ANNUAL REPORT 2015

تمدين

TAMDEEN

SHOPPING CENTERS

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL

H.H. Sheikh Nawaf Al Ahmad Al Jaber Al Sabah
Crown prince of the State of Kuwait

H.H. Sheikh Sabah Al Ahmad Al Jaber Al Sabah
Amir of the State of Kuwait

H.H. Sheikh Jaber Al Mubarak Al Hamad Al Sabah
Prime minister of the State of Kuwait

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BOARD MEMBERS

Mohammad Jassim Al Marzouq
CHAIRMAN

Osama Abdulatif Alabd Al Jaleel
VICE CHAIRMAN

Shavak Srivastava
BOARD MEMBER

Tareq Abdulmohsin Al Julaibi
BOARD MEMBER

Mohammad Mostafa Al Marzouq
BOARD MEMBER

EXECUTIVE MANAGEMENT

Ahmad Abdulaziz Al Sarawi
CEO

Robert Patrick Fields
GM - PROJECTS

Mohammed Metwally
GM - DEVELOPMENT

Tamer Ali Ayoub
DEPUTY FINANCE MANAGER

CHAIRMAN'S LETTER

HONORABLE SHAREHOLDERS

MAY PEACE AND ALLAH'S MERCY AND BLESSINGS BE UPON YOU,

ON BEHALF OF MY COLLEAGUES ON THE BOARD OF DIRECTORS, IT GIVES ME GREAT PLEASURE TO MEET WITH YOU TODAY IN ORDER TO PRESENT TO YOU THE ANNUAL REPORT FOR THE YEAR ENDED ON 31 DECEMBER 2015, THE FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT.

ESTEEMED SHAREHOLDERS,

2015 was indeed a year of enormous challenges, and this is not surprising news, for the year witnessed the steep decline of oil prices to below $ 30 per barrel, thereby leading to a severe blow to the country's resources and balance of payments, and brought forth huge and serious challenges for Kuwait.

Currently there is talk now about a deficit in the country's resources that would lead to raising the cost of services to the citizens and the imposition of taxes on companies. There may also be taxes on individuals. There is also talk about the serious need for rationalizing state expenditure, which will most probably leading to lifting the subsidy currently provided on the prices of a number of goods. These economic changes have reflected on the purchasing power in the Kuwaiti market, thereby affecting commercial activity as a whole.

As we had previously expected, we still believe in the necessity of private sector participation in the development plans in order to overcome present economic problems. The lessons we learned through the company's long experience in launching well-studied large projects are that the private sector possesses both the vision and capability to achieve development through the financing of serious investment opportunities by the local banks.

ESTEEMED SHAREHOLDERS,

That was the vision of the Company's Management concerning economic developments. As for the achievements of Tamdeen Shopping Centers Company, we are pleased to present a brief outline of the main achievements during 2015:

1. During 2015, the Company made a very important investment by acquiring Spirit Real Estate Development Company which has a contract with the Kuwait Tennis Federation for the development of Sheikh Jaber Abdullah Al-Jaber Al-Sabah International Tennis Compound, which is regarded as an extension to Mall 360 as it will provide an additional leasing space of 40,000 square meters, a five-star world class hotel, in addition to the covered and open tennis grounds.
2. The Company acquired 360 Style Company after having raised its shareholding from 50%, as it was in 2014, to 92.5% in 2015. It is worth mentioning that 360 Style Company is a closed shareholding company that has foreign franchise agreements for a number of prestigious world-class brands in the field of high fashion.
3. In 2015, operating revenues were higher than those of the previous year as a result of the addition of new tenants at the commercial malls owned by the Company and the diversification of the operating activities at those malls. Rent revenues amount to KD 17,452,834 for the year compared to KD 15,917,380 for 2014. There has also been a 4% increase in the number of visitors to the 360 Mall.

4. The value of the Company's assets rose to KD 280,136,490 in 2015 compared to KD 250,391,528 in 2014.
5. During 2015, shareholder's equity in the parent company rose to KD 146,979,831 in 2015 from KD 139,525,967 in 2014.
6. Our subsidiary companies performed remarkably well during 2015: Tamdeen Entertainment Company and 360 Style Company achieved a total revenue of KD 7.5 million, approximately, for the year.
7. Net profit for 2015 amounted to KD 12,564,528 compared to KD 8,931,924 in 2014.

In light of the foregoing performance, the Board of Directors of the Company has recommended the distribution of a cash dividend for the year ended on 31 December 2015 at the rate of 6% of the nominal value of the share, which translates into 6 Fils per share. The Board has also recommended payment of KD 50,000 as directors remuneration to the members of the Board of Directors for the financial year ended on 31.12.2015. Both recommendations are subject to approval by the General Assembly.

ESTEEMED SHAREHOLDERS,

To build on the achievements made by the Company in the preceding financial year, and seeking to continue with those successful endeavors, we would like to present to you our vision for the future, for today's success was the result of yesterday's ambitions, and today's plans will be tomorrow's facts, God willing.

- To increase the Company's revenues from its present operating assets, we are in the process of developing the food court at 360 Mall to increase the restaurant choices available to visitors of the Mall. This development is scheduled to be completed and opened during 2016.
- As we promised you in 2015, the Company started construction work on Sama Jahra project in addition to its portfolio of commercial malls in the State of Kuwait. Construction work is scheduled to be completed within two years.
- In cooperation with strategic partners, the Company has started work on the development and construction of Khairan Project in the South of Kuwait in the heart of Sabah Al-Ahmed Marine City, on an area of 115,000 square meters on the water front. The Project includes a commercial center, Hotel, hotel apartments, residential towers, a marina and a yacht marina which is the biggest in the State of Kuwait.
- To enhance the Company's profitability by continuing its effective management of operating expenses while maintaining the high quality that has always been the hallmark of the Company's brand.

ESTEEMED SHAREHOLDERS,

In conclusion, I would like to take this opportunity, on behalf of my colleagues on the Board of Directors and for myself, to express our deepest gratitude to His Highness the Amir, Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, His Highness the Crown Prince, Sheikh Nawwaf Al-Ahmed Al-Jaber Al-Sabah, and His Highness the Prime Minister, Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, for their continuous support of the Private Sector in the State of Kuwait.

