تجارة

TIJARA

شركة التجارة والاستثمار العقاري ش.م.ك عامة

& REALESTATE INVESTMENT K.S.C (PUBLIC)

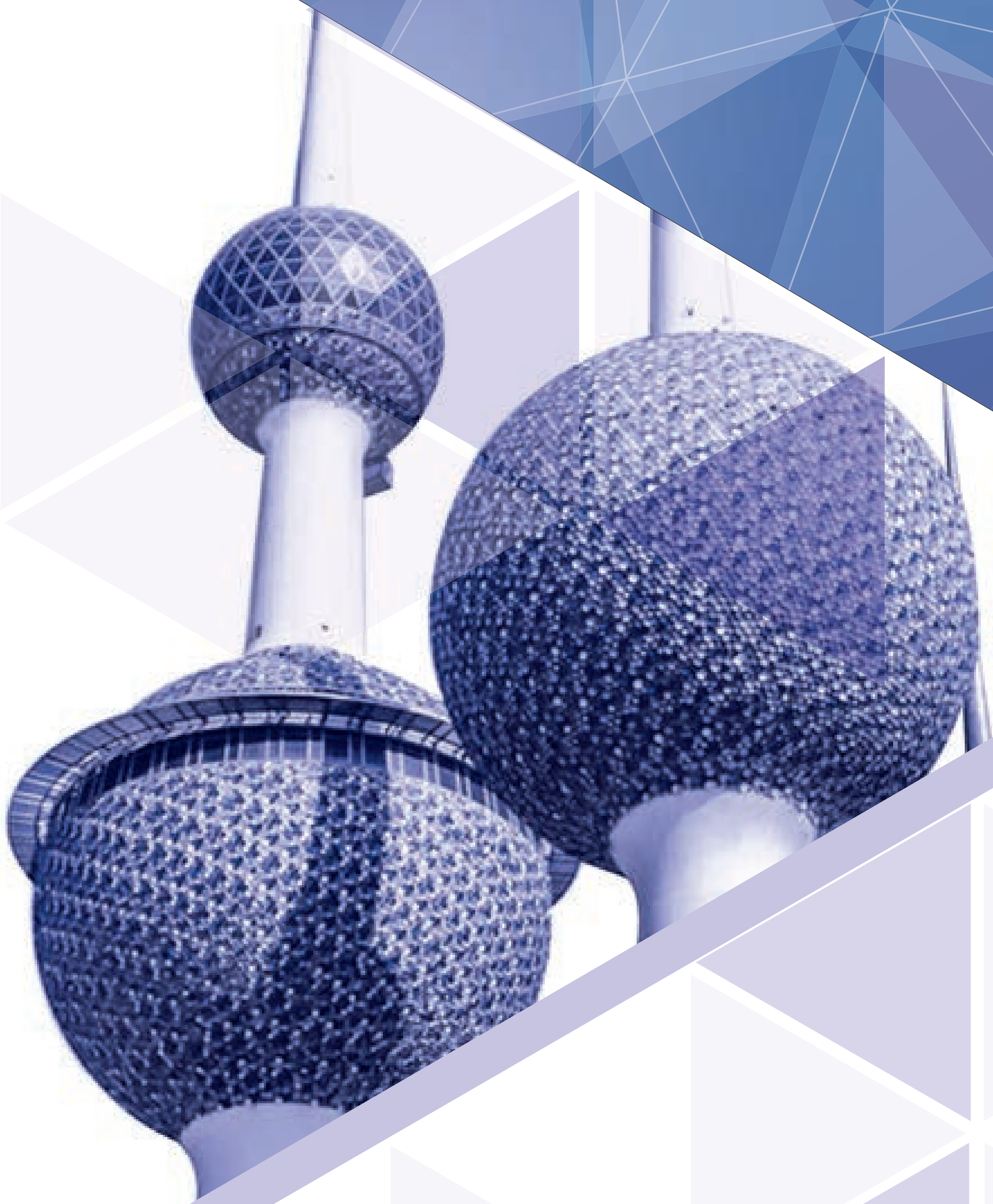
From Land to Landmark

Annual Report 2016

بسم الله الرحمن الرحيم

In The Name of Allah

The Most Gracious And The Most Merciful



His Highness Shaikh

Sabah Al Ahamad Al Jaber Al Sabah

The Amir of the State of Kuwait

His Highness Shaikh

Nawaf Al Ahmed Al Sabah

Crown Prince

Contents

Board of Directors Report for the Fiscal Year Ended on 31/12/2016

Dear shareholders.
Peace be upon you,

The year 2016 has closed its doors with expectations and hopes of a new dawn full of world's optimism and hopes that the coming future will be the best.

Dear shareholders,

The year 2016 was full of challenges for the World and Gulf economic, where International Monetary Fund has lowered its expectations for the world economic growth after the unexpected exit of Britain from the European Union. The country which exports Oil including Kuwait has encountered several challenges which required them to be united and consider in the necessary financial reforms to adapt with the current challenges in the region.
The rate of Kuwaiti Oil barrel has reached in 2016 about 38,9 USD which is lower than a rate of 48 USD in 2015, namely that it has lost 18,9%, but the difference in barrel rate has reached about 115,1% positively between the lowest rate of it in January 2016 which was about 23,3 USD and 50 USD for the rate of December in the same year. That means that it began very weak and ended in high level which is a good matter and that may be due to the agreement made by OPEC and the countries outside it and that agreement stipulates that the daily quantities of Oil withdrawn shall be limited after being exhausted by the war of excess production of Oil.

Kuwait Stock Exchange:

The Kuwaiti Exchange has ended 2016 with a difference in its three indexes whereas the price index raises the two indexes: the weighted index and the Kuwait 15 have retreated. The price index of the Exchange has succeeded to rise at the end of the year by 2,37% on level 5748,09 points in return of its closure in 2015 on 5615,12 points gaining about 133 points. In return the weighted index has registered an annual retreat of 1,61% and Kuwait 15 has decreased in about 15,4%. The trading size has reached during 2016 about 30,18 billion shares as a result of executing 708,82 thousand transactions which realized liquidity of about 2.85 billion Dinars. The trading average has reached during the year 122,18 million shares for one session in an amount of 11,55 million dinars as a result of executing 2.87 thousand transactions. The market value of Kuwait Exchange at the end of the year has risen in about 0,38% to reach 26,26 billion dinars in return of 26,16 billion dinars in 2015 in annual gains of about 100 million dinars.

Real Estate Market:

Regarding the real estate market, the market has witnessed in 2016 many stops, some of them are related to the retreat of Oil prices and the other was a result of governmental decisions which reflect its effect on the real estate sector directly or indirectly.
Recession was a general atmosphere of real estate market throughout the months of the year of 2016 accompanied with a retreat in the prices in the different real estate sectors and in all regions and locations approximately. Regardless of the dealers absence in a significant degree from the markets transactions and the heights of sale ratios in public auctions as a result of unpaid indebtedness's, where banks had an effective role in concluding the transactions of real estate sale in millions of dinars while some banks had acquired properties as a result of the insolvency of debtors and that there is not anyone wants to purchase under the market circumstances.
Statistics of Ministry of Justice, department of real estate registration showed that the total real estate trading till the end of 2016 was about 2499,2 million dinars in a retreat of 24,7% from the size of trading in the same period of 2015 which achieved about 3.3 billion dinars. There is a retreat in the monthly trading movement on real estate sectors without exception. The monthly rate of private housing trading has reached 88 million dinars in return of 75 million for "investment" and 42 million for "commercial".

