the consolidated statement of financial position are as follows:

Financial assets	2014	2013
Cash and cash equivalents	**475,557**	1,025,355
Term deposit	**135,000**	-
Investments at fair value - statement of income	**2,884,443**	5,056,560
Accounts receivable and other debit balances	**2,902,410**	3,248,433
Available for sale investments	**8,410,439**	11,528,541
	14,807,849	20,858,889

Financial liabilities	2014	2013
Accounts payable and other credit balances	**2,540,958**	3,188,995

Fair value of financial instruments

Fair value of financial instruments is defined as the amounts at which the asset could be exchanged or a liability settled in a current transaction between knowledgeable willing parties in an arm's length transaction other than in forced or liquidation sale. The group used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid market is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from identifiable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

Fair value measurement recognized in the consolidated statement of financial position

The group adopted the amendments to IFRS 7 effective from January 1, 2013. These amendments require the group to present certain information about financial instruments measured at fair value in the consolidated statement of financial position

The following table presents financial assets and financial liabilities measured at fair value in the statement of consolidated financial position in accordance with the fair value hierarchy. This hierarchy group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

December 31, 2014	Level 1	Level 3	Total
Assets:			
Investments at fair value - statement of income			
Quoted securities	**149,325**	**-**	**149,325**
Unquoted securities	**-**	**2,735,118**	**2,735,118**
Investments at fair value - statement of income			
Quoted securities	**1,433,040**	**-**	**1,433,040**
Unquoted securities	**-**	**6,977,399**	**6,977,399**
	1,582,365	**9,712,517**	**11,294,882**
Liabilities:	**-**	**-**	**-**
Net fair value	**1,582,365**	**9,712,517**	**11,294,882**

The fair value of other financial assets and liabilities approximate its carrying amount as of the financial statements date.

The fair value of these other financial assets and liabilities has been determined according to the third level based on the management's estimations of expected cash flows.

December 31, 2013	Level 1	Level 3	Total
Assets:			
Investments at fair value - statement of income			
Quoted securities	4,967,560	-	4,967,560
Unquoted securities	-	89,000	89,000
Investments at fair value - statement of income			
Quoted securities	4,986,624	-	4,986,624
Unquoted securities	-	6,541,917	6,541,917
	9,954,184	6,630,917	16,585,101
Liabilities:	-	-	-
Net fair value	9,954,184	6,630,917	16,585,101

B) Financial risks management

The group's use of financial instruments exposes it to a variety of financial risks such as credit risks, liquidity risks, and market risks.

The group continuously reviews its risks exposures and takes the necessary procedures to limit these risks to acceptable level.

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur financial loss. Financial assets which potentially are subject the group to credit risk are mainly represented in cash and cash equivalents and accounts receivable and other debit balances. The group's cash and cash equivalents are placed with high credit rating financial institutions and also receivables are stated by net after deducting provision for doubtful debts (If any).

- **Liquidity risks**

Liquidity risks are the risks that the group will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities, managing highly liquid assets, and monitoring liquidity on a periodically basis by method of future cash flow.

The maturity of liabilities stated below based on the period from the consolidated financial position date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed and the liability settled.

The maturity analysis of financial liabilities as of December 31, 2014 is as follows:

	During one year	**More than one year**	**Total**
Accounts payable and other credit balances	**2,540,958**	**-**	**2,540,958**
Provision for end of service indemnity	**-**	**111,053**	**111,053**
	2,540,958	**111,053**	**2,652,011**

The maturity analysis of financial liabilities as of December 31, 2013 is as follows:

	During one year	More than one year	Total
Accounts payable and other credit balances	3,188,995	-	3,188,995
Provision for end of service indemnity	-	97,470	97,470
	3,188,995	97,470	3,286,465

- **Market risks**

Market risks comprises of interest rate risks , foreign currencies risks and equity price risks. These risks arise due to the changes in market prices, interest rates and exchange rates.

Foreign currencies risks

Foreign currencies risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Interest rate risks

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates in the market.

As the group has no significant bearing interest assets therefore group's the income and its operating cash flows are not affected by changes in market rates.

Equity price risks

Equity price risks are the risks that the fair value of equities fluctuates as the result of changes in the levels of equity indices and the value of individual stocks. These risks resulted from changes in the fair value of the investments in stocks.

The group is exposed to equity price risks as the group held investments which were classified at the consolidated financial position date as investments at fair value - statement of income and available for sale investments.

The effect on profit and equity as result of change in fair value of investments at fair value - statement of income and available for sale investments as of December 31, 2014 as a result of expected changes in Kuwait Stock Exchange Market by (±10%) and with all other variables held constant as follows:

	Effect on profit		**Effect on equity**	
	2014	2013	2014	2013
Kuwait Stock Exchange Market	**14,932**	78,143	**143,304**	498,626

The group manages these risks through diversifying its investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

27. Capital risks management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders and other Stakeholders through the optimization of the debt and equity balance.