We also thank the shareholders of the Company for the never-ending valuable trust and support they have extended to us.

And finally, I would like to thank and express my appreciation to the members of the Board of Directors, and the employees of the company for their unremitting efforts that have enabled the Company to achieve the results it had during 2015.

We pray to Allah Almighty to protect our dear country, to keep it safe and secure and enable it to achieve further progress and prosperity, for Allah is the giver of all good fortune.

God is the guardian of success,,,

Peace and God's Mercy
and Blessings be upon you

MOHAMMAD JASSIM AL MARZOUQ
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Tamdeen Shopping Centers Company - KSCC, "the Parent Company" and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

RESPONSIBILITY OF THE PARENT COMPANY'S MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Bader A. Al-Wazzan

(Licence No. 62A)

Deloitte & Touche

Al Wazzan & Co.

Kuwait, 15 February 2016

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Furthermore, in our opinion, proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained the information that we deemed necessary for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and the 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 violation of the Companies Law No. 1 of 2016 or the Parent Company's Memorandum of Incorporation and Articles of Association, as amended have occurred during the financial year ended 31 December 2015 that might have had a material effect on the business of the Group or on its consolidated financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

(ALL AMOUNTS ARE IN KUWAITI DINAR)

	NOTE	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	5	35,641,195	23,848,272
Investment properties	6	136,405,000	135,250,000
Investment in associates	8	26,837,932	28,431,783
Intangible assets	9	49,216	-
		198,933,343	187,530,055
Current assets			
Lands held for trading	10	32,791,650	38,282,351
Inventories		765,981	279,593
Trade and other receivables	11	4,910,212	1,743,742
Available for sale investments	12	21,322,913	13,937,702
Cash at bank, on hand and investment portfolios	13	21,412,391	8,618,085
		81,203,147	62,861,473
Total assets		280,136,490	250,391,528
Equity and liabilities			
Equity			
Share capital			
Share premium	14	100,000,000	100,000,000
Statutory reserve	14	14,000,000	14,000,000
Change in fair value reserve	15	4,480,639	3,199,191
Foreign currency translation reserve		4,059,708	3,506,810
Retained earnings		1,211,715	856,938
Equity attributable to shareholders of the Parent Company		23,227,769	17,963,028
Non-controlling interests		146,979,831	139,525,967
Total equity		8,516,184	6,486,227
		155,496,015	146,012,194
Liabilities			
Non-current liabilities			
Bank facilities			
Post-employment benefits	17	89,990,000	80,400,000
	18	1,298,163	974,923
Current liabilities		91,288,163	81,374,923
Bank facilities			
Trade and other payables	17	18,190,780	9,646,862
	19	15,161,532	13,357,549
		33,352,312	23,004,411
Total liabilities		124,640,475	104,379,334
Total equity and liabilities		280,136,490	250,391,528

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

Mohammad Jassim Al Marzouq
Chairman

Osama Abdulatif Alabd Al Jaleel
Vice Chairman

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(ALL AMOUNTS ARE IN KUWAITI DINAR)

	NOTE	2015	2014
Revenues			
Operating revenues	20	26,312,299	20,958,271
Operating costs	21	(8,671,134)	(5,411,402)
Gross profit		17,641,165	15,546,869
Other income	22	2,704,250	1,492,472
General and administrative expenses	23	(5,209,114)	(3,366,474)
Other expenses	24	(509,816)	(132,360)
Net profits / (losses) from investments	25	1,510,762	(1,542,138)
Group's share from associates' results	8	97,155	275,045
Net finance costs	26	(3,401,581)	(3,106,632)
Profit for the year before deductions		12,832,821	9,166,782
Contribution to KFAS		(102,327)	(95,030)
Zakat		(115,966)	(89,828)
Board of Directors' remunerations		(50,000)	(50,000)
Net profit for the year		12,564,528	8,931,924
Attributable to:			
Shareholders of the Company		12,546,189	8,941,834
Non-controlling interests		18,339	(9,910)
Net profit for the year		12,564,528	8,931,924

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015
(ALL AMOUNTS ARE IN KUWAITI DINAR)

	NOTE	2015	2014
Net profit for the year		12,564,528	8,931,924
Other comprehensive income items			
Items that may be reclassified subsequently to statement of income:			
Transferred to statement of income on sale of available for sale investments		(618,469)	-
Impairment of available for sale investments	25	-	1,917,996
Change in fair value of available for sale investments		1,170,384	526,338
Foreign currency translation		591,493	573,644
Group's share of associate's reserves	8	983	4,219
Total other comprehensive income items		1,144,391	3,022,197
Total comprehensive income for the year		13,708,919	11,954,121
Attributable to:			
Shareholders of the Company		13,453,864	11,728,839
Non-controlling interests		255,055	225,282
		13,708,919	11,954,121

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(ALL AMOUNTS ARE IN KUWAITI DINAR)

	EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS							Non-controlling Interest	Total
	Share capital	Share premium	Statutory reserve	Change in fair value reserve	Foreign currency translation reserve	Retained earnings	Total		
Balance as at 1 January 2014	100,000,000	14,000,000	2,281,522	1,058,257	518,486	14,938,863	132,797,128	6,260,945	139,058,073
Net profit for the year	-	-	-	-	-	8,941,834	8,941,834	(9,910)	8,931,924
Other comprehensive income items	-	-	-	2,448,553	338,452	-	2,787,005	235,192	3,022,197
Transferred to statutory reserve	-	-	917,669	-	-	(917,669)	-	-	-
Dividend	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance as at 31 December 2014	100,000,000	14,000,000	3,199,191	3,506,810	856,938	17,963,028	139,525,967	6,486,227	146,012,194
Balance as at 1 January 2015	100,000,000	14,000,000	3,199,191	3,506,810	856,938	17,963,028	139,525,967	6,486,227	146,012,194
Net profit for the year	-	-	-	-	-	12,546,189	12,546,189	18,339	12,564,528
Other comprehensive income items	-	-	-	552,898	354,777	-	907,675	236,716	1,144,391
Transferred to statutory reserve	-	-	1,281,448	-	-	(1,281,448)	-	-	-
Acquisition of subsidiaries (note 29)			–	–	–	–	–	1,774,902	1,774,902
Dividends (Note 16)	-	-	-	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Balance as at 31 December 2015	100,000,000	14,000,000	4,480,639	4,059,708	1,211,715	23,227,769	146,979,831	8,516,184	155,496,015