Board of Directors Report for the Fiscal Year Ended on 31/12/2016

The following are the most prominent stops which the local real estate market had undergone during 2016 which were significant marks that had changed the market procedures and they are as the following:

Residential Real Estate

Residential Real Estate Sector had witnessed during 2016 a clear retreat in different residential areas both internal and external in ratios between 15% and 35% whereas correcting the prices was a must after they have reached very high rates. The year 2016 has also witnessed a recession in the trading movement as well and this was demonstrated by the statements issued by the Ministry of Justice, department of real estate registration whereas the recession wave started in limited ratios at the beginning of the year and became aggravating after that.

Investment Real Estate

The recession and retreats effect witnessed by the real estate market extended to the sector of investment real estate where its prices has witnessed what can be called a correction after being raised in aggravating rates and lost more than 15% of its value. The meter price has reached in many distinguished areas about 1500 dinars descending from 2000 dinars whereas in some other internal locations has retreated to 1000 dinars. The occupation ratios in investment buildings have witnessed a noticeable retreat reached about 5% to 15%. Some governmental decisions had a clear and effect role on the sector of investment real estate. The most important one of these decisions was approving the law of increasing the fees of electricity and water which were approved in accordance with the new tariff under the law. The effect of these decisions was a main and effective element in the processes of purchasing buildings.

Commercial Complexes

Some known commercial complexes in 2016 have decreased the rents in a ratio of 20% due to the bad economical situations.This was a big step to maintain the tenants in the complexes and it was not for attracting new tenants, in particular after the decrease of rents became a must as a result of the retreat in sales size in high ratios in many commercial stores.This makes store as a burden on the tenant's budget under current economical circumstances.

As for the sector of administrative offices, it did not achieve the growth expected by some, particularly after large number of new areas has been entered in the market and the decreasing request on leasing. The average values of rents were between 6-8 dinars for the squared meter.

Dear brothers,

As every year we communicate with you through our annual report, we are reassured undoubtedly that we have followed and are following the sound and methodological steps in dealing with the events surrounding us and that the choice taken by the company in relation to the recycling of the companys assets and transferring these assets into lucrative real estate assets and distributing the companys investments in many Gulf States was the right choice. The real estate assets of the company represent at the time being a ratio of 86,5% of the total assets of the company. These assets are divided into current lucrative assets which reach at the time being a ratio of 93,8% and other real estate assets which are being developed and transferred to be lucrative assets as well.

Locally, the company maintains its real estate which are represented in the 25 of February tower at Al Sharq area which represents one of the main pillars of the fixed revenues for the company whereas it is 100% leased, in addition to the companys real estate distributed in many places within the State of Kuwait.

Board of Directors Report for the Fiscal Year Ended on 31/12/2016

These real-estate enjoys high ratios of occupancies in a very good leasing prices comparing to the local market, taking into consideration that they are subjected to continuous follow up and development for assuring high ratios of occupancy and accordingly the increase of its revenues.

As for the companys real estate investments outside Kuwait, it is stable although of the bad economical situations during the previous period. It is progressing according to its drawn future plans. At the time being, work is being carried out to develop some of them and to increase the productivity of other.
The net profit in 2016 has reached an amount of KD 810,059 in comparison to 2015 in which the net profit has reached KD 772,980. The share has achieved a profit of 2.19 Fills per share in 2016 in comparison to a profit of 2.09 fills per share in 2015.
The total revenues and expenses in 2016 have reached an amount of KD 3,362,776 and an amount of KD 2,552,717 consecutively.

At last,

We would like to thank both of the administrative and the executive staff of the company as well as all officers and workers therein for their loyal efforts. We also thank the respectful brothers the legal control authority's members and the auditors.

We renew our gratitude and thanks to all brothers shareholders who have granted us with their trust during the previous period praying to Allah to guide us for the interest of the company.

God's peace and Mercy be upon you,

Sheikha / Yasmin Mubarak Al Jaber Al Sabah
Chairman

Acknowledgement and Undertaking of (Integrity and Fairness of Statements)

TIJARA تجارة

Kuwait on 16/01/2017

Acknowledgement and Undertaking of
(Integrity and Fairness of Statements)

We the chairman and the BODs members of Tijara and Real Estate Investment Company acknowledge and undertake that the Financial Statements provided to the exterior auditor are sound accurate, and the financial reports of the company were presented in fair and sound way in accordance with the International Accounting Standards applicable in the State of Kuwait. Those financial reports have expressed the financial position of the company as of 31 December, 2016 based on the information and reports provided to us by the executive management, auditors and we have exerted the due diligence for verifying the fairness and accuracy of these reports.

Member's Name	Position	Signature
Sheikha/ Yasmin Mubarak Al Jaber Al Sabah	Chairman	
Mr. Tareq Farid Abdul Rahman Al Othman	Vice Chairman and Executive President	
Sheikh / Abdullah Ali Al Khalifa Al Sabbah	Board Member	
Mr. Saad Nasser Faraj	Board Member	
Miss. Anoud Fadel Al Hathran	Board Member	

Sharq - 25 February Tower - Block 7 - Plot 24 - 33rd Floor - P.O Box : 5655 Safat - 13057 - Tel.: (965) 1888809 - Fax : (965) 22942687 - C.R. 34990 - Authorized , Issued & Paid Up Capital K.D. 37,000,000
www.tijara.com.kw

• First Rule

Building a Balance Structure for the Board of Directors:

The current Board of Directors has been formed on 12/05/2016 as the following:

Name	Member Classification (Executive/ Non- Executive) Secretary	Scientific Qualification and Practical Expertise	Date of Election/ Appointment of Secretary
Sheikha / Yasmin Mubarak Al Jaber Al Sabah	Non- Executive	Bachelor's Degree and 20 years of experience	12/05/2016
Mr. Tarek Farid Al Othman	Executive	Bachelor's Degree and 24 years of experience	12/05/2016
Mr. Saad Nasser Faraj	Independent	High School and 52 years of experience	12/05/2016
Miss. Anoud Fadel Al Hathran	Independent	Master's Degree and 15 years of experience	12/05/2016
Sheikh / Abdullah Ali Al Khalifa Al Sabah	Non- Executive	Bachelor's Degree and 5 years of experience	12/05/2016
Ms. Tahani Al Ajmi	Secretary of the Board	Master's Degree and 20 years of experience	12/05/2016

In 2016, the company had two Boards because the legal period of the previous Board had expired. The following tables detail the meetings of the previous, the current Board and the attendants therein.

Meetings of the previous BOD :

Name of member previous BOD	Meeting (1) held on 18/01/2016	Meeting (2) held on 11/02/2016	Meeting (3) held on 16/02/2016	Meeting (4) held on 25/04/2016	Meeting(5) held on 12/05/2016	No. of meetings
Sheikha / Yasmin Mubarak Al Jaber Al Sabah Chairman	√	√	√	√	√	5
Mr. Tarek Al Othman Vice Chairman and Executive President	√	√	√	√	√	5
Sheikh/Ali Al Sabah Member	√	√	√	√	√	5
Mr. Saad Faraj Independent Member	√	√	√	√	√	5
Mr. Abd Alwahab Al Awadi Independent Member	√	√	√	x	√	4

Meetings of current BOD:

Name of member / Current BOD	Meeting (6) held on 15/06/2016	Meeting (7) held on 13/07/2016	Meeting (8) held on 24/10/2016	No. of meetings
Sheikha / Yasmin Al Sabah Chairman	√	x	√	2
Mr. Tareq Al Othman Vice chairman & Executive President	√	√	√	3
Mr. Saad Faraj Independent member	√	√	√	3
Miss. Anoud Al Hathran independent member	√	√	√	3
Sheikh / Abdullah Al Sabah Member	√	√	√	3
Ms.Tahani Al Ajmi Secretary	√	x	√	2

Summary on how to apply the registration's requirements and maintaining the minutes of company's BOD meetings :

In line with the requirements of governance, the Board has appointed Ms. Tahani Al Ajmi- as the secretary of the Board on 12/5/2016 and she is responsible for writing and maintaining all of the signed Board's meeting minutes and the reports presented to it. She also shall inform the Board members of the schedules of their Board meetings at least three days prior to the meeting time and assure that the Board's members have access to all the minutes of the Board's meetings and the information related to the company effectively. For doing so, the Board has approved the policy of Board members' access to the information on 15/06/2016

• Second Rule

A summary on how the company shall determine the policy of each Board member's tasks, responsibilities and duties and the executive management's as well as the powers and authorities which are to be delegated to the executive management.

