

**First Investment Company K.S.C.P.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2016



Building a better
working world

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

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena



BAKER TILLY
KUWAIT

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

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

info@bakertillykuwait.com
www.bakertillykuwait.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF FIRST INVESTMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C.P. (the "Parent Company") and its Subsidiaries (Collectively, the "Group") as at 31 March 2016 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and the executive regulation of Law No. 25 of 2012, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the three months period ended 31 March 2016 that might have had material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2016 that might have had material effect on the business of the Parent Company or on its financial position.

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

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

15 May 2016
Kuwait

First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the period ended 31 March 2016

	Notes	Three months ended 31 March	
		2016 KD	2015 KD
INCOME			
Murabaha income		45,745	27,841
Rental income		14,513	-
Realised gain (loss) on sale of financial assets at fair value through profit or loss		12,053	(6,842)
Unrealised (loss) gain on financial assets at fair value through profit or loss		(387)	17,558
Gain on sale of financial assets available for sale		-	789
Management fees		125,753	101,457
Dividends income		74,752	4,346
Share of results of associates	6	325,810	1,064,609
Foreign currencies exchange (loss) gain		(10,825)	1,064,944
Other income		97,114	39,777
		<u>684,528</u>	<u>2,314,479</u>
EXPENSES			
Staff costs		(488,245)	(418,577)
Depreciation		(33,373)	(37,070)
Finance costs		(35,050)	(426)
Other expenses		(162,482)	(134,216)
		<u>(719,150)</u>	<u>(590,289)</u>
(LOSS) PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT		(34,622)	1,724,190
Contribution to KFAS		-	(5,349)
Contribution to NLST		-	(18,030)
Zakat		-	(7,454)
(LOSS) PROFIT FOR THE PERIOD		(34,622)	1,693,357
Attributable to:			
Equity holders of the Parent Company		44,975	1,753,119
Non-controlling interests		(79,597)	(59,762)
		<u>(34,622)</u>	<u>1,693,357</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3	0.07 fils	2.70 fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2016

	<i>Three months ended 31 March</i>	
	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>
(Loss) profit for the period	(34,622)	1,693,357
Other comprehensive loss for the period		
<i>Items that are or may be reclassified subsequently to consolidated statement of income</i>		
Change in fair value of financial assets available for sale	42,044	(1,078)
Exchange differences on translation of foreign operations	(65,619)	(685,468)
Other comprehensive loss for the period	(23,575)	(686,546)
Total comprehensive (loss) income for the period	(58,197)	1,006,811
Attributable to:		
Equity holders of the Parent Company	26,926	1,056,077
Non-controlling interests	(85,123)	(49,266)
	(58,197)	1,006,811


The attached notes 1 to 13 form part of this interim condensed consolidated financial information.


First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2016

		(Audited)	
	Notes	31 March 2016 KD	31 December 2015 KD
			31 March 2015 KD
ASSETS			
Cash and cash equivalents	4	19,114,899	18,912,300
Financial assets at fair value through profit or loss		310,318	1,075,135
Financial assets available for sale	5	31,167,880	31,108,806
Investment in associates	6	49,151,450	48,536,666
Properties under development		2,332,842	2,224,023
Investment properties	7	36,026,620	36,048,434
Other assets		2,653,542	3,478,784
Property and equipment		1,183,762	1,216,029
TOTAL ASSETS		141,941,313	142,600,177
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	65,107,055	65,107,055
Share premium		18,250,362	18,250,362
Treasury shares	8	(2,175,992)	(2,102,052)
Statutory reserve		1,125,952	1,125,952
Share options reserve		3,016,890	3,016,890
Treasury shares reserve		1,118,684	1,118,684
Cumulative changes in fair value reserve		296,202	254,158
Foreign currency translation reserve		1,004,800	1,064,893
Retained earnings		6,515,860	6,470,885
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		94,259,813	94,306,827
Non-controlling interests		13,898,451	13,843,363
TOTAL EQUITY		108,158,264	108,150,190
LIABILITIES			
Murabaha payables	9	29,538,276	29,668,832
Other liabilities		4,244,773	4,781,155
TOTAL LIABILITIES		33,783,049	34,449,987
TOTAL EQUITY AND LIABILITIES		141,941,313	142,600,177