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

(ALL AMOUNTS ARE IN KUWAITI DINAR)

		2015	2014
Cash Flows from operating activities			
Net profit for the year		12,564,528	8,931,924
Adjustments for:			
Depreciation	5,9	919,377	1,107,190
Change the fair value of investment properties	6	(74,380)	(1,451,089)
Losses from acquisition of subsidiaries	24	183,262	-
Provisions & Impairment	24	318,922	-
Losses on disposal of property, plant and equipment	24	7,632	132,360
Gains on sale of lands of projects in progress / lands held for trading	20	(658,967)	(25,636)
Net profits / (losses) from available for sale investments	25	(1,510,762)	1,542,138
Group's share from associates' results	8	(97,155)	(275,045)
Net finance costs	26	3,401,581	3,106,632
Post-employment benefits		388,677	247,750
Operating profit before changes in the working capital		15,442,715	13,316,224
Inventories		(84,596)	23,256
Trade and other receivables		(606,304)	(403,652)
Trade and other payables		747,960	(352,104)
Net cash generated from operating activities		15,499,775	12,583,724
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment		(4,161,079)	(1,264,192)
Paid for construction and development of investment properties		(978,068)	(668,868)
Paid for acquisition of lands held for trading		(23,924)	(160,532)
Proceeds from sale of projects in progress / lands held for trading		7,000,000	2,706,360
Paid for acquisition of intangible assets		(49,216)	-
Paid for acquisition of available for sale investments		(7,835,491)	(5,856,100)
Proceeds from sale of available for sale investments		1,949,161	-
Paid for acquisition, establishment and increase of associates' share capital		-	(5,066,000)
Proceeds from reduction of associates' share capital		1,472,726	-
Net cash paid for acquisition of subsidiaries (note 29)		(8,902,059)	-
Cash dividends received		686,296	375,858
Net cash used in investing activities		(10,841,654)	(9,933,474)
Cash flows from financing activities			
Net paid from finance costs		(4,276,712)	(3,069,680)
Net proceeds from Bank facilities		18,382,413	6,550,000
Cash dividends paid		(5,969,516)	(4,985,769)
Net cash generated from / (used in) financing activities		8,136,185	(1,505,449)
Net increase in cash and cash equivalents		12,794,306	1,144,801
Cash and cash equivalents at the beginning of the year		8,218,085	7,073,284
Cash and cash equivalents at the end of the year	13	21,012,391	8,218,085

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

1- COMPANY'S OVERVIEW

TAMDEEN SHOPPING CENTERS (K.S.C.C) "THE PARENT COMPANY" WAS INCORPORATED ON 1 MARCH 2005 UNDER AUTHENTICATED ARTICLE OF ASSOCIATIONS NO. 1148/VOL. (1). THE COMPANY IS LOCATED AT AL - ZAHRAA – 360 MALL – 4TH FLOOR – OFFICE 5 - P.O. BOX 29060 – SAFAT – 13151 KUWAIT.

THE OBJECTIVES OF THE COMPANY ARE:

- Owning, sale and purchase of lands and properties and development thereof for the Company inside and outside Kuwait, and carrying out maintenance and management of third parties' properties.
- Owning, sale and purchase of shares and bonds in real estate companies for the Company's account only inside and outside Kuwait, and establish and manage real estate funds (subject to approval of Central Bank of Kuwait).
- Conducting studies and providing any advisory services in the real estate sector, provided that the conditions applicable to the service provider should be met.
- Owning, managing and operating hotels, Health clubs and touristic facilities, and renting in and renting out thereof.
- Owning and managing the commercial markets and residential complexes.
- Utilization of the surplus funds by investing these funds in portfolios managed by specialized entities.
- Direct participating in setting up the infrastructures of BOT based residential, commercial and industrial areas and projects and real estate facility management.

The Company may have interest, or participate with entities that carry out similar activities or these that can assist the Company in achieving its objectives inside Kuwait and abroad and it may establish, incorporate, acquire or affiliate these entities.

These consolidated financial statements include the financial statements of the Company and its subsidiaries as set out in (Note 7) (together referred to as "the Group").

On 1 February 2016, the new Companies Law no. 1/2016 was published in the Official Gazette which is effective from 26 November 2012.

According to the new law, the companies law No. 25 of 2012 and its amendments have been cancelled however, its Executive Regulations will continue until a new set of Executive Regulations are issued.

These consolidated financial statements were authorized for issue by the Board of Directors on 15 February 2016.

2- BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments that are re-measured at fair value, as explained in the accounting policies below.

2.2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New and revised IFRSs issued and became effective

AMENDMENTS TO IAS 19 DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments should applied retrospectively. This amendment is not relevant to the Group, since none of the Group's entities has defined benefit plans with contributions from employees or third parties.

ANNUAL IMPROVEMENTS 2010-2012 CYCLE

- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

ANNUAL IMPROVEMENTS 2011-2013 CYCLE

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements

The Group has applied the amendments to IFRSs included in the annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle for the first time in the current year. The application of these amendments had no impact on the disclosures or amounts recognized in the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

THE GROUP HAS NOT APPLIED THE FOLLOWING NEW AND REVISED IFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is in the process of assessing the impact of IFRS 9 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and introduced a new 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 which an entity expects to be entitled in exchange for transferring goods or services to a customer. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. 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 is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

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

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations occurring from the beginning of annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The application of such amendments may result in combination, separation of certain disclosures, add new disclosures or elimination of proportionally insignificant disclosures.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset except for certain cases.

The Amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group use the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Group's management believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets. These amendments are not expected to have any impact on the Group.

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. However, any gain or loss resulting from the sale or contribution of assets that do not constitute a business is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10.

These amendments are not expected to have any impact on the Group

ANNUAL IMPROVEMENTS 2012-2014 CYCLE

These improvements are effective for annual periods beginning on or after 1 July 2016 and are not expected to have a material impact on the Group. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits

2.3 SIGNIFICANT ACCOUNTING POLICIES

2.3.1 BASIS OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Company losses control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date in which the Company gains control until the date when Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, or the cost on initial recognition of an investment in an associate or a joint venture.

