

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

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

30 JUNE 2016



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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 30 June 2016 and the related interim condensed consolidated statements of income and comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six 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 its executive regulation, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the six months period ended 30 June 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 six months period ended 30 June 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

16 August 2016
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 KD	2015 KD	2016 KD	2015 KD
INCOME					
Murabaha income		28,656	53,770	74,401	81,611
Rental income		57,256	-	71,769	-
Realised (loss) gain on sale of financial assets at fair value through profit or loss		(4,107)	(97,492)	7,946	(104,334)
Unrealised loss on financial assets at fair value through profit or loss		(4,507)	(76,950)	(4,894)	(59,392)
Gain on sale of financial assets available for sale		-	-	-	789
Management fees		143,378	129,943	269,131	231,400
Dividends income		193,754	168,841	268,506	173,187
Share of results of associates	6	354,658	376,325	680,468	1,440,934
Foreign currencies exchange (loss) gain		(3,195)	20,347	(14,020)	1,085,291
Other income		168,263	40,729	265,377	80,506
		<u>934,156</u>	<u>615,513</u>	<u>1,618,684</u>	<u>2,929,992</u>
EXPENSES					
Staff costs		(434,049)	(398,742)	(922,294)	(817,319)
Depreciation		(32,919)	(36,728)	(66,292)	(73,798)
Finance costs		(40,176)	(1,064)	(75,226)	(1,490)
Other expenses		(173,763)	(149,300)	(336,245)	(283,516)
Impairment of financial assets available for sale		-	(10,461)	-	(10,461)
		<u>(680,907)</u>	<u>(596,295)</u>	<u>(1,400,057)</u>	<u>(1,186,584)</u>
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST"), ZAKAT AND DIRECTORS' REMUNERATION					
		253,249	19,218	218,627	1,743,408
Contribution to KFAS		-	2,210	-	(3,139)
Contribution to NLST		-	1,888	-	(16,142)
Zakat		-	2,201	-	(5,253)
Directors' remuneration		(42,000)	-	(42,000)	-
		<u>211,249</u>	<u>25,517</u>	<u>176,627</u>	<u>1,718,874</u>
PROFIT FOR THE PERIOD					
Attributable to:					
Equity holders of the Parent Company		170,575	58,232	215,550	1,811,351
Non-controlling interests		40,674	(32,715)	(38,923)	(92,477)
		<u>211,249</u>	<u>25,517</u>	<u>176,627</u>	<u>1,718,874</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	3	<u>0.28 fils</u>	<u>0.09 fils</u>	<u>0.35 fils</u>	<u>2.79 fils</u>

The attached notes 1 to 15 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 30 June 2016

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2016 KD</i>	<i>2015 KD</i>	<i>2016 KD</i>	<i>2015 KD</i>
Profit for the period	211,249	25,517	176,627	1,718,874
Other comprehensive (loss) income for the period				
<i>Items that are or may be reclassified subsequently to interim condensed consolidated statement of income</i>				
Change in fair value of financial assets available for sale	(252,083)	(10,335)	(210,039)	(11,413)
Share of other comprehensive (loss) income in associates	(4,687)	206,557	(59,154)	442,367
Exchange differences on translation of foreign operations	(834)	15,909	(11,986)	(905,369)
Impairment of financial assets available for sale	-	10,461	-	10,461
Other comprehensive (loss) income for the period	(257,604)	222,592	(281,179)	(463,954)
Total comprehensive (loss) income for the period	(46,355)	248,109	(104,552)	1,254,920
Attributable to:				
Equity holders of the Parent Company	(86,620)	275,775	(59,694)	1,331,852
Non-controlling interests	40,265	(27,666)	(44,858)	(76,932)
	(46,355)	248,109	(104,552)	1,254,920


The attached notes 1 to 15 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 30 June 2016