The sound determination of tasks and responsibilities:

The BOD has approved during 2016 the authorities and responsibilities table for each Board member and the executive staff in the meeting No.: (1/2016), dated on 18/01/2016. The BOD has also approved all policies and procedures which regulate the work of all the company's departments in the BOD's meeting No.: (6/2016) held on 15/06/2016.

The most important achievements of the BOD during 2016 :

1. Discussing and approving a new organizational structure for the company.
2. Discussing and approving new investments and real estate purchase.
3. Pursuing, discussing and approving the financial statements of the company.
4. Pursuing, discussing and approving the signing on facilities contracts for the company.
5. Pursuing and ratifying the minutes of ordinary and extraordinary general assembly meetings.
6. Decreasing the company's capital to amortize a part of the accumulated losses.
7. Pursuing, discussing and approving conciliation contracts and settlements of legal cases in favor of the company.
8. Discussing the company's budget for 2016.
9. Discussing, approving and amending the regulations of authorities.
10. Discussing and approving the risk policy.
11. Discussing and approving the policy of BOD members for obtaining the information from the executive management.
12. Discussing and approving the policy of investors' affairs.
13. Discussing and approving the policy of internal audit.
14. Discussing and approving the reporting policy.
15. Discussing and approving the remuneration policy.
16. Discussing and approving the work charter for the BOD members.
17. Discussing and approving the internal policies and regulations which control the work of the company's departments.
18. Pursuing and signing on the undertakings of disclosure and transparency.

The BOD system approved by the current BOD stipulates that the BOD shall carry on its responsibilities through three committees as the following:

Committee's Name	Nominations and remunerations committee	Internal audit committee	Risk committee
Formation Date and term of committee	15/06/2016 Its term is 3 years	15/06/2016 Its term is 3 years	15/06/2016 Its term is 3 years
Committee's members and its head	• Yasmin Al Sabah (Head) • Tariq Al Othman • Saad Faraj	• Anoud Al Hathran (Head) • Abdullah Al Sabah • Saad Faraj	• Saad Faraj (Head) • Tariq Al Othman • Anoud Al Hathran
Tasks and achievements of the committee through the year	• Discussing the remuneration policy and submitting it for approval. • Nominating of candidates to fill the vacancies according to the new administrative structure. • Recommendations of distributing remunerations for the BOD members and the executive staff.	• Discussing the financial statements and development of recommendations. • Studying the internal audit proposals and development of recommendations. • Nominating an officer for the internal audit works. • Discussing and nominating an audit firm as an auditor. • Pursuing the internal audit report and development of recommendations	• Preparing and reviewing the company's policies of risks. • Evaluating the systems and mechanisms for determining, measurement and follow up the types of risks which the company may encounter. • Pursuing the risks level for helping the BOD determine and evaluate the accepted risk level for the company.
No of meetings held by the committees through the year	3	6	4

A summary on how to apply the requirements which enable the BOD members to obtain information and statements accurately and in the appropriate time:

In securing the flow of information between the executive management and the BOD, the Board of directors has developed a policy regulates the obtaining of financial statements and any reports by the BOD members from the company's departments through providing periodical reports to the BOD on the performance of the executive staff. Each member of BOD has the right to request any information or report from any department in coordination with the Board secretary as regulated by the above mentioned policy.

• Third Rule

A brief about applying the requirements of forming the Nominations and Remunerations Committee:
Selecting persons of qualifications for the membership of BOD and the executive management:

The Nominations and remunerations committee comprises three members, one of its members shall be independent and the committee shall be headed by a non-executive member as stipulated by the rules of corporate governance. Among the committee's duties, are the acceptance of nomination and re-nomination for the BOD members and the executive management and the development of clear policy for the remunerations of the BOD members and the executive management about the annual review of the training needs for the membership of BOD as well as to attract those who are willing to be in the executive positions. Amongst the most important responsibilities of the committee is the preparation of annual detailed report about all remunerations given for the BOD members and the executive staff with taking care to present it to the general assembly of the company.

The BOD has developed through the nomination and remuneration committee a remuneration policy aiming to keep the company's employees of high technical expertise, to gain the employee's loyalty and to enhance the competitive position of the company in attracting the employees of expertise. The remuneration policy was also developed and it contains the standards based on which the remuneration of the executive management is determined as well as individual evaluation and the profits realized for the company as a standard for the realization of the developed targets by the company.
Remunerations were divided by the policy into the main salary, the other benefits (such as annual tickets and medical compensation), annual remuneration and the end of service benefit.
The policy has also explained the standards on which the remunerations of BOD members are determined in line with the Corporate Act and are conditioned by the approval of the company's general assembly.
The remunerations are directly connected with the company's performance subject to the performance and participation of each member in the BOD.

• Fourth Rule

Ensuring the integrity of financial reports:
The audit committee comprises three members, two of which are independent members and the third is non-executive member. Each member of the committee has an appropriate expertise in accounting and finance and the management convenes quarterly with the exterior and the interior auditor. During 2016, all BOD's decisions were supporting the audit committee's recommendations. The most important duties of the committee are to review the periodic financial statements, make recommendation thereof and recommend the BOD to appoint or re-appoint exterior auditors, to evaluate the adequacy of internal control systems applied within the company, to oversight the internal audit works and to follow on assuring that the exterior auditors are independent.

• Fifth Rule

The risk committee comprises three members from which the BOD chairman is excluded and it is headed by a non-executive member. Among its most important duties are preparation and reviewing the risk management's strategies, policies and submitting them to the BOD for approving them as well as the assurance of the availability of resources and systems adequate for the management of risks and preparing the periodic reports about the nature of the risks which the company faces.

Internal controls system:
Tijara and Real Estate Investment always strives for developing the internal control principles, in doing so, the company has determined in detail the powers and responsibilities through procedures, policies and explaining its circulation among departments for achieving the credibility of accounting statements and achieving the

efficiency and effectiveness of operational processes. The company also has detailed that in the regulations of authorities approved by the BOD and was keen to separate completely the duties assigned to each department and that there is no conflict of interests. The company was keen to cover the internal audit for each department during 2016 and to follow up what is taken for the remedy of all notes of the internal auditor.

The company has provided a coordinator for internal audit who is completely independent through being associated technically to the BOD. The appointment of the coordinator, follow up his duties and responsibilities shall be by the audit committee. The company has also assigned an independent audit firm to evaluate, review the internal control systems and to prepare an ICR report.

• Sixth Rule

Amendment of Professional Conduct and Moral Values:
As Tijara and Real Estate Investment is keen that its BOD members and its executive staff shall perform their jobs as optimal for the promotion of the company's image and its striving in achieving its goals, the company has drawn a charter of work aims to guide and provide the BOD members with the standards of professional conduct and morals of work, avoiding the cases of conflict of interests and regulating the operations with the relative parties. All BOD members and the executive staff personnel have signed an undertaking and a declaration to abide by the work charter during 2016.
Tijara and Real Estate Investment has developed a clear mechanism to limit the cases of conflict of interests. The company has also developed a secured reporting policy which gives the reporter the highest degree of guarantees for its protection from any damage which may be caused to it as a result of carrying on any unsound reporting.