BUSINESS COMBINATIONS

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except for deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRSs.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (date of initial acquisition) and the gain or loss, if any, is recognized in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are transferred to statement of income where such treatment would be appropriate if that interest is disposed of.

GOODWILL

Goodwill, arising on an acquisition of a subsidiary is carried at cost as at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units

(or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group

2.3.2 PROPERTY, PLANT AND EQUIPMENTS

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are included in the statement of income in the period in which they were incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of such assets beyond its originally assessed standard of performance, the expenditure is capitalized.

Depreciation is calculated based on estimated useful life of the applicable assets on a straight line method except for lands. The value of property, plant and equipment is reduced to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

The residual value, useful life and depreciation method are reviewed at the end of each financial period. Any change in the estimated lives is accounted as of the beginning of the financial year in which it is occurred.

Gains or losses resulted from the disposal of property, plant and equipment are included in the consolidated statement of income being the difference between the selling price and carrying value of such assets.

Properties, which are established and developed for the purpose of investment property, are stated as projects in progress and stated at cost until the completion of construction and development. It will be accounted for as investment property.

2.3.3 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line method over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of income when the asset is derecognized.

2.3.4 INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.3.5 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group annually, reviews the tangible and intangible assets to determine whether there is objective evidence that those assets may be impaired.If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The impairment loss is recognized when the asset's carrying amount exceeds its net recoverable amount.

Net recoverable amount is the higher of the asset's fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated statement of income for the year in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised immediately in the consolidated statement of income

2.3.6 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the Group becomes a party to the contractual obligations instrument.

All Financial assets or liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities (other than financial instruments classified at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities as appropriate, on initial recognition. Transaction costs attributable to the acquisition are recognised directly in the consolidated statement of income.

FINANCIAL ASSETS

Financial assets are classified into specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. At the date of acquisition, the Group determines the appropriate classification of its financial assets based on the purpose of acquisition of such financial assets. All regular way purchases or sales of financial assets are recognised on a trade date basis. The Group classifies its financial assets 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. Loans and receivables (trade and other receivables and cash at banks) are measured at amortized cost using the effective yield rate, less any impairment losses.

AVAILABLE FOR SALE (AFS)

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale are re-measured at fair value. The fair value is determined in the manner described in note 3.3.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other comprehensive income.

IMPAIRMENT

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Impairment loss is recognized directly in the statement of income when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment will be affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

DERECOGNITION

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers all the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of income.

FINANCIAL LIABILITIES

Financial liabilities (including borrowings and trade and other payables) are recognised initially at fair value, net of transaction costs incurred and subsequently re-measured at amortised cost using the effective yield method.

DERECOGNITION

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged and expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

2.3.7 LANDS HELD FOR TRADING

Lands held for trading are stated at cost when acquired. Cost is determined on an individual basis for such lands, cost represents the fair value of the consideration given, plus ownership transfer fee, brokerage and any other expenses necessary to develop land or real estate. Land or real estate held for trading are classified under current assets and are valued at the lower of cost or net realisable value on an individual basis. Net realisable value is determined on the basis of estimated sale value, less the estimated expenses necessary to complete the sale.

2.3.8 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted average cost basis. Net realizable value is the estimated selling prices less all the estimated costs of completion and costs necessary to complete the sale.

2.3.9 CASH AND CASH EQUIVALENT

Cash and cash equivalents represent cash on hand and at banks, cash at investment portfolios, and time deposits that mature within three months from the date of placement.

2.3.10 POST-EMPLOYMENT BENEFITS

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees upon termination of employment. Regarding the non-Kuwaiti Labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the financial statements date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.11 PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a discount rate that reflects market's assessments and the time value of money and the risks specific to the obligation.

2.3.12 DIVIDENDS

The dividends attributable to shareholders of the Company are recognized as liabilities in the consolidated financial statements in the period, in which the dividends are approved by the Company's shareholders.

2.3.13 FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kuwaiti Dinar.

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinar using the exchange rates prevailing at the date of the transaction. Items of monetary nature denominated in foreign currencies are retranslated at the financial statements date.

Foreign exchange gains or losses resulting from the settlement of such transactions and also the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

Group's companies

The operating results and financial position of all the Group's entities that have a functional currency different from the presentation currency (except for companies which are operated in countries with very high inflation rates) are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of income presented are translated at the closing rate at the financial statements date.
- Income and expenses for each consolidated statement of income are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

2.3.14 REVENUE RECOGNITION

Revenue is recognized when the flow in the economic benefit is possible and the amount of the revenue can be reliably measured. The following specified recognition standards should be met before the revenue recognition.

- Gains and losses resulted from the sale of financial investments, and land and real estate held for trading are recognised in consolidated statement of income when sale is completed. Sale is completed when the risks and rewards related to the assets sold are transferred to the buyer.
- Dividends from investments are recognized in the consolidated statement of income when the right to receive payment has been established.
- Services revenues are recognized when the services are rendered.
- Interest income from deposits is recognized on time basis.

2.3.15 ACCOUNTING FOR LEASE

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the leased asset's net value.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

2.3.16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

3- FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to group of financial risks: market risk (including foreign exchange risk, USD, fair value risk of interest rate, risks of fluctuations in cash flows resulting from changes in interest rates, and risks of market prices) in addition to credit risk and liquidity risks.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group currently does not use derivative financial instruments to manage the risks that it may be exposed to.

MARKET RISK

Market risk is the risk that an enterprise may incur financial losses due to adverse movements in market price of investments, interest and foreign currency rates.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not exposed to this risk due to concentration of monetary assets and liabilities in Kuwaiti dinar.

Foreign currency risks are resulting from the future transactions on financial instruments in foreign currency as reflected in the Group's consolidated financial statements.

The Group's management monitoring the change in exchange rates of foreign currencies and positions of foreign currencies that might negatively affect the Group's results.

Interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to risk of fluctuation in cash flows resulting from changes in interest rates from Bank facilities granted to the Group and embedded with variable finance cost.

The Group is exposed to interest rate risk as it holds the following financial instruments:

- Time deposits (note 13).

- Bank facilities (note 17).

Financial instruments issued at fixed interest rate expose the Group to fair value interest rate risk arises from changes in interest rates. Financial instruments issued at variable interest rates expose the Group to cash flow interest rate risks.

