LOYAC for Theatrical Production Company
(Fareah Ahmad Mohammed Al Saqqaf & Partners)
State of Kuwait

Financial statements and independent auditor's report for the period from 22 May 2014 (date of incorporation) to 31 December 2015

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INDEPENDENT AUDITOR'S REPORT

The Partners
LOYAC for Theatrical Production Company
(Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L.
State of Kuwait

Report on the Financial Statements

We have audited the accompanying financial statements of LOYAC For Theatrical Production Company (Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statement of activities and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 22 May 2014 (date of incorporation) to 31 December 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (cont'd)

LOYAC for Theatrical Production Company
(Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L.
State of Kuwait

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the period from 22 May 2014 (date of incorporation) to 31 December 2015 in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Companies Law no 1 of 2016, the executive regulations of Law no 25 of 2012, and the Company's articles of association. In our opinion, proper books of account have been kept by the Company and an inventory count was carried out in accordance with recognised procedures. We have not become aware of any contravention, during the period from 22 May 2014 (date of incorporation) to 31 December 2015, of the Companies Law no 1 of 2016, the executive regulations of Law no 25 of 2012, or of the Company's articles of association, that might have had material effect on the Company's activities or on its financial position.

Bader A. Al Abduljader
License No. 207, Category "A"
of Russell Bedford (Bader Al Abduljader & Partners)
Member of Russell Bedford International

Kuwait: 31 May 2016

LOYAC for Theatrical Production Company
(Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L.
State of Kuwait

Statement of financial position
as at 31 December 2015

	Note	2015 KD
Assets		
Non-current assets		
Property and equipment	*6*	8,472
Total non-current assets		8,472
Current assets		
Prepayments and other receivables	*7*	4,566
Receivables from related parties	*16*	38,852
Cash and bank balances	*8*	8,764
Total current assets		52,182
Total assets		60,654
Equity and liabilities		
Equity		
Share capital	*9*	15,000
Statutory reserve	*10*	3,032
Voluntary reserve	*11*	3,032
Retained earnings		24,257
Total equity		45,321
Liabilities		
Current liabilities		
Deferred contributions	*12*	5,663
Trade and other payables	*13*	9,670
Total current liabilities		15,333
Total liabilities		15,333
Total equity and liabilities		60,654

The notes on pages 7 to 23 are an integral part of these financial statements.

Fareah Ahmad Al Saqqaf
Managing Director

LOYAC for Theatrical Production Company
(Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L.
State of Kuwait

Statement of activities and other comprehensive income
for the period from 22 May 2014 (date of incorporation) to 31 December 2015

	Note	2015 KD
Operating and support revenues		
Contributions		
Corporate and individuals	*14*	102,500
Services and materials	*14*	89,760
Total contributions		192,260
Deferred contributions		(5,663)
Net contributions		186,597
Projects and programs		
Revenue from programs	*14*	173,496
Total operating and support revenues		360,093
Operating expenditure		
Projects and programs		
Events and programs	*15*	(131,211)
Supporting services		
Management and general	*17*	(198,561)
Total operating expenditure		(329,772)
Results of operations for the period		30,321
Other comprehensive income		-
Total comprehensive income for the period		30,321

The notes on pages 7 to 23 are an integral part of these financial statements.

Statement of changes in equity
for the period from 22 May 2014 (date of incorporation) to 31 December 2015

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Total KD
Changes in equity during the period ended 31 December 2015					
Issue of share capital	15,000	-	-	-	15,000
Total comprehensive income for the period	-	-	-	30,321	30,321
Transfer to reserves	-	3,032	3,032	(6,064)	-
Balance at 31 December 2015	**15,000**	**3,032**	**3,032**	**24,257**	**45,321**

The notes on pages 7 to 23 are an integral part of these financial statements.

LOYAC for Theatrical Production Company
(Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L.
State of Kuwait

Statement of cash flows
for the period from 22 May 2014 (date of incorporation) to 31 December 2015

	Note	2015 KD
Cash flows from operating activities		
Results of operations for the period		30,321
Adjustments for:		
Depreciation	*6*	1,660
Operating profit before changes in working capital		31,981
Prepayments and other receivables		(4,566)
Receivables from related parties		(38,852)
Deferred contributions		5,663
Trade and other payables		9,670
Net cash generated from operating activities		3,896
Cash flow from investing activities		
Paid for purchase of property and equipment	*6*	(10,132)
Net cash used in investing activities		(10,132)
Cash flow from financing activities		
Proceeds from issue of share capital		15,000
Net cash from financing activities		15,000
Net increase and cash and bank balances at 31 December 2015	*8*	8,764

The notes on pages 7 to 23 are an integral part of these financial statements.