• Seventh Rule

Disclosure and Transparency in accurate way and in appropriate time:
Due to the understanding of Tijara and Real Estate Investment to the importance of disclosure and transparency on the company's reputation and its investors, the company has developed a detailed and classified table which covers all types of disclosures and explains the responsibility of each disclosure, its follow up for the avoidance of any interference or delay in any disclosure.
The disclosure table of the company has been divided into financial disclosures, disclosures of fundamental information and disclosures according to the rules of governance.

The disclosure record of the BOD members and executive management contains the following:

1. **Acknowledgment and undertaking (as a knowing person).**
2. **Acknowledgment for the BOD members.**
3. **Disclosure form for the shares listed in the Exchange (annex No.: 6)**
4. **Acknowledgment and undertaking (for the work charter).**
5. **Disclosure about a relative party.**

Tijara and Real Estate Investment was keen to develop the infrastructure of information system and to create a portal for disclosures to enable the current and the future investors of reviewing thereof and the work is being carried out to load the disclosures of the previous years.

• Eighth Rule

Respecting the Equity of Shareholders:

The company has developed a regulations for the shareholders' rights aiming to keep the shareholders' interests and to secure obtaining their rights related to their ownership of the company's shares and the regulations has divided the shareholders' rights as the following:

-Rights related to share according the ownership value, disposal in the share, obtaining of profits and any other rights under law for the shareholder.

-Facilitating the way for the shareholders to practicing their rights in obtaining the informations, the company maintains an updated and accurate records with the Kuwait Clearing company. The company maintains also internal records for the shareholders within the company which are available to be reviewed by the shareholders according the maximum degrees of confidentiality protection.

Shareholders' rights regarding general assembly:

The company invites its shareholders to attend meetings including the agenda, time and place of convening the meeting through publication twice in official newspapers. The company also sends the invitation accompanied by the agenda of the assembly which contains all the items presented in the assembly according to the Corporate Act. Tijara company always encourages the attendance of its shareholders and their participation in the meetings of the general assembly to practice their rights.

• Ninth Rule

Recognition of Stakeholders' Role :

Tijara is committed to protect the stakeholders' rights and to create opportunities for operation and continuity through the sound financial projects, so the company has developed a policy for respecting and protecting the stakeholders' rights stipulated in the relative applicable laws by the company within the State of Kuwait and this would provide the stakeholders with an opportunity to obtain actual compensations in case any of their rights is violated. The policy has identified the stakeholders by shareholders, regulating entities, clients, employees and relative parties.

The company has developed a reporting policy enables any stakeholder to convey his complaint to the BOD which shall bear the responsibility of applying this policy.

• Tenth Rule

Enhancing and Improving the Performance:

-The BOD shall evaluate its members through the provision of self-evaluation form. Accordingly, BOD members' training needs shall be counted for planning the training plan for the year and the training plan may be external courses or internal workshops.

-The company seeks permanently to create institutional values for its employees and it made that in 2016 through the participation of all departments in drawing the budget and the expected goals to create the coordination and symmetry among all departments each in its work nature to achieve those expected goals and connecting that with the performance standards of the executive staff.

• Eleventh Rule

The Importance of Social Responsibility:

The company believes in its responsibility towards the society and it complies with contribution in its development in so far of its capabilities through attracting the national labor, improving the living circumstances of workforce, their families and through appropriating a ratio from the company's profits for the services and social projects.

The social responsibility includes the company's employees as well as the society and focuses on the fair treatment upon recruitment and the responsibility related to health and safety due to the nature of the company in addition to the responsibility of protecting the environment.

Audit Committee's Report

For the fiscal year ended on 31 December 2016

Introduction

The audit committee compromises of Messer's:

1- Anoud Fadel Al Hathran	(**Head of committee**)
2- Saad Nasser Faraj	(**Member**)
3- Abdullah Ali Al Khalifa Al Sabah	(**Member**)

Meetings and achievements of the committee:

The committee has convened 6 meetings during 2016, whereas the most important achievements of the committee include the following matters:

- **Discussing the financial statements and development of recommendations.**
- **Studying the internal audit proposals and development of recommendations.**
- **Nominating an officer for the internal audit works.**
- **Discussing and nominating an audit firm as an auditor.**
- **Perusing the internal audit report and development of recommendations.**

The committee's opinion regarding the internal control environment in the company:

Through the committee's follow up and supervision on the internal audit works based on risks evaluation in 2016, the committee believes that the company has an adequate and effective internal control environment as there are not any fundamental gaps found during the year, as well as there are not any failures found in the applications of internal control systems.

The committee has noted that the executive staff is keen to apply internal control mechanisms and systems for assuring the protection of the company's assets and the validity of financial statements in addition to the efficiency of the operational processes conduct for the company, the efficiency of its financial and administrative aspects.

Remunerations Report of Ordinary General Assembly

Firstly:

Remunerations and incentives system of BOD and Executive Management's Members.

The company follows a strict framework for calculating the remunerations and incentives of the BOD and the executive management's members, where the framework of remunerations is characterized by the equalization of opportunities principle as it depends on connecting the remunerations and incentives with the levels of performance evaluation on the whole company as well as on the level of the individual's performance.

Secondly:

detailing the remunerations given to the BOD and the executive management's members from amounts, interests and benefits and analyzing the layers of remunerations.

a. Remunerations Given to the BOD's Members :

Fixed Remunerations Tranche KD one thousand	Changing Remunerations Tranche KD one thousand	Total of Annual Remunerations and Benefits KD one thousand
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b.Remunerations Given to the Executive Staff :

Fixed Remunerations Tranche KD one thousand	Changing Remunerations Tranche KD one thousand	Total of Annual Remunerations and Benefits KD one thousand
602,241	25,000	627,241

Thirdly:

any fundamental deviations from the remunerations policy approved by the BOD.

There are not any fundamental deviations.

The Sharia Report of Tijara & Real Estate Investment Co.
Fatwa and Shariah Supervisory Board
<u>For the period from 01/01/2016 to 31/12/2016</u>

To: The Shareholders of Tijara & Real Estate Investment Company.

Peace, mercy and blessings of Allah be upon you.

According to the contract signed with us we at Fatwa and Shariah Supervisory Board in Al Mashora and Al Raya have audited and supervised the principles adopted and the contracts related to the transactions concluded by the Company during the period from 01/01/2016 to 31/12/2016. We have carried out the necessary supervision to give our opinion on whether or not the Company has complied with the Islamic Shariah rules and principles as well as the Fatwas, decisions and guidelines made by us.

However, our liability is limited to the expression of independent opinion on the extent of the company compliance with same based on our audit.

Our supervision included examining the contracts and procedures used by the Company on the basis of examining each type of operations.

In our opinion, the contracts, operations and transactions concluded or used by the Company during the period from 01/01/2016 to 31/12/2016, and which have been reviewed by us, were in compliance with the provisions and principles of the Islamic Shariah.

Moreover, The Company has to draw the attention of its shareholders to the fact that they should pay their Zakat by themselves.

We wish the Company all success and prosperity in serving our religion and our country.

Peace, mercy and blessings of Allah be upon you.