The Group is studying in regular basis all the income data related to the interest rate to determine the probability of changes in interest rates and the effect of such changes in the cash flow of the Group and the net profit in order to take the necessary actions in the timely manner.

Price risks

Equity price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices (other than those arising from foreign exchange risk and interest rate risk).

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated financial position as available for sale.

The Group manages these risks through:

- Managing of the Group's investments through portfolios managed by specialized companies.
- Most of Group's investments are in listed companies' shares, otherwise there are opportunities of direct investment in unlisted shares for similar activities. Such investments are studied and approved by the key management.
- Periodic tracking of changes in market prices.
- Investment generally in shares of companies having good financial positions that generate high operating income and cash dividends.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash and cash equivalents, trade and other receivables and due from related parties. The Group manages this risk by placing cash and cash equivalents with highly credit rated banks and dealing with high credit worthiness parties.

For credit risk of trade receivables the Group dealings with different groups of customers in order to mitigate such risk as well as analyses the credit worthiness of each customer. Moreover, the Group is obtaining securities deposits from tenants.

For credit risk of related parties, these parties have a good credit reputation in the market and there is a contractual terms with these parties for payment of due balances.

The management of the Group believes that the maximum exposure to credit risk as at 31 December is as follows:-

	2015	2014
Trade and other receivables (Note 11)	4,800,361	1,616,880
Cash at bank and investment portfolios (Note 13)	21,407,460	8,615,560

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with the financial liabilities on maturity.

The management of liquidity risk includes mainly to maintain sufficient balance of cash, highly liquid financial instruments and financial resources are made available to meet the needs of liquidity. The Group monitors the extent of liquidity in these investments on a regular basis and adjusts the components of these assets when this is necessary.

The following are the maturity dates of the Group's liabilities as at 31 December 2015:

	1 - 3 Months	3 months - 1 year	1 - 2 years	2 – 9 years
Laibilities				
Trade payables	962,377	4,120,945	-	-
Bank Facilities	903,420	20,057,622	5,676,625	95,278,344

The following are the maturity dates of the Group's liabilities as at 31 December 2014:

	1 - 3 Months	3 months - 1 year	1 - 2 years	2 – 6 years
Liabilities				
Trade payables	778,266	3,231,395	-	-
Bank Facilities	1,568,906	2,599,531	4,459,603	89,445,000

3.2 CAPITAL RISK MANAGEMENT:

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the equity balance.

The capital structure of the Group consists of net debt (bank facilities less cash and balances at banks) and equity (comprising capital, reserves, retained earnings and non-controlling interests).

The gearing ratios at 31 December 2015 and 2014 are as follows:

	2015	2014
Total bank facilities (note 17)	108,180,780	90,046,862
Less : cash at bank, on hand and investment portfolios (note 13)	(21,412,391)	(8,618,085)
Net debt	86,768,389	81,428,777
Total equity	155,496,015	146,012,194
Total capital	242,264,404	227,440,971
Gearing ratio %	35.82	35.80

3.3 FAIR VALUE ESTIMATION

The fair values of financial assets and liabilities are determined as follows:

Level one: Quoted prices in active markets for identical assets or liabilities.

Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in an active market. Inputs other than quoted prices of financial instruments that are observable for assets and liabilities.

Level three: Valuation methods, which use inputs that are not based on observable market data.

The table below gives information about how the fair values of the financial assets and liabilities are determined.

	Fair value as at 31 Dec. 2015	Fair value as at 31 Dec. 2014	Valuation Date	Fair Value hierarchy	Valuation Techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Available for sale Investments							
Quoted local shares	14,497,017	10,135,005	31/12/2015	1 First	Quoted bid price in active market	None	None

The carrying amount of other financial assets and liabilities is not materially different from their fair value as at the financial statements date.

4- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, the Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years:

Fair value measurements and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the financial statements. The Group management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate, in case no observable market data is available the Group uses an external valuer qualified to do the valuation. Information regarding the required valuation techniques and inputs used to determine the fair value of financial assets and liabilities is disclosed in note (3.3).

Impairment of tangible, intangible assets and inventory

The Group reviews tangible, intangible assets and inventory on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Evidence of impairment of investments

Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Impairment of associates

Estimation of impairment of an associate is made when there is an indicator for this impairment. The assessment is made for the entire carrying amount of the Group's investments in associate including goodwill, Accordingly, impairment testing of goodwill is not prepared independently. Impairment and reversal of those losses are recognized in the consolidated statement of income.

Useful lives of property and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Management will increase the depreciation charge when the useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of receivables

The Group's management determines impairment of receivables in the light of the Group's previous experience about collectability, overdue period, change in global and local economies which led the customers to default in payment. Impairment of receivables is recorded for receivables when there is a certainty that these other parties will not be able to pay according to the contractual agreement.

Classification of real estate

The management will decide on the acquisition of a real estate whether it should be classified as held for trading, property under development or investment property. On acquisition, such judgments will determine whether these properties will be measured subsequently at cost less impairment, or a cost or realizable value, whichever is lower, or at fair value, and whether changes in the fair value of such properties will be recorded in the statement of income or in the other comprehensive income.

The Group classifies property as held for trading property if acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development when acquired for the purpose of development.

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

Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of income. The Group engaged independent valuation specialists to determine the fair values. The evaluators have used valuation techniques to determine the fair values. The estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Contingent liabilities / liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