		(Audited)		
	30 June	31 December	30 June	
	2016	2015	2015	
Notes	KD	KD	KD	
ASSETS				
Cash and cash equivalents	4	17,969,196	18,912,300	30,112,591
Financial assets at fair value through profit or loss		513,667	1,075,135	1,921,200
Financial assets available for sale	5	30,951,864	31,108,806	27,243,342
Investment in associates	6	49,496,412	48,536,666	47,859,852
Properties under development		2,400,254	2,224,023	2,193,605
Investment properties	7	35,982,318	36,048,434	29,527,774
Other assets		2,957,830	3,478,784	2,525,717
Property and equipment		1,276,308	1,216,029	913,325
TOTAL ASSETS		141,547,849	142,600,177	142,297,406
EQUITY AND LIABILITIES				
EQUITY				
Share capital	8	65,107,055	65,107,055	65,107,055
Share premium		18,250,362	18,250,362	18,250,362
Treasury shares	8	(2,175,992)	(2,102,052)	(619,760)
Statutory reserve		1,125,952	1,125,952	984,974
Share options reserve		3,016,890	3,016,890	3,016,890
Treasury shares reserve		1,118,684	1,118,684	1,118,684
Cumulative changes in fair value reserve		44,119	254,158	260,382
Foreign currency translation reserve		999,688	1,064,893	968,219
Retained earnings		6,686,435	6,470,885	7,013,436
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		94,173,193	94,306,827	96,100,242
Non-controlling interests		13,931,651	13,843,363	11,903,994
TOTAL EQUITY		108,104,844	108,150,190	108,004,236
LIABILITIES				
Murabaha payables	9	29,602,329	29,668,832	28,196,595
Other liabilities		3,840,676	4,781,155	6,096,575
TOTAL LIABILITIES		33,443,005	34,449,987	34,293,170
TOTAL EQUITY AND LIABILITIES		141,547,849	142,600,177	142,297,406


Badar Mohammed Al-Qatan
Chairman


Hamad S.H. Al-Humidi
Vice Chairman

The attached notes 1 to 15 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 30 June 2016

Atributable 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 value 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	-	-	-	-	-	-	-	-	215,550	215,550	(38,923)	176,627
Other comprehensive loss for the period	-	-	-	-	-	-	(210,039)	(65,205)	-	(275,244)	(5,935)	(281,179)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(210,039)	(65,205)	215,550	(59,694)	(44,858)	(104,552)
Purchase of treasury shares	-	-	(73,940)	-	-	-	-	-	-	(73,940)	-	(73,940)
Addition to non-controlling interests	-	-	-	-	-	-	-	-	-	-	133,146	133,146
At 30 June 2016	65,107,055	18,250,362	(2,175,992)	1,125,952	3,016,890	1,118,684	44,119	999,688	6,686,435	94,173,193	13,931,651	108,104,844
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	-	-	-	-	-	-	-	-	1,811,351	1,811,351	(92,477)	1,718,874
Other comprehensive income (loss) for the period	-	-	-	-	-	-	105,047	(584,546)	-	(479,499)	15,545	(463,954)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	105,047	(584,546)	1,811,351	1,331,852	(76,932)	1,254,920
Dividend paid (Note 14)	-	-	-	-	-	-	-	-	(3,239,353)	(3,239,353)	-	(3,239,353)
Purchase of treasury shares	-	-	(476,842)	-	-	-	-	-	-	(476,842)	-	(476,842)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,884,953)	(1,884,953)
At 30 June 2015	65,107,055	18,250,362	(619,760)	984,974	3,016,890	1,118,684	260,382	968,219	7,013,436	96,100,242	11,903,994	108,004,236

The attached notes 1 to 15 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 30 June 2016

	Notes	Six months ended 30 June	
		2016 KD	2015 KD
OPERATING ACTIVITIES			
Profit for the period before KFAS, NLST, Zakat and directors' remuneration		218,627	1,743,408
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Murabaha income		(74,401)	(81,611)
Realised (gain) loss on sale of financial assets at fair value through profit or loss		(7,946)	104,334
Unrealised loss on financial assets at fair value through profit or loss		4,894	59,392
Gain on sale of financial assets available for sale		-	(789)
Dividends income		(268,506)	(173,187)
Share of results of associates	6	(680,468)	(1,440,934)
Impairment of financial assets available for sale		-	10,461
Foreign currencies exchange loss (gain)		14,020	(1,085,291)
Depreciation		66,292	73,798
Finance costs		75,226	1,490
		<u>(652,262)</u>	<u>(788,929)</u>
Working capital adjustments:			
Financial assets at fair value through profit or loss		564,520	(1,413,087)
Other assets		562,233	523,194
Other liabilities		(982,479)	(801,137)
		<u>(507,988)</u>	<u>(2,479,959)</u>
Murabaha income received		66,331	73,126
Finance costs paid		(75,226)	(1,305)
		<u>(8,895)</u>	<u>(1,231,833)</u>
Net cash flows used in operating activities		<u>(516,883)</u>	<u>(2,408,138)</u>
INVESTING ACTIVITIES			
Dividends income received		231,502	34,608
Purchase of financial assets available for sale		(53,097)	-
Proceeds from disposal of financial assets available for sale		-	2,616
Additions of investment in associates	6	(991,413)	(516,888)
Dividends received from associates		652,981	834,139
Purchase of properties under development		(179,927)	-
Purchase of investment properties	7	(9,016)	(82,093)
Proceeds from disposal of investments properties		45,921	121,792
Purchase of property and equipment		(126,571)	(36,583)
		<u>(429,620)</u>	<u>357,591</u>
Net cash flows (used in) from investing activities		<u>(429,620)</u>	<u>357,591</u>
FINANCING ACTIVITIES			
Net movement in murabaha payables		(55,807)	430,547
Purchase of treasury shares		(73,940)	(476,842)
Dividends paid		-	(2,826,429)
Addition (distribution) to non-controlling interests		133,146	(1,884,953)
		<u>3,399</u>	<u>(4,757,677)</u>
Net cash flows from (used in) financing activities		<u>3,399</u>	<u>(4,757,677)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(943,104)</u>	<u>(6,808,224)</u>
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	<u>17,969,196</u>	<u>30,112,591</u>