Prof /Abdul Aziz K. Al-Qassar
Chairman of the Sharia Committee

Dr. Essa Zaki Essa
Sharia Committee Member

Dr. Ali Ibrahim Al-Rashed
Sharia Committee Member

شركة المشورة والراية للاستشارات المالية الإسلامية ش.م.ك (مقفلة) - س.ت : 330309 رأس المال المدفوع 2.000.000 د.ك

Tel: +965 22960555 - Fax: +965 22960556 - Al Mirqab - Al Sour Street - Jassem Al Asfour Tower - 7th Floor; info@mandr.com.kw www.mandr.com.kw

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TIJARA & REAL ESTATE INVESTMENT COMPANY K.S.C.P.

EY
Building a better working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

BAKER TILLY KUWAIT
Audit, tax and consulting
P.O.Box 1486 Safat 13015
Kuwait

T: +965 1 88 77 99
F: +965 2294 2651

info@bakertillykuwait.com
www.bakertillykuwait.com

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Tijara & Real Estate Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TIJARA & REAL ESTATE INVESTMENT COMPANY K.S.C.P. (continued)

EY
Building a better working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

BAKER TILLY KUWAIT
Audit, tax and consulting
P.O.Box 1486 Safat 13015
Kuwait
T: +965 1 88 77 99
F: +965 2294 2651
info@bakertillykuwait.com
www.bakertillykuwait.com

Report on the Audit of Consolidated Financial Statements (continued)
Key Audit Matters (continued)

Valuation of Investment properties

Investment properties of the Group represent a significant part of the total assets as at 31 December 2016 and are carried at fair value. The Management of the Group determines the fair value of its investment properties on periodical basis and uses external appraisers to support the valuation at year end. The valuation of the investment properties at fair value is highly dependent on estimates and assumptions such as rental value, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions. Further, the disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, as disclosed in note 7 to the consolidated financial statements. We identified this as a key audit matter.

We have reviewed the assumptions and estimates made by the management and the external appraisers in the valuation to assess the appropriateness of the data supporting the fair value. Our real estate specialists were part of our audit team for reviewing the external valuation, including the assumptions and estimates used. Amongst others, we have considered the objectivity, independence and expertise of the external appraisers. Furthermore, we assessed the appropriateness of the disclosures relating to the sensitivity of the assumptions disclosed in note 7 to the consolidated financial information.

Other information included in the Group's 31 December 2016 Annual report

Management is responsible for the other information. Other information consists of the information included in the Group's 31 December 2016 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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Report on the Audit of Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Report on the Audit of Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, and its executive regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2016, that might have had a material effect on the business of the Parent Company or on its financial position.

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

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

16 January 2017
Kuwait

Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2016

	Notes	2016 KD	2015 KD
Rental income		**3,243,654**	2,681,226
Other services and operating income		**48,941**	135,895
Property operating expenses		**(286,367)**	(323,912)
Unrealised loss from re-measurement of investment properties to fair value	7	**(3,195)**	(179,401)
Net profit on investment properties		**3,003,033**	2,313,808
Realised (loss) gain on sale of inventory properties	5	**(903)**	265,595
Net (loss) profit on inventory properties		**(903)**	265,595
Share of result of an associate	6	**(13,311)**	-
Impairment loss	6	**(528,099)**	-
Net investment loss		**(541,410)**	-
Administrative expenses		**(1,104,120)**	(1,277,174)
Operating profit		**1,356,600**	1,302,229
Finance costs		**(1,119,985)**	(941,428)
Foreign exchange gain		**165,552**	437,142
Other income		**301,079**	10,450
Provision no longer required (provided)		**149,058**	(850)
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KFAS, NLST AND ZAKAT		**852,304**	807,543
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(7,671)**	-
National Labour Support Tax (NLST)		**(24,696)**	(24,688)
Zakat		**(9,878)**	(9,875)
PROFIT FOR THE YEAR		**810,059**	772,980
BASIC AND DILUTED EARNINGS PER SHARE	4	**2.19 fils**	2.09 fils

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

Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 KD	2015 KD
PROFIT FOR THE YEAR	**810,059**	772,980
Other comprehensive income:		
Item that are or may be reclassified subsequently to consolidated statement of income:		
Exchange difference on translation of foreign operations	**57,153**	158,278
Other comprehensive income for the year	**57,153**	158,278
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**867,212**	931,258

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

Tijara & Real Estate Investment Company K.S.C.P.
and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 KD	2015 KD
ASSETS			
Bank balances and cash		**2,241,307**	2,743,142
Accounts receivable and prepayments	6	**659,734**	6,450,131
Inventory properties	5	**3,431,251**	3,501,027
Investment in an associate	6	**5,661,832**	-
Investment properties	7	**52,141,406**	47,785,193
Property and equipment		**64,558**	138,284
TOTAL ASSETS		**64,200,088**	60,617,777
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accruals	8	**733,825**	859,872
Islamic financing payables	9	**24,394,816**	21,687,439
Employees' end of service benefits		**766,306**	632,537
Total Liabilities		**25,894,947**	23,179,848
Equity			
Share capital	10	**37,000,000**	38,446,256
Statutory reserve	10	**83,407**	-
General reserve	10	**83,407**	-
Share options reserve		**142,253**	142,253
Foreign currency translation reserve		**352,929**	295,776
Treasury shares reserve		**18,132**	18,132
Retained earnings (accumulated losses)		**625,013**	(1,464,488)
Total Equity		**38,305,141**	37,437,929
TOTAL LIABILITIES AND EQUITY		**64,200,088**	60,617,777

Sheikha/ Yasmin Mubarak Jaber Al-Ahmad Al-Sabah
Chairman

Tareq Fareed Al Othman
Vice Chairman and Executive President

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

Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Share options reserve KD	Foreign currency translation reserve KD	Treasury shares reserve KD	Retained earnings/ (accumulated losses) KD	Total KD
As at 1 January 2016	**38,446,256**	-	-	-	**142,253**	**295,776**	**18,132**	**(1,464,488)**	**37,437,929**
Profit for the year	-	-	-	-	-	-	-	**810,059**	**810,059**
Other comprehensive income for the year	-	-	-	-	-	**57,153**	-	-	**57,153**
Total comprehensive income for the year	-	-	-	-	-	**57,153**	-	**810,059**	**867,212**
Transfer to reserves	-	-	**83,407**	**83,407**	-	-	-	**(166,814)**	-
Write-off of accumulated losses (Note 10)	**(1,446,256)**	-	-	-	-	-	-	**1,446,256**	-
As at 31 December 2016	**37,000,000**	-	**83,407**	**83,407**	**142,253**	**352,929**	**18,132**	**625,013**	**38,305,141**
As at 1 January 2015	38,446,256	47,418	3,640,756	2,793,231	142,253	137,498	18,132	(8,718,873)	36,506,671
Profit for the year	-	-	-	-	-	-	-	772,980	772,980
Other comprehensive income for the year	-	-	-	-	-	158,278	-	-	158,278
Total comprehensive income for the year	-	-	-	-	-	158,278	-	772,980	931,258
Write-off of accumulated losses (Note 10)	-	(47,418)	(3,640,756)	(2,793,231)	-	-	-	6,481,405	-
As at 31 December 2015	38,446,256	-	-	-	142,253	295,776	18,132	(1,464,488)	37,437,929