5- PROPERTY, PLANT AND EQUIPMENTS

	Buildings & constructions	Games, machinery & equipments	Furniture, fixtures & computers Vehicles	Projects in progress	Total
Cost					
As at 1 January 2014	6,372,305	4,824,530	1,398,406	18,958,197	31,553,438
Foreign currency differences	-	-	-	566,694	566,694
Additions	373,713	104,958	118,031	112,449	709,151
Disposals	(18,799)	(9,075)	-	(132,360)	(160,234)
Transferred from projects in progress	6,060	63,527	19,043	(88,630)	-
As at 31 December 2014	6,733,279	4,983,940	1,535,480	19,416,350	32,669,049
Foreign currency differences	-	-	-	594,519	594,519
Additions	17,290	31,272	100,899	2,405,079	2,554,540
Disposals	-	(58,990)	(18,365)	(6,467,241)	(6,544,596)
Effect of consolidation of subsidiaries (note 29)	1,066,754	5,315	111,354	10,107,425	11,290,848
Transferred from projects in progress	-	16,327	1,275	(17,602)	-
Transferred from lands held for trading (note 10)	-	-	-	5,514,625	5,514,625
As at 31 December 2015	7,817,323	4,977,864	1,730,643	31,553,155	46,078,985
Accumulated depreciation and impairment					
As at 1 January 2014	1,000,623	1,771,422	565,357	4,663,229	8,000,631
Depreciation for the year	286,060	378,782	157,811	-	822,653
Disposals	(2,507)	-	-	-	(2,507)
As at 31 December 2014	1,284,176	2,150,204	723,168	4,663,229	8,820,777
Depreciation for the year	485,145	275,157	159,075	-	919,377
Disposals	-	(44,241)	(16,940)	-	(61,181)
Effect of consolidation of subsidiaries (note 29)	671,748	4,112	82,957	-	758,817
As at 31 December 2015	2,441,069	2,385,232	948,260	4,663,229	10,437,790
Net book value					
As at 31 December 2015	5,376,254	2,592,632	782,383	26,889,926	35,641,195
As at 31 December 2014	5,449,103	2,833,736	812,312	14,753,121	23,848,272
Useful lives / year	20-50	4-25	4-20		

The item of projects in progress includes the project of (Al Sheikh / Jabber Al Abdullah International Complex for Tennis) which is being established on a land owned by Tennis Kuwaiti Union and is utilized by a subsidiary of the Group on a "utilization rights basis" and will be expired in 2044. After that, the ownership of such project will be transferred to Tennis Kuwaiti Union.

6- INVESTMENT PROPERTIES

	2015	2014
Balance at the beginning of the year	135,250,000	133,100,000
Additions	1,080,620	698,911
Change in fair value (note 20)	74,380	1,451,089
	136,405,000	135,250,000

Certain of investments properties are pledged at local banks against bank facilities (note 17).

7- INVESTMENT IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Tamdeen Shopping Centers Company - KSCC and the following subsidiaries (together referred to as "the Group").

	Country of incorporation	Activity	Ownership % 2015	Ownership % 2014
Tamdeen Entertainment Co. K.S.C.C	Kuwait	Entertainement	99.65	99.65
GLA property management Co. W.L.L	Kuwait	Services	98.00	98.00
Tamdeen Bahraini Real Estate Co. B.S.C.C	Bahrain	Real Estate	59.00	59.00
Three Sixty Style Co. K.S.C.C (note 29)	Kuwait	Trade	92.50	-
Spirit for Real Estate Development Company K.S.C.C (note 29)	Kuwait	Real Estate	90.35	-

As mentioned above, the Company fully controlled most of its subsidiaries and the only significant non-controlling interests appears in Tamdeen Bahraini Company. Non-controlling interests is 41% of Tamdeen Bahraini Company shares as at 31 December 2015 & 2014.

Total assets and liabilities of Tamdeen Bahraini Company amounted to KD 16,256,321, KD 2,176 respectively as at 31 December 2015 (KD 15,667,667, KD 2,176 respectively as at 31 December 2014).

The revenues and net loss of the company's amounted Nil, KD 12,104 respectively for the year ended 31 December 2015 (KD 477, KD 13,599 respectively for the year ended 31 December 2014).

8- INVESTMENT IN ASSOCIATES

	Activity	Ownership percentage% 2015	Ownership percentage% 2014	2015	2014
Tamdeen Pearl Real Estate Co. K.S.C.C	Real Estate	25.66	25.66	22,990,489	22,984,550
Tamdeen Real Estate Development Co. K.S.C.C	Real Estate	24.55	24.55	1,153,973	2,701,796
Al-Maysam Combined General Trading Co. W.L.L	Trade	40	40	1,498,034	1,597,860
Fu-com Central Market Co. K.S.C.C	Trade	24.83	24.67	625,447	480,825
Three Sixty Style Co. K.S.C.C*	Trade	-	50	-	666,752
Luxury Goods Kuwait Co. W.L.L	Trade	49	-	569,989	-
				26,837,932	28,431,783

* During 2015, the Group has increased its ownership in Three Sixty Style Co. K.S.C.C to be 92.5%. Thereupon, such investment has been reclassified as investment in a subsidiary. The financial statements of such subsidiary has been consolidated from the date of control (note 29).

The following is the movements of investments in associates during the year:

	2015	2014
Balance as at 1 January	28,431,783	2,667,661
Establishment, acquisition and capital increase of an associate	-	25,484,858
Transfer of an associate to a subsidiary	(666,752)	-
Reduction of the associate's share capital	(1,472,726)	-
Group's share from associates' results	97,155	275,045
Effect of consolidation of a subsidiary (note 29)	569,989	-
Cash dividends	(122,500)	-
Group's share from an associate reserves	983	4,219
Balance as of 31 December	26,837,932	28,431,783

The shares of the associates are unlisted.

The following is the assets, liabilities, revenue, profit and loss of the associate as at 31 December:

	2015			
	Assets	Liabilities	Revenues	Total Comprehensive income / (loss)
Tamdeen Pearl Real Estate Co.	90,120,897	531,764	258,174	21,945
Tamdeen Real Estate Development Co.	4,720,474	19,102	6,368	(290,949)
Al-Maysam Combined General Trading Co.	3,749,651	4,566	10,000	(249,565)
Fu-com Central Market Co.	10,107,800	7,589,200	45,018,301	565,370
Luxury Goods Kuwait Co.	2,309,181	1,145,938	3,896,542	250,000

	2014			
	Assets	Liabilities	Revenues	Total Comprehensive income / (loss)
Tamdeen Pearl Real Estate Co.	89,565,988	-	-	(1,200)
Tamdeen Real Estate Development Co.	11,011,189	3,867	-	(12,479)
Al-Maysam Combined General Trading Co.	3,995,652	1,003	-	(7,104)
Fu-com Central Market Co.	8,785,700	6,836,500	44,049,056	526,125
Three Sixty Style Co.	2,654,186	1,320,683	4,390,386	297,213

9- INTANGIBLE ASSETS

Intangible assets represent the utilization right of foreign trademark.