Badar Mohammed Al-Qatan
Chairman


Eisa A. S. Alweggian
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2016

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Share options reserve KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub- total KD	Non- controlling interests KD	Total equity KD
At 1 January 2016	65,107,055	18,250,362	(2,102,052)	1,125,952	3,016,890	1,118,684	254,158	1,064,893	6,470,885	94,306,827	13,843,363	108,150,190
Profit (loss) for the period	-	-	-	-	-	-	-	-	44,975	44,975	(79,597)	(34,622)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	42,044	(60,093)	-	(18,049)	(5,526)	(23,575)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	42,044	(60,093)	44,975	26,926	(85,123)	(58,197)
Purchase of treasury shares	-	-	(73,940)	-	-	-	-	-	-	(73,940)	-	(73,940)
Addition non-controlling interests	-	-	-	-	-	-	-	-	-	-	140,211	140,211
At 31 March 2016	65,107,055	18,250,362	(2,175,992)	1,125,952	3,016,890	1,118,684	296,202	1,004,800	6,515,860	94,259,813	13,898,451	108,158,264
At 1 January 2015	65,107,055	18,250,362	(142,918)	984,974	3,016,890	1,118,684	155,335	1,552,765	8,441,438	98,484,585	13,865,879	112,350,464
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,753,119	1,753,119	(59,762)	1,693,357
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(1,078)	(695,964)	-	(697,042)	10,496	(686,546)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(1,078)	(695,964)	1,753,119	1,056,077	(49,266)	1,006,811
Purchase of treasury shares	-	-	(89,608)	-	-	-	-	-	-	(89,608)	-	(89,608)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,884,953)	(1,884,953)
At 31 March 2015	65,107,055	18,250,362	(232,526)	984,974	3,016,890	1,118,684	154,257	856,801	10,194,557	99,451,054	11,931,660	111,382,714

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2016

	Notes	Three months ended 31 March	
		2016 KD	2015 KD
OPERATING ACTIVITIES			
(Loss) profit for the period before KFAS, NLST and Zakat		(34,622)	1,724,190
Non-cash adjustments to reconcile (loss) profit for the period to net cash flows:			
Murabaha income		(45,745)	(27,841)
Realised (gain) loss on sale of financial assets at fair value through profit or loss		(12,053)	6,842
Unrealised loss (gain) on financial assets at fair value through profit or loss		387	(17,558)
Gain on sale of financial assets available for sale		-	(789)
Dividends income		(74,752)	(4,346)
Share of results of associates	6	(325,810)	(1,064,609)
Foreign currencies exchange loss (gain)		10,825	(1,064,944)
Depreciation		33,373	37,070
Finance costs		35,050	426
		(413,347)	(411,559)
Working capital adjustments:			
Net movement on financial assets at fair value through profit or loss		776,735	110,889
Other assets		1,063,463	405,521
Other liabilities		(536,382)	(196,334)
		890,469	(91,483)
Murabaha income received		41,885	27,841
Finance costs paid		(35,050)	(426)
Net cash flows from (used in) operating activities		897,304	(64,068)
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		(17,030)	-
Proceeds from disposal of financial assets available for sale		-	2,616
Additions of investment in associates	6	(991,422)	(276,979)
Dividends received from associates		486,581	834,139
Purchase of properties under development		(112,232)	-
Purchase of investment properties	7	(5,046)	(60,395)
Proceeds from disposal of investments properties		-	121,792
Purchase of property and equipment		(1,106)	(17,317)
Net cash flows (used in) from investing activities		(640,255)	603,856
FINANCING ACTIVITIES			
Net movement in murabaha payables		(120,721)	(52,929)
Purchase of treasury shares		(73,940)	(89,608)
Addition (distribution) to non-controlling interests		140,211	(1,884,953)
Net cash flows used in financing activities		(54,450)	(2,027,490)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		202,599	(1,487,702)
Cash and cash equivalents at the beginning of the period		18,912,300	36,920,815
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	19,114,899	35,433,113

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of First Investment Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the three months period ended 31 March 2016 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 May 2016.

The Annual General Assembly of the shareholders of the Parent Company for the year ended 31 December 2015 has not yet been held and consequently these consolidated financial statements are subject to the approval of this Assembly.