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

Tijara & Real Estate Investment Company K.S.C.P.
and its Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	Notes	2016 KD	2015 KD
OPERATING ACTIVITIES			
Profit for the year before contribution to KFAS, Zakat and NLST		**852,304**	807,543
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation		**73,726**	68,926
Provision for employees' end of service benefits		**212,634**	179,973
Realised loss (gain) on sale of inventory properties	5	**903**	(265,595)
Share of result of an associate	6	**13,311**	-
Impairment loss	6	**528,099**	-
Unrealised loss from re-measurement of investment properties to fair value	7	**3,195**	179,401
Finance costs		**1,119,985**	941,428
Provision (no longer required) provided		**(149,058)**	850
Foreign exchange gain		**(165,552)**	(437,142)
		2,489,547	1,475,384
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**(326,485)**	364,195
Inventory properties	5	**68,873**	(169,691)
Accounts payable and accruals		**(19,967)**	(397,478)
Cash flows from operations		**2,211,968**	1,272,410
Employees' end of service benefits paid		**(78,865)**	-
Net cash flows from operating activities		**2,133,103**	1,272,410
INVESTMENT ACTIVITIES			
Purchase of property and equipment		**-**	(63,993)
Purchase of investment properties	7	**(4,191,500)**	(3,468,323)
Proceeds from sale of investment properties	7	**-**	1,736,680
Net cash flows used in investment activities		**(4,191,500)**	(1,795,636)
FINANCING ACTIVITIES		-	-
Islamic financing payables obtained		**3,112,500**	3,750,000
Repayment of islamic financing payables		**(589,589)**	(550,183)
Finance costs paid		**(968,639)**	(866,741)
Net cash flows from financing activities		**1,554,272**	2,333,076
NET (DECREASE) INCREASE IN BANK BALANCES AND CASH		**(504,125)**	1,809,850
Net foreign exchange difference		**2,290**	22,867
Bank balances and cash at the beginning of the year		**2,743,142**	910,425
BANK BALANCES AND CASH AT THE END OF THE YEAR		**2,241,307**	2,743,142

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

1.CORPORATE INFORMATION

The consolidated financial statements of Tijara & Real Estate Investment Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively "the Group") for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the board of directors on 16 January 2017.

The consolidated financial statements of the Group for the year ended 31 December 2015 were approved by the shareholders of the Parent Company during annual general assembly meeting held on 10 May 2016.

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

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

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

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new executive regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the executive regulations of Law No. 25 of 2012.

2.SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention as modified for investment properties carried at fair value.
The consolidated financial statements have been presented in Kuwaiti Dinars (KD), which is also the functional currency of the Parent Company.

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in previous year, except for the adoption of the following new standards/ amendments to IFRS effective as of1 January 2016 and the investment in associate.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim consolidated financial statements or incorporated by cross-reference between the interim consolidated financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim consolidated financial statements and at the same time. This amendment is applied retrospectively. These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1.
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements.
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

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

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IAS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

IFRS 16 Leases (continued)

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2016.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

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

Name of company	Equity interest		Country of incorporation	Activities
	2016	2015		
Madar Al Kuwait Trading and Contracting Company - Single Person Company	**100%**	100%	Kuwait	General trading
* Tilal Real Estae Company W.L.L	**95%**	95%	Saudi Arabia	Real Estate

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

2.5 Summary of significant accounting policies

Business combinations and goodwill

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

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

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

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

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in consolidated statement of income or as a change to consolidated other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

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

Revenue recognition

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

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

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

Gain or loss on sale of inventory properties
Gain or loss on sale of inventory properties is recognised when significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

Finance costs

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognized as an expense in the period in which they are incurred.
The finance cost capitalized is calculated using the weighted average cost of borrowing after adjusting for borrowing associated with specific development. Where borrowings are associated with specific developments, the amount capitalized is the gross finance cost incurred on those borrowing less any investment income arising on their temporary investment. Finance cost is capitalized as from the commencement of the development work

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Finance costs (continued)

until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Finance cost is also capitalized in the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

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

National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2, 5% of taxable profit for the year. In determining taxable profit, profit of associates and subsidiaries subject to NLST and cash dividends from listed companies subject to NLST are deducted.

Zakat

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

Bank balances and cash

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

Financial instruments – initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

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

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

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

The Group's financial assets include bank balances and cash and receivables.

Subsequent measurement

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

Loans and receivables

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

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Loans and receivables (continued)

Derecognition

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

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

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

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

Impairment of financial assets

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

(ii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Accounts payable and accruals

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

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

(ii) Financial liabilities (continued)

Subsequent measurement (continued)

Islamic financing payables

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

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

Derecognition

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

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

Offsetting of financial instruments

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

Inventory properties

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

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

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

Investment in an associate

The Group's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised nor separately tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit of an associate is shown on the face of the consolidated statement of income and represents profit after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Investment in an associate (continued)

are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.
Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the year in which they arise. The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation techniques.
Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the year of retirement or disposal.
Transfers are made to investment property when, and only when, there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Properties under construction
Properties under construction are carried at cost less any impairment in value. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset.
The carrying values of properties under construction are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial year in which they are incurred.
Depreciation is calculated on a straight line basis over the estimated useful lives for furniture, fixtures and equipment of 3 years.

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Property and equipment (continued)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.
Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

Treasury shares

The Parent Company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period.The expected costs of these benefits are accrued over the period of employment.
With respect to its national employees, the Parent Company makes contributions to social security calculated as a percentage of the employees' salaries. The Parent Company's obligations are limited to these contributions, which are expensed when due.

Foreign currencies

The Group's consolidated financial statements are presented in Kuwaiti Dinars, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in consolidated statement of income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of income.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

Foreign currencies (continued)

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kuwaiti Dinars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Contingencies

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

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

Leases

Leases where the Group is lessee

Finance leases, which the Group transfers substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are recognized as finance costs in the consolidated statement of income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the consolidated statement of income on a straight line basis over the lease term.

Leases where the Group is lessor

Leases where the Group transfers substantially all the risks and benefits of ownership of the asset are financial leases and structured in the form of Ijara receivables.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease income is recognized as part of rental income in the consolidated statement of income on a straight line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

Segment information

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Judgements

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

Business combinations

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

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

Classification of real estate

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

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

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

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

Impairment of receivables

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

Estimates and assumptions

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

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

Fair value measurements

The Group measures certain financial instruments, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued) - Estimates and assumptions (continued)

Fair value measurements (continued)

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

- In the principal market for the asset or liability

Or

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

The Group must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

An analysis of fair values of investment properties are provided in Note 16.

4. BASIC AND DILUTED EARNINGS PER SHARE

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

	2016 KD	2015 KD
Profit for the year	**810,059**	772,980
Weighted average number of shares outstanding (excluding treasury shares)	**370,000,000**	370,000,000
Basic and diluted earnings per share	**2.19 fils**	2.09 fils

Earnings per share calculations for the period ended 31 December 2015 have been adjusted to take account of the reduction in the share capital due to write-off of the accumulated losses (Note 10).

5. INVENTORY PROPERTIES

	2016 KD	2015 KD
Carrying value at 1 January	**3,501,027**	3,817,102
Addition	-	2,260,255
Disposals	**(69,776)**	(1,070,522)
Transfer to investment properties (Note 7)	-	(1,505,808)
Carrying value at 31 December	**3,431,251**	3,501,027

During the year ended 31 December 2016, the Group sold certain inventory properties with a carrying value ofKD 69,776 (2015: KD 1,070,522) for a consideration of KD 68,873 (2015: KD 1,336,117), which resulted in a loss on sale of inventory property of KD 903 (2015: gain on sale of inventory properties of KD 265,595) recorded inconsolidated statemen tof income.