The attached notes 1 to 15 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 30 June 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 six months period ended 30 June 2016 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 16 August 2016.

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 Al Hamra Tower, Al Shuhadaa 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 which cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2016

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the six months period ended 30 June 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 six months period ended 30 June 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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<u>170,575</u>	<u>58,232</u>	<u>215,550</u>	<u>1,811,351</u>
Weighted average number of outstanding shares	<u>651,070,551</u>	<u>651,070,551</u>	<u>651,070,551</u>	<u>651,070,551</u>
Less: weighted average number of treasury shares	<u>(32,500,676)</u>	<u>(2,579,448)</u>	<u>(32,500,676)</u>	<u>(2,579,448)</u>
Weighted average number of shares outstanding during the period	<u>618,569,875</u>	<u>648,491,103</u>	<u>618,569,875</u>	<u>648,491,103</u>
Basic and diluted earnings per share attributable to equity holders of the Parent Company	<u>0.28 fils</u>	<u>0.09 fils</u>	<u>0.35 fils</u>	<u>2.79 fils</u>

Subsequently, the Parent Company has distributed 30,925,598 of treasury shares as bonus shares to the shareholders (Note 15).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2016

4 CASH AND CASH EQUIVALENTS

	<i>30 June</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 June</i> <i>2015</i> <i>KD</i>
Cash on hand	400	400	400
Bank balances	8,052,659	9,730,697	10,840,871
Murabaha deposits with original maturity of three months or less	9,916,137	9,181,203	17,760,500
Cash retained in portfolios	-	-	1,510,820
	<u>17,969,196</u>	<u>18,912,300</u>	<u>30,112,591</u>

Bank balances with carrying amount of KD 928,350 (31 December 2015: KD 588,081 and 30 June 2015: KD 588,081) is restricted as collateral against murabaha payables (Note 9).

Murabaha deposits with carrying amount of KD 650,000 (31 December 2015: KD 850,000 and 30 June 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 0.62 % and 1.65 % (31 December 2015: 0.37 % and 1.31 % and 30 June 2015: 0.37 % and 1.12 %) per annum.

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 June</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 June</i> <i>2015</i> <i>KD</i>
Unquoted equity securities	29,752,174	29,752,174	27,198,658
Quoted equity securities	1,181,135	1,338,077	1,490
Unquoted funds	18,555	18,555	43,194
	<u>30,951,864</u>	<u>31,108,806</u>	<u>27,243,342</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 30 June 2016

6 INVESTMENT IN ASSOCIATES

	30 June 2016		31 December 2015		30 June 2015	
	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	40.00%	932,923	40.00%	1,069,316	40.00%	1,225,403
Arkan Al-Kuwait Real Estate Company K.S.C.P.	29.06%	12,053,293	29.06%	12,020,984	29.06%	11,914,764
Burgan Company for Well Drilling K.S.C.P.	20.46%	16,109,465	20.46%	16,023,493	20.46%	15,670,864
First Education Company K.S.C. (Closed) ("FEDCO")	22.19%	4,063,422	21.85%	4,098,542	21.32%	3,753,967
Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (Under liquidation)	35.29%	66,349	35.29%	66,915	35.29%	66,990
Taameer Investment Company (O.L.L.C.)	37.40%	12,351,773	37.40%	12,267,570	37.40%	12,250,800
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE")	20.90%	3,919,187	20.90%	2,989,846	20.90%	2,977,064
		<u>49,496,412</u>		<u>48,536,666</u>		<u>47,859,852</u>