The Parent Company is a Kuwaiti public shareholding company incorporated on 26 July 1997 and regulated by the Capital Market Authority ("CMA") and Central Bank of Kuwait (CBK) as an investment company. The Parent Company's shares are listed on Kuwait Stock Exchange. The Parent Company's registered office is at Souk Al Safat, Abdullah Mubarak Street, Kuwait City, Kuwait.

The Parent Company is principally engaged in investment and financial services and all activities are carried out in compliance with the Memorandum of Incorporation, the Articles of Association and the Islamic Sharia.

The objectives of the Parent Company shall be as follows:

To carry out all investment activities in all sectors by all legal and legitimate methods that the Parent Company deems appropriate for achieving its objectives inside the State of Kuwait and abroad either for its own interest or on behalf of others. The Parent Company shall, in particular, carry out the following activities:

1. To conduct all financial brokerage activities and other related activities.
2. To invest in real estate, industrial, agricultural, and other economic sectors through shareholding in incorporating specialised companies or acquisition of shares of such companies.
3. To carry out securities trading transactions including buying and selling stocks and bonds of governmental and non-governmental agencies and companies.
4. To carry out real estate investment deals with the objective of developing residential lands and constructing residential and commercial units for sale or rent.
5. To assume the role of a Fund Trustee and Third Party Portfolio Manager as well as the related borrowing and lending transactions.
6. To carry out finance and brokerage activities in the international trading transactions.
7. To produce researches, studies, and other technical services related to investment operations and third party fund employment, provided that the required conditions should be met by those exercising such activities.
8. To establish and manage mutual funds in pursuance with Law and subject to approval of the competent authorities.
9. To assume the role of lead manager for bonds issued by companies and agencies.
10. To carry out brokerage business in the investment of financial instruments and securities.
11. To finance the buying and selling of residential plots for housing purposes, and to finance the construction of residential buildings on such plots.
12. To finance purchase and sale of durable and consumable goods.
13. To invest funds for its own interest and for the interest of the third parties in all types of investments by means of leasing, and to do the necessary acquisition and leasing of movable assets.
14. To purchase lands and real estates for the purpose of selling the same in their original condition or after the division thereof, leasing the same unoccupied or uninhabited, or after the construction of new facilities, building, and equipment.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 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 of November 2012, the executive regulation of Law No. 25 of 2012 will continue until a new set of executive regulation is issued.

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the three months period ended 31 March 2016 has been prepared in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting”.

The annual audited consolidated financial statements for the year ended 31 December 2015 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait’s requirement for a minimum general provision made on all applicable credit facilities that are not provided specifically.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinar (“KD”), which is also the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2015. In the opinion of the Parent Company’s management, all adjustments, including normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Further, operating results for the three months period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2015.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the Group’s annual audited consolidated financial statements for the year ended 31 December 2015. There were no amendments to International Financial Reporting Standards (IFRSs) that had any material impact on the accounting policies, financial position or performance of the Group.

3 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted earnings per share are computed by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period (after adjusting for treasury shares) as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2016</i>	<i>2015</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	44,975	1,753,119
Weighted average number of outstanding shares	651,070,551	651,070,551
Less: weighted average number of treasury shares	(32,447,826)	(1,366,667)
Weighted average number of shares outstanding during the period	618,622,725	649,703,884
Basic and diluted earnings per share attributable to equity holders of the Parent Company	0.07 fils	2.70 fils

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

4 CASH AND CASH EQUIVALENTS

	<i>31 March</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>31 March</i> <i>2015</i> <i>KD</i>
Cash on hand	400	400	400
Bank balances	8,820,803	9,730,697	13,001,635
Murabaha deposits with original maturity of three months or less	10,293,696	9,181,203	20,885,279
Cash retained in portfolios	-	-	1,545,799
	<u>19,114,899</u>	<u>18,912,300</u>	<u>35,433,113</u>

Bank balances with carrying amount of KD 928,350 (31 December 2015: KD 588,081 and 31 March 2015: KD 588,065) is restricted as collateral against murabaha payables (Note 9).

Murabaha deposits with carrying amount of KD 850,000 (31 December 2015: KD 850,000 and 31 March 2015: KD 850,000) is pledged as collateral against murabaha payables (Note 9).