6. INVESTMENT IN AN ASSOCIATE

The Group has following investment in an associate:

Name of company	Country of incorporation	Equity interest as at 31 December		Principal activities
		2016 %	2015 %	
Al Madar Al Thahabia Company W.L.L. ("Al Madar")*	Saudi Arabia	**24%**	-	Sale, purchase, rent and lease of real estate properties and lands

Movement in carrying amount of investment in an associate is as follows:

	2016 KD
Acquisition of investment in an associate*	**5,572,043**
Share of results	**(13,311)**
Foreign currency translation adjustment	**103,100**
At 31 December	**5,661,832**

6. INVESTMENT IN AN ASSOCIATE (continued)

Summarised financial information of the Group's investment in an associate at 31 December 2016 is as follows:

	2016 KD
Current assets	282,686
Non-current assets	32,777,076
Current liabilities	(1,212,383)
Non-current liabilities	(8,256,411)
Equity	23,590,968
Proportion of the Company's ownership	24%
Company's share in the equity	5,661,832

Summarised statement of income for associate is as follows:

	From date of acquisition till 31 December 2016 KD
Rental income	71,263
Administrative expenses	(48,135)
Staff costs	(78,592)
Loss for the year	(55,464)
Proportion of the Company's ownership	24%
Company's share in the loss	(13,311)

* During the year ended 31 December 2016, the Group has reclassified advance payment toward acquisition of investment in Al Madar Al Thahabia Company ("Al Madar"), a company incorporated in Saudi Arabia from accounts receivables and prepayments with carrying amount of KD 6,100,142 to investment in an associate, since the legal formalities of Al Madar was completed during the current year and the Group is currently exercising significant influence over the Company's operations and decision making process. As the fair value of the investment on the date of acquisition was determined to be KD 5,572,043, the Group recorded an impairment loss of KD 528,099 in the consolidated statement of income.

7. INVESTMENT PROPERTIES.

	2016 KD	2015 KD
Carrying value at 1 January	**47,785,193**	44,165,598
Additions	**4,191,500**	3,468,323
Disposals	**-**	(1,736,680)
Unrealised loss from re-measurement to fair value	**(3,195)**	(179,401)
Transfer from inventory properties (Note 5)	**-**	1,505,808
Net foreign exchange gain	**167,908**	561,545
Carrying value at 31 December	**52,141,406**	47,785,193

During the year ended 31 December 2016, the Group acquired two properties located in Kuwait for total consideration of KD 4,191,500 (2015: the Group acquired two properties located in the Kingdom of Saudi Arabia for a consideration of KD 3,468,323).

As at 31 December 2016, certain investment properties with the fair value of KD 24,041,659 (2015: KD 20,143,945) are held under Ijara payable agreement (Note 9).

The fair value of the investment properties amounting to KD 52,141,406 (2015: KD 46,274,238) have been determined based on valuations obtained from two independent valuers, who are an industry specialised in valuing these types of properties. One of these valuers is a local bank who has valued the local investment properties using the Yield Method for some properties, and the combination of the market comparison approach for the land and cost minus depreciation approach of the building for the investment properties. The other is a local reputable accredited who has valued the investment properties using the Yield Method. For the valuation purpose, the Group has selected the lower value of these two valuations as required by the Capital Market Authority. All investment properties are categorised in level 3 in the fair value hierarchy. The movement in the fair value of the investment properties is shown in the table above.

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

2016	**Kuwait**	GCC
Estimated market price for the land (per sqm) (KD)	**1,844**	**683**
Construction costs (per sqm) (KD)	**399**	**270**
Average monthly rent (per sqm) (KD)	**8**	**4**
Yield rate	**8.8%**	**8.5%**
Vacancy rate	**22.6%**	**18.7%**
2015	**Kuwait**	GCC
Estimated market price for the land (per sqm) (KD)	1,934	683
Construction costs (per sqm) (KD)	400	273
Average monthly rent (per sqm) (KD)	7	4
Yield rate	7.5%	8.4%
Vacancy rate	25.6%	27.8%

7. INVESTMENT PROPERTIES (continued)

Sensitivity analysis

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

2016	**Changes in valuation assumptions**	**Kuwait KD**	**GCC KD**
Estimated market price for the land	**5%**	**1,088,250**	**447,676**
Average rent	**5%**	**1,673,800**	**853,887**
Yield rate	**5%**	**1,594,095**	**813,226**
Vacancy rate	**5%**	**1,673,800**	**853,887**
2015		Kuwait KD	GCC KD
Estimated market price for the land	5%	947,900	447,981
Average rent	5%	1,454,230	859,482
Yield rate	5%	1,384,981	818,554
Vacancy rate	5%	1,454,230	859,482

8. ACCOUNTS PAYABLE AND ACCRUALS

	2016 KD	2015 KD
Payable and retention to contractors	-	109,049
Rental advances from tenants	**179,498**	168,420
Refundable deposits	**184,265**	148,800
Other payables	**370,062**	433,603
	733,825	859,872

9. ISLAMIC FINANCING PAYABLES

2016	Ijara KD	Tawaruq KD	Total KD
Gross amount	**20,217,446**	**6,366,111**	**26,583,557**
Less: deferred profit	**(1,767,064)**	**(421,677)**	**(2,188,741)**
	18,450,382	**5,944,434**	**24,394,816**

2015	Ijara KD	Tawaruq KD	Total KD
Gross amount	17,697,770	6,464,728	24,162,498
Less: deferred profit	(2,383,386)	(91,673)	(2,475,059)
	15,314,384	6,373,055	21,687,439

Islamic finance payables represent facilities obtained from an Islamic financial institutions and carry profit rate approximate between 2.25% to 3% (2015: 3%) per annum over Central Bank of Kuwait discount rate.
Islamic finance payables amounting to KD 17,112,500 (2015: KD 14,000,000) are secured by the investment properties with fair value of KD 24,041,659 (2015: KD 20,143,945) (Note 7).

10. SHARE CAPITAL, GENERAL ASSEMBLY MEETING AND RESERVES

a) Share capital, general assembly meeting

The authorised, issued and fully paid up share capital at 31 December 2016, comprises 370,000,000 shares (2015: 384,462,560 shares) of 100 fils each paid up in cash.
On 16 June 2016, the Parent Company's Commercial Registration No. 34993 was amended to reflect the decision of the Extra-Ordinary General Assembly meeting held on 10 May 2016 to write-off part of the Parent Company's accumulated losses as at 31 December 2015 of KD 1,446,256 against the share capital.
On 2 November 2015, the Ordinary General Assembly meeting of Parent Company's shareholders approved the partial write-off of Parent Company's accumulated losses as at 30 June 2015 of KD 8,241,012 against share premium, general reserve and statutory reserve of KD 47,418, KD 2,793,231 and KD 3,640,756 respectively.
The Board of Directors' meeting held on 16 January 2017, proposed not to distribute dividends for the year ended31 December 2016. This proposal is subject to the approval of the Ordinary Shareholders' Annual General Assembly.

b) Reserves

Statutory reserve
As required by the Companies Law and the Parent Company's articles of association, 10% of profit of the Group for the year before contribution to KFAS, NLST and Zakat after offsetting accumulated losses brought forward,

10. SHARE CAPITAL, GENERAL ASSEMBLY MEETING AND RESERVES (continued)

Statutory reserve (continued)

is required to be transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve equals or exceeds 50% of paid-up share capital.
Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

General reserve

In accordance with the Parent Company's articles of association, 10% of the profit of the Group before contribution to KFAS, NLST and Zakat after offsetting accumulated losses brought forward is to be transferred to general reserve. The Group may resolve to discontinue such transfers by a resolution of the Group's board of directors. There are no restrictions on distribution of general reserve provided the distribution is approved by the shareholders general assembly.

11. RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders, directors and senior management of the Group, and companies of which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Parent Company's management.
There were no balances at year end or transactions entered with related parties during the year.
Compensation of key management personnel is shown below:

	2016 KD	2015 KD
Key management compensation		
Salaries and other short term benefits	**354,000**	330,250
Employees' end of service benefits	**179,842**	120,417
	533,842	450,667

12. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitment

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

Contingent liabilities

At 31 December 2016, the Group has contingent liabilities representing a letter of guarantee amounting to KD 4,062,120 (2015: KD 4,833,000) and from which it is anticipated that no material liability will arise.