Share of investment in associates with carrying value of KD 15,570,652 (31 December 2015: KD 15,510,060 and 30 June 2015: KD 15,280,019) 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 30 June 2016

6 INVESTMENT IN ASSOCIATES (continued)

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

	30 June	<i>(Audited)</i> 31 December	30 June
	2016	2015	2015
	KD	KD	KD
At the beginning of the period/year	48,536,666	46,293,802	46,293,802
Additions	991,413	581,156	516,888
Dividends from associates	(652,981)	(834,139)	(834,139)
Foreign currency translation adjustment	(59,154)	432,963	336,368
Cumulative change in fair value	-	115,767	105,999
Share of results	680,468	1,947,117	1,440,934
At the end of the period/year	<u>49,496,412</u>	<u>48,536,666</u>	<u>47,859,852</u>

7 INVESTMENT PROPERTIES

	30 June	<i>(Audited)</i> 31 December	30 June
	2016	2015	2015
	KD	KD	KD
At the beginning of the period/year	36,048,434	29,567,473	29,567,473
Additions	9,016	6,886,301	82,093
Disposals	(45,921)	(421,792)	(121,792)
Transfer to property and equipment	-	(350,000)	-
Change in fair value	-	366,452	-
Foreign currency adjustment	(29,211)	-	-
At the end of the period/year	<u>35,982,318</u>	<u>36,048,434</u>	<u>29,527,774</u>

As at 30 June 2016, investment properties with carrying value amounting to KD 5,111,516 (31 December 2015: KD 5,131,711 and 30 June 2015: KD 4,392,696) 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 30 June 2015: KD 26,900,000) which have been used subsequently by the Parent Company in a settlement of murabaha payable (Note 15).

8 SHARE CAPITAL AND TREASURY SHARES

(i) Share capital

At 30 June 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 30 June 2015: 651,070,551) shares of 100 fils each. All shares are paid in cash.

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As at 30 June 2016

8 SHARE CAPITAL AND TREASURY SHARES (continued)

(ii) Treasury shares

	30 June 2016	<i>(Audited)</i> 31 December 2015	30 June 2015
Number of treasury shares	32,553,527	31,200,000	7,680,000
Percentage of issued shares	5.00%	4.79%	1.18%
Cost of treasury shares in KD	2,175,992	2,102,052	619,760
Market value (KD)	1,692,783	1,778,400	529,920

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 30 June 2015: KD 619,760) 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

	30 June 2016 KD	<i>(Audited)</i> 31 December 2015 KD	30 June 2015 KD
Murabaha payables	29,602,329	29,668,832	28,196,595
	<u>29,602,329</u>	<u>29,668,832</u>	<u>28,196,595</u>

As at 30 June 2016, murabaha payables amounting to KD 1,868,300 (31 December 2015: KD 1,878,996 and 30 June 2015: KD 1,649,992) is denominated in Omani Riyal, which carry effective profit rate payable of 6% (31 December 2015: 6% and 30 June 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, meanwhile the Sukuk payable has been transferred to murabaha payables. Subsequently, the Parent Company has settled this murabaha payable through transferring its interest rights in the investment properties (Note 15).

Murabaha payables amounting to KD 29,602,329 (31 December 2015: KD 29,668,832 and 30 June 2015: KD 28,196,595) are secured against the following:

- Bank balances with amount of KD 928,350 (31 December 2015: KD 588,081 and 30 June 2015: KD 588,081) (Note 4).
- Murabaha deposits with amount of KD 650,000 (31 December 2015: KD 850,000 and 30 June 2015: KD 850,000) (Note 4).
- Investment in associates with carrying value of KD 15,570,652 (31 December 2015: KD 15,510,060 and 30 June 2015: KD 15,280,019) (Note 6).
- Properties under development with carrying value of KD 1,534,194 (31 December 2015: KD 1,534,194 and 30 June 2015: KD 1,534,194)
- Investment properties with carrying value of KD 5,111,516 (31 December 2015: KD 5,131,711 and 30 June 2015: KD 4,392,696) (Note 7).