Murabaha deposits represent murabaha contracts with local islamic banks with an original maturity of three months or less. Murabaha deposits yield an effective profit rate range of 1.125% and 1.438% (31 December 2015: 0.37% and 1.31% and 31 March 2015: 0.375% and 1.125%) per annum.

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>31 March</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>31 March</i> <i>2015</i> <i>KD</i>
Unquoted equity securities	29,752,174	29,752,174	27,198,658
Quoted equity securities	1,397,151	1,338,077	1,365
Unquoted funds	18,555	18,555	53,317
	<u>31,167,880</u>	<u>31,108,806</u>	<u>27,253,340</u>

Unquoted equity securities are stated at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term.

The hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques are presented in Note 13.

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

6 INVESTMENT IN ASSOCIATES

	31 March 2016		(Audited) 31 December 2015		31 March 2015	
	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	40.00%	998,680	40.00%	1,069,316	40.00%	1,243,161
Arkan Al-Kuwait Real Estate Company K.S.C.P.	29.06%	11,753,210	29.06%	12,020,984	29.06%	11,830,762
Burgan Company for Well Drilling K.S.C.P.	20.46%	16,023,493	20.46%	16,023,493	20.46%	15,467,232
First Education Company K.S.C. (Closed) ("FEDCO")	22.19%	4,065,822	21.85%	4,098,542	21.32%	3,545,081
Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (Under liquidation)	35.29%	66,431	35.29%	66,915	35.29%	67,483
Taameer Investment Company (O.L.L.C.)	37.40%	12,323,008	37.40%	12,267,570	37.40%	12,161,619
Al Jazeera Al Oula Real Estate (W.L.L.) ("JORE")	20.90%	3,920,806	20.90%	2,989,846	20.90%	2,721,723
		<u>49,151,450</u>		<u>48,536,666</u>		<u>47,037,061</u>

Share of investment in associates with carrying value of KD 15,321,839 (31 December 2015: KD 15,510,060 and 31 March 2015: KD 15,131,248) are pledged as collateral against murabaha payables (Note 9).

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

6 INVESTMENT IN ASSOCIATES (continued)

The movement in the carrying value of investment in associates is as follows:

	<i>31 March</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>31 March</i> <i>2015</i> <i>KD</i>
At the beginning of the period/year	48,536,666	46,293,802	46,293,802
Additions	991,422	581,156	276,979
Dividends from associates	(647,981)	(834,139)	(834,139)
Foreign currency translation adjustment	(54,467)	432,963	235,810
Cumulative change in fair value	-	115,767	-
Share of results	325,810	1,947,117	1,064,609
At the end of the period/year	<u>49,151,450</u>	<u>48,536,666</u>	<u>47,037,061</u>

7 INVESTMENT PROPERTIES

	<i>31 March</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>31 March</i> <i>2015</i> <i>KD</i>
At the beginning of the period/year	36,048,434	29,567,473	29,567,473
Additions	5,046	6,886,301	60,395
Disposals	-	(421,792)	(121,792)
Transfer to property and equipment	-	(350,000)	-
Change in fair value	-	366,452	-
Foreign currency adjustment	(26,860)	-	-
At the end of the period/year	<u>36,026,620</u>	<u>36,048,434</u>	<u>29,506,076</u>

As at 31 March 2016, investment properties with carrying value amounting to KD 5,109,898 (31 December 2015: KD 5,131,711 and 31 March 2015: KD 3,991,804) are pledged as a security against murabaha payables to the foreign islamic financial institution (Note 9).

Investment properties include properties amounting to KD 26,900,000 (31 December 2015: KD 26,900,000 and 31 March 2015: KD 26,900,000) which have been waived by the owning company to the Parent Company against the settlement of murabha payable (Note 9). The Parent Company is in the process of transferring these investment properties within an agreement of murabha balance settlement.

8 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES

(i) Share capital

At 31 March 2016, the authorised, issued and fully paid up capital of the Parent Company comprises of 651,070,551 (31 December 2015: 651,070,551 and 31 March 2015: 651,070,551) shares of 100 fils each. All shares are paid in cash.

(ii) Dividends

The Parent Company's Board of Directors, in the meeting held on 31 March 2016 has proposed distribution of treasury shares as bonus shares at 5% repressing 5 shares for each 100 share. This proposal is subject to the approval of shareholders at the Annual General Assembly Meeting.