13. SEGMENT INFORMATION

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

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

Year ended 31 December 2016	Real estate investing activities KD	Equities and other investing activities KD	Unallocated KD	Total KD
Segment revenue	3,292,595	-	-	3,292,595
		-	-	
Segment results	1,886,243	-	-	1,886,243
Unrealised loss from re-measurment of investment properties to fair value	(3,195)	-	-	(3,195)
Realised loss on sale of inventory properties	(903)	-	-	(903)
Share of results of an associate	-	(13,311)	-	(13,311)
Impairment loss	-	(528,099)	-	(528,099)
Unallocated expenses - net	-		(530,676)	(530,676)
Segment profit	1,882,145	(541,410)	(530,676)	810,059
Segment assets	58,473,698	5,661,832	64,558	64,200,088
Segment liabilities	25,128,641	-	766,306	25,894,947

13. SEGMENT INFORMATION (continued)

Year ended 31 December 2015	Real estate investing activities KD	Equities and other investing activities KD	Unallocated KD	Total KD
Segment revenue	2,817,121	-	-	2,817,121
Segment results	1,551,781	-	-	1,551,781
Unrealised loss from re-measurement of investment properties to fair value	(179,401)	-	-	(179,401)
Realised gain on sale of inventory properties	265,595	-	-	265,595
Unallocated expenses - net	-	-	(864,995)	(864,995)
Segment profit	1,637,975	-	(864,995)	772,980
Segment assets	60,479,493	-	138,284	60,617,777
Segment liabilities	22,547,311	-	632,537	23,179,848

14. RISK MANAGEMENT

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

Risk management structure

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

Executive management

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

Credit risk

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

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

14. RISK MANAGEMENT (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements (if any).

	Gross maximum exposure 2016 KD	Gross maximum exposure 2015 KD
Cash and bank balances (excluding cash on hand)	**2,239,567**	2,739,640
Accounts receivables and prepayments	**659,734**	6,450,131
Total credit risk exposure	**2,899,301**	9,189,771

Risk concentrations of the maximum exposure to credit risk

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

	2016				2015			
	Banking and financial services KD	**Construction and real estate KD**	**Other KD**	**Total KD**	Banking and financial services KD	Construction and real estate KD	Other KD	Total KD
Kuwait	**1,965,169**	**37,496**	**56,680**	**2,059,345**	2,527,568	6,263,251	37,562	8,828,381
Other GCC	**274,398**	**396,982**	**168,576**	**839,956**	212,072	145,734	3,584	361,390
	2,239,567	**434,478**	**225,256**	**2,899,301**	2,739,640	6,408,985	41,146	9,189,771

Liquidity risk

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

14. RISK MANAGEMENT (continued)

Liquidity risk (continued)

Liquidity risk and funding management

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

Analysis of financial liabilities by remaining contractual maturities

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

The maturity profile of the undiscounted financial liabilities at 31 December was as follows:

31 December 2016	Within 3 months KD	3 to 6 months KD	6 to 12 months KD	1 to 3 years KD	Over 3 years KD	Total KD
LIABILITIES						
Accounts payable and accruals (excluding rental advances from tenants)	-	-	**554,327**	-	-	**554,327**
Islamic financing payables	**1,525,579**	**608,343**	**733,175**	**22,040,820**	**1,675,640**	**26,583,557**
TOTAL LIABILITIES	**1,525,579**	**608,343**	**1,287,502**	**22,040,820**	**1,675,640**	**27,137,884**

31 December 2015	Within 3 months KD	3 to 6 months KD	6 to 12 months KD	1 to 3 years KD	Over 3 years KD	Total KD
LIABILITIES						
Accounts payable and accruals (excluding rental advances from tenants)	-	-	691,452	-	-	691,452
Islamic financing payables	560,727	97,207	460,158	8,758,330	14,286,076	24,162,498
TOTAL LIABILITIES	560,727	97,207	1,151,610	8,758,330	14,286,076	24,853,950

Market risk

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

14 RISK MANAGEMENT (continued)

Market risk (continued)

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

a) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Group is exposed to profit rate risk on its floating profit bearing Ijara agreements (Note 9). Other than this the Group is not exposed to any other significant profit risk.

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

	Increase in basis points	Effect on profit for the year KD
2016	**+/-1%**	**239,620**
2015	+/-1%	213,669

b) Foreign currency risk

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

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

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

	2016		2015	
	Change in equity price %	**Effect on profit for the year KD**	Change in equity price %	Effect on profit for the year KD
Currency				
SAR	**+/-3**	**292,957**	+/-3	287,265

15. CAPITAL MANAGEMENT

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

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

Changes were made in objectives, policies or processes for managing capital during the year ended 31 December 2016 and 31 December 2015 as disclosed in Note 10 to the consolidated financial statements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, Islamic finance payables and accounts payable and accruals (excluding advances from tenants), less bank balances and cash. Capital represents total equity of the Parent Company.

	2016 KD	2015 KD
Accounts payable and accruals (excluding rental advances from tenants)	**554,327**	691,452
Islamic financing payable	**24,394,816**	21,687,439
Less: Cash and balances with banks	**(2,241,307)**	(2,743,142)
Net debt	**22,707,836**	19,635,749
Equity	**38,305,141**	37,437,929
Total capital and net debt	**61,012,977**	57,073,678
Gearing ratio	**37 %**	34%

16. FAIR VALUES MEASUREMENTS

Set out below is a comparison by class of the carrying amounts and fair value of the Group's assets:

As at 31 December 2016	**Level 3 KD**	Total KD
Investment properties	**52,141,406**	**52,141,406**

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

During the year ended 31 December 2016, there were no transfers into and out of level 3 fair value measurements.

The reconciliation of the opening and closing amount of Level 3 are presented in note 7.

17. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

31 December 2016	**Within 1 year KD**	**1 to 5 years KD**	**Total KD**
ASSETS			
Bank balances and cash	**2,241,307**	**-**	**2,241,307**
Accounts receivable and prepayments	**659,734**	**-**	**659,734**
Inventory properties	**3,431,251**	**-**	**3,431,251**
Investment in an associate	-	**5,661,832**	**5,661,832**
Investment properties	-	**52,141,406**	**52,141,406**
Property and equipment	**-**	**64,558**	**64,558**
TOTAL ASSETS	**6,332,292**	**57,867,796**	**64,200,088**
LIABILITIES			
Accounts payable and accruals	**733,825**	**-**	**733,825**
Islamic financing payables	**2,143,639**	**22,251,177**	**24,394,816**
Employees' end of service benefits	**-**	**766,306**	**766,306**
TOTAL LIABILITIES	**2,877,464**	**23,017,483**	**25,894,947**

31 December 2015	Within 1 year KD	1 to 5 years KD	Total KD
ASSETS			
Bank balances and cash	2,743,142	-	2,743,142
Accounts receivable and prepayments	6,450,131	-	6,450,131
Inventory properties	3,501,027	-	3,501,027
Investment properties	-	47,785,193	47,785,193
Property and equipment	-	138,284	138,284
TOTAL ASSETS	12,694,300	47,923,477	60,617,777
LIABILITIES			
Accounts payable and accruals	859,872	-	859,872
Islamic financing payables	870,162	20,817,277	21,687,439
Employees' end of service benefits	-	632,537	632,537
TOTAL LIABILITIES	1,730,034	21,449,814	23,179,848