	2015	2014
Net book value as at 1 January	-	284,537
Additions during the year	49,216	-
Amortization during the year	-	(284,537)
Net book value as at 31 December	49,216	-

10- LANDS HELD FOR TRADING

Movement of lands held for trading is as follows:

	2015	2014
Balance at the beginning of the year	38,282,351	61,221,401
Additions	23,924	160,534
Disposals	-	(23,099,584)
Transferred to property, plant and equipment (note 5)	(5,514,625)	-
	32,791,650	38,282,351

11- TRADE AND OTHER RECEIVABLES

	2015	2014
Trade and notes receivables	346,437	443,187
Other receivables		
Advance payments to purchase property and equipment	2,313,769	698,688
Prepaid expenses	140,506	75,950
Staff receivables	134,060	111,814
Deposits of letters of guarantee	1,042,750	38,500
Due from related parties (note 27)	822,839	248,741
Others	364,421	297,892
	4,818,345	1,471,585
Provision of other receivables	(254,570)	(171,030)
	4,563,775	1,300,555
	4,910,212	1,743,742

Trade receivables include amount of KD 346,437 that are past due and not collected as well as not impaired as at 31 December 2015 (KD 443,187 as at 31 December 2014).

The movement of provision for impairment in trade and other receivables is as follows:

	2015	2014
Balance at the beginning of the year	171,030	171,030
Provided	83,540	-
Balance as at 31 December	254,570	171,030

12- AVAILABLE FOR SALE INVESTMENTS

	2015	2014
Investments in quoted shares	14,497,017	10,135,005
Investments in unquoted shares	6,825,896	3,802,697
	21,322,913	13,937,702

- Investments in unquoted shares were recognized at cost less impairment due to lack of an active market for such investments.
- Fair value has been determined according to the basis described in note 3.3.

13- CASH AT BANK, ON HAND AND INVESTMENT PORTFOLIOS

	2015	2014
Cash on hand	4,931	2,525
Current accounts at banks	13,404,512	8,229,244
Time deposits	8,002,411	-
Cash at investment portfolios	537	386,316
Total cash at banks, on hand and investment portfolios	21,412,391	8,618,085
(Less)		
Blocked accounts against letters of guarantee	(400,000)	(400,000)
Cash and cash equivalents	21,012,391	8,218,085

The average of effective interest rate on deposits was 1.13% during 2015 (Nil during 2014).

Subsequent to the financial statements date, the blocked accounts have been granted against letters of guarantee.

14- SHARE CAPITAL / SHARE PREMIUM

SHARE CAPITAL

The authorized, issued and paid up capital is amounted to KD 100,000,000 divided into 1,000,000,000 shares with nominal value of 100 fils per share. All shares are in cash as at 31 December 2015 and 2014.

SHARE PREMIUM

Share premium could be used in order to amortize the losses or increase the capital.

15- STATUTORY RESERVE

In accordance with the Company's law and the Parent Company's memorandum of Incorporation, 10% of the profit of the year before KFAS, Zakat and Board of Directors' remunerations is transferred to statutory reserve.

Such transfer may be discontinued when the reserve reaches 50% of the share capital. Distribution of such reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up capital to be made in years when profits are not sufficient for the payment of such dividend.

16- DIVIDEND

- On 12 April 2015, Shareholders' Ordinary General Assembly Meeting approved the financial statements for the year ended 31 December 2014 and approved cash dividends @ 6% of the share's nominal value equivalent to 6 fils per share and also approved the Board of Directors' remunerations.
- On 15 February 2016, Board of Directors proposed cash dividends @ 6% of the share's nominal value equivalent to 6 fils per share. This proposed is subject to the shareholder's approval in the General Assembly.

17- BANK FACILITIES

	2015	2014
Non-current	89,990,000	80,400,000
Current	18,190,780	9,646,862
	108,180,780	90,046,862
Interest rate %	3.49	3.75

- The non-current portion of Bank facilities is due during periods ranging between 2 to 9 years.
- Bank facilities are granted to the Group from local banks and a foreign branch against the following guarantees:

	2015	2014
Investment properties (note 6)	117,100,000	116,000,000

- Certain of bank facilities are granted to a subsidiary from local banks against joint guarantee from a related party. Subsequent to the financial statements date, the joint guarantee has been cancelled.
- Subsequent to the financial statements date, portion of lands held for trading shall be pledged to a local bank only when the Group has increased the utilization of credit facilities.

18- POST-EMPLOYMENT BENEFITS

	2015	2014
Balance as at 1 January	974,923	727,173
Charged to statement of income	388,677	269,285
Paid	(79,666)	(21,535)
Effect of acquisition of a subsidiary	69,352	-
Transferred to related parties	(55,123)	-
Balance as at 31 December	1,298,163	974,923

19- TRADE AND OTHER PAYABLES

	2015	2014
Trade payables	1,879,336	1,272,999
Refundable deposits	3,790,762	3,604,192
Claims provision	3,900,000	3,800,000
Staff bonuses and accrued expenses	2,175,739	1,726,993
Retention	210,878	95,089
Due to related parties (note 27)	796,909	807,006
Leave provision	333,493	285,135
Prepaid rents	1,104,932	943,696
Dividends payable	113,915	83,431
Others	637,275	554,150
KFAS	102,327	95,030
Zakat	115,966	89,828
	15,161,532	13,357,549

20- OPERATING REVENUES

	2015	2014
Real estate revenues		
Rent revenues	17,452,834	15,917,380
Gain on sale of lands of projects in progress / lands held for trading	658,967	25,636
Change in fair value of investment properties (note 6)	74,380	1,451,089
	18,186,181	17,394,105
Services activity revenues	509,280	312,800
Retail activity revenues	4,101,233	-
Entertainment activity revenues	3,515,605	3,251,366
	26,312,299	20,958,271

21- OPERATING COSTS

	2015	2014
Staff costs	2,437,855	1,721,219
Sold goods cost	2,438,358	-
Security and cleaning	800,208	646,214
Depreciation and amortization (notes 5, 9)	741,725	923,339
Investment properties management fees	480,000	480,000
Publicity and advertisement	442,832	411,627
Maintenance fees	524,458	496,562
Electricity and energy	186,472	175,141
Insurance	72,909	62,791
Rents	189,476	63,403
Others	356,841	431,106
	8,671,134	5,411,402