1. Reporting entity

LOYAC for Theatrical Production Company (Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L. ("the Company" or "LAPA") is incorporated in the State of Kuwait as a Limited Liability Company on 22 May 2014 by virtue of the Article of Association authenticated under No. 1520 Volume 1. The Company was registered with the commercial register on 26 May 2014 under registration No. 353377.

The Company is a subsidiary of LOYAC for Private Training and Statistical Consulting Company W.L.L. (the "Parent Company").

The Company is principally incorporated to carry out theatrical production.

The Company's registered office is at Hawalli – Block 1 – Street 17 – Building 14612 – 4th floor – Office #11, State of Kuwait.

The Company's first financial statements cover the period from 22 May 2014 to 31 December 2015. As a consequence, there are no opening balances or comparative figures within the accounts.

The financial statements were authorised for issue by the Managing Director on 31 May 2016.

2. Basis of preparation

a) Statement of compliance

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

The new Companies Law no. 1 of 2016 issued on 24 January 2016 and published in the official Gazette on 1 February 2016 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 and the executive regulations of Law no. 25 of 2012 will continue until a new set of executive regulations is issued.

b) Basis of measurement

The financial statements are prepared on historical cost or amortised cost basis, except for contributed services and materials which are measured at fair value.

The statement of activities and other comprehensive income is a statement of financial activity related to the current period, it is not a performance measure and it does not purport to present the net income or loss for the period as would a statement of comprehensive income for a profit oriented entity.

Net assets, expenses, revenues, gains and losses are classified based on the existence or absence of sponsor imposed restrictions. Accordingly, the net assets, revenues and expenses of LAPA and changes therein are classified and reported in the notes to the financial statements as follows:

Unrestricted net assets - Net assets that are not subject to any sponsor imposed stipulations that may be designated by the board members for any program activities or purchase of equipment.

Temporarily restricted net assets - Net assets subject to sponsor imposed restrictions on their use that have to be met by actions of LAPA.

Permanently restricted net assets - These represent primarily capital and transfers to the statutory reserve.

c) Functional and presentation currency

These financial statements are presented in Kuwaiti Dinars, which is the Company's functional currency.

d) Use of estimates and judgments

The preparation of the financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4 and 5.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements.

a) Revenue recognition

i. Contributions and donations

Contributions, which include unconditional promises to give (pledges), are recognised as revenues when they become receivable. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the sponsor.

LAPA classifies contributions as temporarily restricted net assets if they are received with sponsor stipulations as to their use. When a sponsor restriction expires, that is, the purpose of restriction is accomplished; temporarily restricted net assets are released and reclassified as unrestricted net assets in the statement of comprehensive income and activities. Sponsor restricted contributions are initially recognised as temporarily restricted net assets, even if it is anticipated that such restrictions will be met in the current reporting period.

Projects and programs revenue, which arises principally from corporate contributions, individual contributions, contributed services and student training programs is recognised upon the provision of the services.

ii. *Contributed services and donated materials*

Contributed services are reported at fair value in the financial statements for voluntary donations of services. Contributed services are accounted for as income and expenses when received.

Donated materials are stated at their fair value at the date of receipt and are accounted for as income and expenses at the equivalent amount when received.

Revenue from rendering services is recognised when the services are performed.

Other revenues and expenses are recognised on an accrual basis.

Revenue is measured at the fair value of the consideration received or receivable.

b) Expenditures

Expenditures are recognised as they accrue. Expenditures for conducting key programs comprise of fees paid to program sponsors and other related expenditure incurred, which are accounted for program-wise.

c) Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

d) Property and equipment

i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment, and is recognised net within other income in the statement of activities and other comprehensive income. The useful lives are reviewed periodically and are reassessed and adjusted, if appropriate, at each reporting date to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment. A change in the estimated useful life of property and equipment is applied at the beginning of the year of change with no retrospective effect.

Depreciation

Depreciation is recognised in the statement of activities and other comprehensive income on a straight-line basis over the estimated useful lives as follows:

Motor vehicles	5 years
Office equipment	3 years
Furniture and fixtures	5 years

e) Accounts receivable

Receivables are amounts due from related parties, sponsors and/ or students for contributions made or services performed in the ordinary course of business. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses (Note 3 (i)).

f) Cash and cash equivalents

Cash and cash equivalents include cash at banks.

g) Trade and other payables

Trade and other payables are stated at amortised cost.

h) Deferred contributions

Deferred contributions represent the excess balance of operating and supporting revenue, over expenditure incurred during the year on student training programs. The contributions are utilised towards the related programs/ activities during the forthcoming year.

i) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognised in profit or loss.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

j) Provisions

Provisions are recognised in the financial statements when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

k) Employee benefits

Kuwaiti Employees

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this scheme, which is a defined contribution scheme under International Accounting Standard (IAS) 19 – *Employee Benefits*, is charged to income in the year to which it relates.