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

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As at 30 June 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>Six months ended 30 June</i>		
	<i>2016</i>		
	<i>KD</i>	<i>2015</i>	
		<i>KD</i>	
Interim condensed consolidated statement of income			
Management fees	5,199		7,522
		<i>(Audited)</i>	
Interim condensed consolidated statement of financial position	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2016</i>	<i>2015</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Management fees and other receivables	4,777	858	59,019
Key management personnel compensation			
		<i>Six months ended 30 June</i>	
		<i>2016</i>	<i>2015</i>
		<i>KD</i>	<i>KD</i>
Salaries and other short term benefits		127,580	113,940
Terminal benefits		15,362	14,033
		<u>142,942</u>	<u>127,973</u>

Directors' remuneration of KD 42,000 is approved by the Annual General Assembly of the shareholders of the Parent Company held on 5 June 2016 for the year ended 31 December 2015.

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 3,845,296 (31 December 2015: KD 3,867,780 and 30 June 2015: KD 6,247,744) 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 30 June 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
Six months ended 30 June								
Income	871,466	1,474,141	488,672	1,268,818	258,546	187,033	1,618,684	2,929,992
Expenses	(1,065,804)	(988,636)	(256,344)	(187,487)	(77,909)	(10,461)	(1,400,057)	(1,186,584)
Results – (loss) profit before contribution to KFAS, NLST and ZAKAT	(194,338)	485,505	232,328	1,081,331	180,637	176,572	218,627	1,743,408
As at 30 June								
Operating assets	58,999,695	61,482,716	60,326,448	62,270,678	22,221,706	18,544,012	141,547,849	142,297,406
Operating liabilities	29,016,914	29,930,705	2,481,002	4,177,199	1,945,089	185,266	33,443,005	34,293,170
Other disclosures:								
Investment in associates (Note 6)	32,226,180	31,339,595	4,852,110	4,202,467	12,418,122	12,317,790	49,496,412	47,859,852

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2016

12 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>30 June 2016 KD</i>	<i>(Audited) 31 December 2015 KD</i>	<i>30 June 2015 KD</i>
Operating lease rentals due within one year	151,950	169,881	36,165
	151,950	169,881	36,165

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 596,868 (31 December 2015: KD 596,868 and 30 June 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 30 June 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 30 June 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 30 June 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>
30 June 2016			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	203,732	-	203,732
- Managed funds and portfolios	-	112,377	112,377
<i>Financial assets available for sale:</i>			
- Equity securities	1,181,135	-	1,181,135
- Unquoted funds	-	18,555	18,555
	1,384,867	130,932	1,515,799

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 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
<i>30 June 2015</i>			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	1,561,079	-	1,561,079
- Managed funds and portfolios	-	162,563	162,563
<i>Financial assets available for sale:</i>			
- Equity securities	1,490	-	1,490
- Managed funds and portfolios	-	43,194	43,194
	<u>1,562,569</u>	<u>205,757</u>	<u>1,768,326</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 30 June 2016 KD
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	113,147	(770)	-	-	112,377
Financial assets available for sale					
- Unquoted funds	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 30 June 2016

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>At 1 January 2015 KD</i>	<i>Loss recorded in the consolidated statement of income KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 30 June 2015 KD</i>
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	186,224	(12,898)	-	(10,763)	162,563
Financial assets available for sale					
- Managed funds and portfolios	51,999	(10,461)	1,656	-	43,194

14 ANNUAL GENERAL ASSEMBLY

The consolidated financial statements for the year ended 31 December 2015 were approved by the Parent Company's shareholders at the Annual General Meeting held on 5 June 2016.

On 5 June 2016, the Annual General Meeting of the shareholders has approved the distribution of treasury shares as bonus shares at 5% representing 5 shares for each 100 shares, this distribution is subject to the approval of Capital Market Authority.

The Annual General Meeting of the shareholders held on 21 May 2015 approved the payment of cash dividend of 5 fils per share amounting to KD 3,239,353 for the year ended 31 December 2014.

15 SUBSEQUENT EVENTS

- On 4 July 2016, Capital Market Authority has approved the distribution of treasury shares as bonus shares at 5% representing 5 shares for each 100 shares.
- On 25 July 2016, the Parent Company has distributed 30,925,598 shares of its treasury shares to the shareholders as bonus shares, which representing 5 shares for each 100 shares from the outstanding shares as at that date.
- On 4 July 2016, the Parent Company has settled murabha payable with carrying value of KD 27,200,000 and its related profit of KD 379,331 with a local Islamic financial institution, through transferring its interest right in investment properties with carrying value of KD 26,900,000. This transaction has resulted in again amounting to KD 679,331.