22- OTHER INCOME

	2015	2014
Engineering consultancy and real estate project management	1,989,688	857,184
Car parking and other operating income	669,605	619,448
Other	44,957	15,840
	2,704,250	1,492,472

23- GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
Staff costs	2,974,375	2,185,105
Professional and consultancy fees	894,573	469,779
Depreciation and amortization (notes 5, 9)	177,652	183,851
Donations	44,750	56,250
Travel and accommodation expenses	62,194	28,841
Maintenance expenses	18,185	21,266
Rents	166,014	76,333
Others	871,371	345,049
	5,209,114	3,366,474

24- OTHER EXPENSE

	2015	2014
Losses from acquisition of a subsidiary (note 29)	183,262	-
Claims provision	235,382	-
Impairment of trade and other receivables	83,540	-
Losses from sale of property, plant and equipment's	7,632	132,360
	509,816	132,360

25- NET PROFITS / (LOSSES) OF INVESTMENTS

	2015	2014
Profits from sale of available for sale investments	946,967	-
Dividends from available for sale investments	563,795	375,858
Impairment losses of available for sale investments	-	(1,917,996)
	1,510,762	(1,542,138)

26- NET FINANCE COSTS

	2015	2014
Finance cost of Bank facilities	3,471,557	3,119,499
Less:		
Credit interest on deposits	(69,976)	(12,867)
Net finance costs	3,401,581	3,106,632

27- RELATED PARTIES TRANSACTIONS

The related parties include shareholders who are members in the Board of Directors, key managements, directors and companies in which the major shareholders have significant control. In the Company's ordinary course of business, the Company has entered into transactions with related parties during the year. The following is the statement of transactions and balances resulting from such transactions:

	2015	2014
Transactions with related parties		
Rent revenues	3,826,684	3,243,629
Consulting income and others	1,837,253	-
Gains from available for sale investments	362,013	109,175
Key management benefits	373,273	128,942
Expenses	944,232	-
Projects in progress	668,773	-
Reduction of the associate's share capital	1,472,727	-
Acquisition of investment in an associate	-	2,556,000
Acquisition of available for sale investments	2,784,880	7,021,985
Sale of lands of projects in progress / lands held for trading	6,341,033	23,099,582
Acquisition of investment in a subsidiary	22,750,000	-

	2015	2014
Balances arising from such transactions		
Due from related parties (note 11)	822,839	248,741
Cash at investment portfolios (note 13)	537	386,316
Due to related parties (note 18)	796,909	807,006
Key management benefits - long term	149,709	140,231
Key management benefits - short term	59,000	71,423

In addition to above, an investment portfolio managed by a related party on behalf of the Company. Book value of investment portfolios was amounted to KD 14,497,017 as at 31 December 2015 (KD 10,135,005 as at 31 December 2014)

Transactions with related parties are subject to the approval of the General Assembly of the Shareholders.

28- FUTURE COMMITMENTS AND CONTINGENT LIABILITIES

	2015	2014
Estimated capital expenditure contracted for at the financial position date	4,206,959	2,813,695
Right of utilization	3,455,281	-
Letters of guarantees commitments	2,121,338	400,000

As at the financial statements date, a subsidiary of the Group has commitments against a contract for irrevocable utilization right. The following is the maturity date of future semi- annual payments.

	Less than 1 Year	From 1 year - 5year	More than 5 year
Utilization right contract -2015	99,803	396,824	2,958,654
Utilization right contract -2014	99,809	379,103	2,943,516

29- ACQUISITION OF SUBSIDIARIES

- During 2015, the Group has acquired shares @ 90.35% in Spirit for Real Estate Development Company K.S.C.C. The financial statements of Spirit for Real Estate Development Company have been consolidated from the date in which the Parent Company has control over such subsidiary.
- As set out in note no. (8) during 2015, the Group has acquired additional shares in Three Sixty Style Company K.S.C.C. The Group's shares in such subsidiary will be 92.5%. Thereupon, such investment has been reclassified from investment in an associate to investment in a subsidiary from the date in which the Parent Company has control over such subsidiary.
- The following is the statement of net acquired assets and liabilities as at the acquisition date:

	Spirit for Real Estate Development Company (KD)	Three Sixty Style Company (KD)	Total (KD)
Net property, plant and equipment (note 5)	10,107,425	424,606	10,532,031
Investment on an associate (note 8)	-	569,989	569,989
Goods	-	401,793	401,793
Trade and other receivables	1,000,000	50,413	1,050,413
Cash and cash equivalents	12,640,555	1,207,386	13,847,941
Post-employment benefits	-	(69,352)	(69,352)
Trade and other payables	(73,091)	(625,066)	(698,157)
Loans and bank facilities	-	(626,265)	(626,265)
Net assets of subsidiaries at the acquisition date	23,674,889	1,333,504	25,008,393
Non-controlling interests at the acquisition date	(1,674,889)	(100,013)	(1,774,902)
Group's share in net assets of subsidiaries at the acquisition date	22,000,000	1,233,491	23,233,491
Less:			
Cash settled to acquire subsidiaries	22,000,000	750,000	22,750,000
Group's share in net assets of subsidiaries at the acquisition date	-	666,752	666,752
Acquisition cost	22,000,000	1,416,752	23,416,752
Increase in acquisition cost over the net assets of subsidiaries at the acquisition date	-	183,261	183,261
Loss on acquisition of subsidiaries transferred to statement of income (note 24)	-	(183,261)	(183,237)
Increase in acquisition cost over the net assets of subsidiaries at the acquisition date	-	-	-
Net cash and cash equivalents resulting from acquisition of subsidiaries is as follows:			
Cash settled to acquire subsidiaries	(22,000,000)	(750,000)	(22,750,000)
Cash and cash equivalents of the subsidiaries at the acquisition date	12,640,555	1,207,386	13,847,941
Net cash and cash equivalents resulting from acquisition of subsidiaries	(9,359,445)	457,386	(8,902,059)

The acquisition process has been accounted for based on value of assets and liabilities of acquired companies as at the acquisition date. The fair value of assets and liabilities of acquired subsidiaries has been determined by the Group's management. Any excess in the acquisition cost over the net assets of the subsidiary at the acquisition date has been recognized in the statement of income under other expenses (note 24).