Expatriate Employees

Expatriate employees are entitled to an end of service indemnity payable under the Kuwait Labor Law and the Company's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. Provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard (IAS) 19 – *Employee Benefits*, has been made by calculating the notional liability had all employees left at the reporting date.

l) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

4. Use of estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial period that have a significant effect on the amounts of assets and liabilities within the next financial year.

Critical accounting judgments in applying the Company's accounting policies

Management is of the opinion that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

5. Determination of fair values

The following accounting policy and disclosures require determination of fair value. Fair values have been determined based on following methods:

Contributed services and materials

The fair value of contributed services and donated materials is based on what LAPA would have paid for similar services/ materials had they not been contributed/ donated and is determined based on the assumptions that market participants would use in pricing the contributed service/ material.

6. Property and equipment

	Motor vehicles KD	Office equipment KD	Furniture and fixtures KD	Total KD
Cost				
Additions	5,950	3,226	956	10,132
At 31 December 2015	5,950	3,226	956	10,132
Accumulated depreciation				
Charge for the period	896	587	177	1,660
At 31 December 2015	896	587	177	1,660
Carrying amounts				
At 31 December 2015	5,054	2,639	779	8,472

Included within property and equipment contributed materials amounting to KD 387.

7. Prepayments and other receivables

	2015 KD
Prepaid expenses	4,566

8. Cash and bank balances

	2015 KD
Bank balances	8,319
Cash on hand	445
	8,764

9. Share capital

The issued and fully cash paid up share capital is KD 15,000 comprising of 100 shares of KD 150 each distributed among partners as follows:

Partners	Number of shares	Amount KD
LOYAC for Private Training and Statistical Consulting Co. W.L.L.	99	14,850
Fareah Ahmad Mohammed Al Saqqaf	1	150
	100	15,000

Share capital is fully paid in cash.

10. Statutory reserve

In accordance with the Company's articles of association, 10% of the profit for the year is required to be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except for payment of a dividend of 5% of paid up share capital in periods when profit is not sufficient for the payment of such dividend.

11. Voluntary reserve

In accordance with the Company's articles of association, 10% of the profit for the year is required to be transferred to the voluntary reserve. This transfer may be discontinued, upon recommendation of Management, by a resolution of the Partners. There are no restrictions on the distribution of this reserve.

12. Deferred contributions

Deferred contributions towards programs and activities as at 31 December were as follows:

	2015 KD
Global outreach program (Peace of Art)	5,663

13. Trade and other payables

	2015 KD
Accrued expenses	9,408
Other payables	262
	9,670

14. Operating and support revenues

			2015
	Unrestricted KD	Temporarily restricted KD	Total KD
Contributions			
Corporate contributions	102,500	-	102,500
Services and materials			
Contributed services of board members	14,000	-	14,000
Contributed use of building	75,000	-	75,000
Contributed use of printing press	223	-	223
Contributed use of media and other facilities	537	-	537
	89,760	-	89,760
Total contributions	**192,260**	**-**	**192,260**
Projects and programs			
MacBeth Play	3,000	-	3,000
Iskindrilla	11,171	-	11,171
Zaid Dirani piano concert	7,950	-	7,950
Aswat	17,500	-	17,500
Milan expo	6,560	-	6,560
Min Hawa Al Andalus play	67,361	-	67,361
European Union Chaillot	-	-	-
Concourse D'Elegance expo	2,244	-	2,244
Dar Athaar musical event	-	-	-
La Notte Della Taranta	6,400	-	6,400
Habayebana event	10,000	-	10,000
Lulwa Al Shamlan piano event	7,950	-	7,950
Breast cancer care	220	-	220
Kids camp	2,645	-	2,645
Kuwait Yachat show	1,482	-	1,482
Food expo	2,992	-	2,992
Creative drama workshop	1,600	-	1,600
LAPA classes	390	-	390
Global outreach program (Peace of Art)	7,824	5,663	13,487
	157,289	5,663	162,952
Materials contributed	10,544	-	10,544
Total revenue from projects and programs	**167,833**	**5,663**	**173,496**
Total operating and supporting revenues	**360,093**	**5,663**	**365,756**