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

8 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES (continued)

(iii) Treasury shares

	<i>31 March</i> <i>2016</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i>	<i>31 March</i> <i>2015</i>
Number of treasury shares	32,553,527	31,200,000	2,200,000
Percentage of issued shares	5.00%	4.79%	0.34%
Cost of treasury shares in KD	2,175,992	2,102,052	232,526
Market value (KD)	1,692,783	1,778,400	184,800

The balance in the treasury share reserve account is not available for distribution.

An amount of KD 2,175,992 (31 December 2015: KD 2,102,052 and 31 March 2015: KD 232,526) equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from statutory reserve and share premium throughout the holding period of treasury shares.

9 MURABAHA PAYABLES

	<i>31 March</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>31 March</i> <i>2015</i> <i>KD</i>
Murabaha payables	29,538,276	29,668,832	27,713,119
	<u>29,538,276</u>	<u>29,668,832</u>	<u>27,713,119</u>

As at 31 March 2016, murabaha payables amounting to KD 1,869,161 (31 December 2015: KD 1,878,996 and 31 March 2015: KD 1,512,890) is denominated in Omani Riyal, which carry effective profit rate payable of 6% (31 December 2015: 6% and 31 March 2015: 6%) per annum.

The Parent Company signed settlement agreement with the Sukuk holder to swap the Sukuk payables and its profits amounting to KD 27,200,000 and KD 379,331 respectively, with part of its investment properties with a carrying value of KD 26,900,000. According to the settlement agreement, the Parent Company will transfer the ownership title of the investment property within one year of signing the agreement with further grace period of six months subject to bank approval, meanwhile the Sukuk payable has been transferred to murabaha payables. The Parent Company has obtained an approval from bank for a grace period of six months which will mature on 18 May 2016.

Murabaha payables amounting to KD 29,538,276 (31 December 2015: KD 29,668,832 and 31 March 2015: KD 27,713,119) are secured against the following:

- Bank balances with amount of KD 928,350 (31 December 2015: KD 588,081 and 31 March 2015: KD 588,065) (Note 4).
- Murabaha deposits with amount of KD 850,000 (31 December 2015: KD 850,000 and 31 March 2015: KD 850,000) (Note 4).
- Investment in associates with carrying value of KD 15,321,839 (31 December 2015: KD 15,510,060 and 31 March 2015: KD 15,131,248) (Note 6).
- Properties under development with carrying value of KD 1,534,194 (31 December 2015: KD 1,534,194 and 31 March 2015: KD 1,534,194)
- Investment properties with carrying value of KD 5,109,898 (31 December 2015: KD 5,131,711 and 31 March 2015: KD 3,991,804). (Note 7)

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

10 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, managed funds, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties are as follows:

	<i>Three months ended 31 March</i>	
	<i>2016 KD</i>	<i>2015 KD</i>
Interim condensed consolidated statement of income		
Management fees	2,604	3,768

Interim condensed consolidated statement of financial position	<i>31 March 2016 KD</i>	<i>(Audited) 31 December 2015 KD</i>	<i>31 March 2015 KD</i>
	Management fees and other receivables	2,182	858

Key management personnel compensation

	<i>Three months ended 31 March</i>	
	<i>2016 KD</i>	<i>2015 KD</i>
Salaries and other short term benefits	66,320	49,050
Terminal benefits	7,681	6,978
	74,001	56,028

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 3,849,831 (31 December 2015: KD 3,867,780 and 31 March 2015: KD 6,289,968) which are not reflected in the Group's interim condensed consolidated statement of financial position.

First Investment Company K.S.C. P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

11 SEGMENT INFORMATION

Management monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. For management purposes, the Group is organised into three major geographical segments:

- Kuwait
- Kingdom of Saudi Arabia
- Others

The Group does not have any inter-segment transactions.

	Kuwait		Kingdom of Saudi Arabia		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	KD	KD	KD	KD	KD	KD	KD	KD
Three months ended 31 March								
Income	429,168	1,075,581	139,474	1,098,708	115,886	140,190	684,528	2,314,479
Expenses	(532,101)	(485,277)	(154,921)	(105,012)	(32,128)	-	(719,150)	(590,289)
Results – (loss) profit before contribution to KFAS, NLST and ZAKAT	(102,933)	590,304	(15,447)	993,696	83,758	140,190	(34,622)	1,724,190
As at 31 March								
Operating assets	59,275,647	63,928,500	60,284,073	63,519,480	22,381,593	17,967,114	141,941,313	145,415,094
Operating liabilities	29,228,716	29,218,040	2,662,548	4,630,170	1,891,785	184,170	33,783,049	34,032,380
Other disclosures:								
Investment in associates (Note 6)	31,842,525	30,843,075	4,919,486	3,964,884	12,389,439	12,229,102	49,151,450	47,037,061

First Investment Company K.S.C. P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

12 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>31 March 2016 KD</i>	<i>(Audited) 31 December 2015 KD</i>	<i>31 March 2015 KD</i>
Operating lease rentals due within one year	<u>145,872</u>	<u>169,881</u>	<u>54,248</u>
	<u><u>145,872</u></u>	<u><u>169,881</u></u>	<u><u>54,248</u></u>

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 596,868 (31 December 2015: KD 596,868 and 31 March 2015: KD 596,868) for which the management anticipates that no material liabilities will arise.

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at 31 March 2016, the fair values of financial instruments, with the exception of certain financial assets at fair value through profit or loss carried at cost amounting to KD 197,558 (31 December 2015: KD 197,558 and 31 March 2015: KD 197,558) and financial assets available for sale carried at cost amounting to KD 29,752,174 (31 December 2015: KD 29,752,174 and 31 March 2015: KD 27,198,658), are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets carried at fair value by valuation technique:

Level 1: quoted prices in active market for the same instrument.

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data ; and

Level 3: valuation techniques for which any significant input is not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level: 1 KD</i>	<i>Level: 3 KD</i>	<i>Total KD</i>
31 March 2016			
<i>Financial assets at fair value through profit or loss:</i>			
- Managed funds and portfolios	-	112,760	112,760
<i>Financial assets available for sale:</i>			
- Equity securities	1,397,151	-	1,397,151
- Managed funds and portfolios	-	18,555	18,555
	<u><u>1,397,151</u></u>	<u><u>131,315</u></u>	<u><u>1,528,466</u></u>

First Investment Company K.S.C. P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 December 2015	Level 1 KD	Level 3 KD	Total KD
<i>Financial assets at fair value through profit or loss</i>			
- Equity securities	764,430	-	764,430
- Managed funds and portfolios	-	113,147	113,147
<i>Financial assets available for sale</i>			
- Equity securities	1,338,077	-	1,338,077
- Managed funds and portfolios	-	18,555	18,555
	<u>2,102,507</u>	<u>131,702</u>	<u>2,234,209</u>
	Level: 1 KD	Level: 3 KD	Total KD
31 March 2015			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	193,058	-	193,058
- Managed funds and portfolios	-	185,396	185,396
<i>Financial assets available for sale:</i>			
- Equity securities	1,365	-	1,365
- Managed funds and portfolios	-	53,317	53,317
	<u>194,423</u>	<u>238,713</u>	<u>433,136</u>

The following table shows a reconciliation of the beginning and closing balances of level 3 financial assets which are recorded at fair value.

	At 1 January 2016 KD	Loss recorded in the consolidated statement of income KD	Gain recorded in other comprehensive income KD	Net purchases, sales, transfers and settlements KD	At 31 March 2016 KD
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	113,147	(387)	-	-	112,760
Financial assets available for sale					
- Managed funds and portfolios	18,555	-	-	-	18,555
	At 1 January 2015 KD	Loss recorded in the consolidated statement of income KD	Gain recorded in other comprehensive income KD	Net purchases, sales, transfers and settlements KD	At 31 December 2015 KD
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	186,224	(708)	-	(72,369)	113,147
Financial assets available for sale					
- Managed funds and portfolios	51,999	(27,502)	1,747	(7,689)	18,555

First Investment Company K.S.C. P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2016

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>At 1 January 2015 KD</i>	<i>Gain / (loss) recorded in the consolidated statement of income KD</i>	<i>Loss recorded in other comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 31 March 2015 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	186,224	(828)	-	-	185,396
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	51,999	-	1,318	-	53,317