15. Operating expenditure – projects and programs

Events/ programs	Salaries KD	Student training KD	Travel and housing KD	Media KD	Printing and supplies KD	Contractual services KD	Material cost KD	Others KD	Contributed services and materials KD	Total KD
Macbeth play	200	165	344	1,050	-	-	1,458	-	-	3,217
LAPA dance troop	45	810	-	-	-	-	-	-	-	855
Iskindrilla	2,519	2	1,925	1,695	20	-	24	-	423	6,608
Zaid Dirani piano concert	4,747	13	90	218	12	-	108	21	765	5,974
Milan expo	-	19	5,741	140	-	-	5	-	-	5,905
Aswat	7,082	527	4,295	3,770	339	-	784	-	275	17,072
Min Hawa Al Andalus play	11,924	1,786	9,321	10,125	950	4,938	3,390	306	2,732	45,472
European Union Chaillot	1,610	-	710	1,919	15	-	461	100	1,957	6,772
Out side events	3,634	-	-	-	-	-	-	-	-	3,634
Dar Athaar musical event	1,140	-	-	-	-	-	-	-	95	1,235
La Notte Della Taranta	1,886	28	1,680	110	-	-	73	-	1,195	4,972
Habayebana event	2,350	-	2,173	-	1	-		-	-	4,524
Lulwa Al Shamlan piano event	1,215	-	850	87	80	1,230	5	-	165	3,632
Kids camp	755	847	1,000	-	-	-	4	-	2,577	5,183
Global outreach program (Peace of Art)	2,278	919	1,470	1,290	349	130	1,389	-	360	8,185
All star team	-	630	-	-	-	-	-	-	-	630
Creative drama workshop	625	778	-	-	6	-	2	-	-	1,411
LAPA classes	5,860	-	50	-	-	-	20	-	-	5,930
	47,870	6,524	29,649	20,404	1,772	6,298	7,723	427	10,544	131,211

16. Related party transactions

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions.

Related parties primarily comprise of owners and executive officers and other companies in which a substantial interest in voting power is owned directly or indirectly by the owners or over which they are able to exercise significant influence. In the normal course of business and upon management approval, transactions have been carried out during the period ended 31 December 2015.

Transactions with key management personnel

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel are entitled to a total compensation of KD 2,000 for the year ended 31 December 2015 (Note 17).

Other related party transactions

Balances due from related parties at the reporting date were as follows:

	2015 **KD**
Receivables from related parties	
LOYAC for Private Training and Statistical Consulting Co. W.L.L	12,591
Key management personnel	26,261
	38,852

Amounts owed from related parties are interest-free, and have no fixed terms of repayment.

17. Management and general expenses

	2015
	KD
Salaries and benefits	86,610
Rent	75,000
Contributed services by board members	14,000
Board members' compensation	2,000
Office and administrative expenses	5,738
Communication costs	4,126
Professional fees	2,000
Gift and refreshment	2,034
Repair and maintenance	2,258
Depreciation	1,660
Printing and office stationary	1,605
Other miscellaneous expenses	1,530
	198,561

Included within management and general expenses KD 89,373 representing contributed services and materials.

18. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Management Committee has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's bank balances. Cash is maintained with financial institutions of good repute.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At present the Company does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments the Company expects the operating activity to generate sufficient cash inflows.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is not exposed to currency risk as at 31 December 2015.

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is not exposed to interest rate risk at 31 December 2015.

Other market price risk

The Company has no exposure to equity securities price risk as it holds no equity investments.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Executive Management monitors the return on capital, which the Company defines as net operating income divided by total equity.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

19. Financial instruments

Credit risk

Exposure to credit risk

The Company's major classes of financial assets are receivables from related parties, contribution receivables and bank balances.

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk in respect of bank balances is limited as these are maintained with reputable local banks.

The Management believes that, as at the reporting date, there were neither past due nor impaired receivables as these are monitored on an ongoing basis by the management and considered recoverable. Accordingly, no provision was held against contribution receivables and receivables from related parties.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity to ensure as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incoming unacceptable losses or risking damage to the Company's reputation.

The Company does not have any derivative financial liabilities as at the reporting date.

All financial liabilities mature within one period.

Fair value measurement

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The estimated fair value of financial assets and financial liabilities at the reporting date are not materially different from their carrying values.

The Company does not have any financial instruments that are measured at fair value in the statement of financial position; accordingly disclosure of fair value hierarchy is not presented.