

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

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

30 SEPTEMBER 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 September 2016 and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine 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 regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 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 nine months period ended 30 September 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

1 November 2016
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the period ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 KD	2015 KD	2016 KD	2015 KD
INCOME					
Murabaha income		31,393	52,688	105,794	134,299
Rental income		223,382	-	295,151	-
Gain on settlement of murabaha payable	(7&9)	679,331	-	679,331	-
Realised gain (loss) on sale of financial assets at fair value through profit or loss		242	(108,812)	8,188	(213,146)
Unrealised (loss) gain on financial assets at fair value through profit or loss		(103)	33,784	(4,997)	(25,608)
Gain on sale of financial assets available for sale		-	208,028	-	208,817
Management fees		147,901	199,433	417,032	430,833
Dividends income		1,973	-	270,479	173,187
Share of results of associates	6	298,088	73,167	978,556	1,514,101
Foreign currencies exchange (loss) gain		(2,107)	(1,760)	(16,127)	1,083,531
Other income	13	288,937	10,333	554,314	90,839
		<u>1,669,037</u>	<u>466,861</u>	<u>3,287,721</u>	<u>3,396,853</u>
EXPENSES					
Staff costs		(465,169)	(524,299)	(1,387,463)	(1,341,618)
Depreciation		(38,779)	(35,491)	(105,071)	(109,289)
Finance costs		(43,526)	(1,263)	(118,752)	(2,753)
Other expenses and provisions	14	(565,872)	(384,022)	(902,117)	(667,538)
Impairment of financial assets available for sale		-	(17,041)	-	(27,502)
		<u>(1,113,346)</u>	<u>(962,116)</u>	<u>(2,513,403)</u>	<u>(2,148,700)</u>
PROFIT (LOSS) FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST"), ZAKAT AND DIRECTORS' REMUNERATION					
		555,691	(495,255)	774,318	1,248,153
Contribution to KFAS		-	3,139	-	-
Contribution to NLST		-	12,532	-	(3,610)
Zakat		-	4,452	-	(801)
Directors' remuneration		-	-	(42,000)	-
		<u>555,691</u>	<u>(475,132)</u>	<u>732,318</u>	<u>1,243,742</u>
PROFIT (LOSS) FOR THE PERIOD					
Attributable to:					
Equity holders of the Parent Company		502,050	(372,585)	717,600	1,438,766
Non-controlling interests		53,641	(102,547)	14,718	(195,024)
		<u>555,691</u>	<u>(475,132)</u>	<u>732,318</u>	<u>1,243,742</u>
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	3	<u>0.77 fils</u>	<u>(0.58) fils</u>	<u>1.10 fils</u>	<u>2.23 fils</u>

The attached notes 1 to 17 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 September 2016

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016 KD</i>	<i>2015 KD</i>	<i>2016 KD</i>	<i>2015 KD</i>
Profit (loss) for the period	555,691	(475,132)	732,318	1,243,742
Other comprehensive loss 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	(2,090)	(17,183)	(212,129)	(28,596)
Share of other comprehensive loss in associates	(21,007)	(53,292)	(80,161)	389,075
Exchange differences on translation of foreign operations	(6,139)	(2,134)	(18,125)	(907,503)
Impairment of financial assets available for sale	-	17,041	-	27,502
Other comprehensive loss for the period	(29,236)	(55,568)	(310,415)	(519,522)
Total comprehensive income (loss) for the period	526,455	(530,700)	421,903	724,220
Attributable to:				
Equity holders of the Parent Company	475,914	(426,110)	416,220	905,742
Non-controlling interests	50,541	(104,590)	5,683	(181,522)
	526,455	(530,700)	421,903	724,220


The attached notes 1 to 17 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 September 2016

		30 September 2016 KD	(Audited) 31 December 2015 KD	30 September 2015 KD
	Notes			
ASSETS				
Cash and cash equivalents	4	17,383,910	18,912,300	25,060,797
Financial assets at fair value through profit or loss		583,202	1,075,135	698,203
Financial assets available for sale	5	30,897,774	31,108,806	28,354,345
Investment in associates	6	49,773,493	48,536,666	47,887,228
Properties under development		2,500,765	2,224,023	2,224,872
Investment properties	7	9,076,632	36,048,434	32,298,713
Other assets		3,190,885	3,478,784	2,713,469
Property and equipment		1,457,524	1,216,029	885,231
TOTAL ASSETS		114,864,185	142,600,177	140,122,858
LIABILITIES AND EQUITY				
LIABILITIES				
Murabaha payables	9	2,203,831	29,668,832	27,706,167
Other liabilities		4,031,130	4,781,155	5,747,587
TOTAL LIABILITIES		6,234,961	34,449,987	33,453,754
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	(108,816)	(2,102,052)	(1,424,192)
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		42,029	254,158	260,241
Foreign currency translation reserve		975,642	1,064,893	914,835
Retained earnings		5,121,309	6,470,885	6,640,851
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		94,649,107	94,306,827	94,869,700
Non-controlling interests		13,980,117	13,843,363	11,799,404
TOTAL EQUITY		108,629,224	108,150,190	106,669,104
TOTAL LIABILITIES AND EQUITY		114,864,185	142,600,177	140,122,858


Badar Mohammed Al-Qatan
Chairman


Eisa A. S. Alweggian
Chief Executive Officer

The attached notes 1 to 17 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 September 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 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 for the period	-	-	-	-	-	-	-	-	717,600	717,600	14,718	732,318
Other comprehensive loss for the period	-	-	-	-	-	-	(212,129)	(89,251)	-	(301,380)	(9,035)	(310,415)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(212,129)	(89,251)	717,600	416,220	5,683	421,903
Purchase of treasury shares	-	-	(73,940)	-	-	-	-	-	-	(73,940)	-	(73,940)
Distribution of treasury shares (Notes 8 and 16)	-	-	2,067,176	-	-	-	-	-	(2,067,176)	-	-	-
Addition to non-controlling interests	-	-	-	-	-	-	-	-	-	-	131,071	131,071
At 30 September 2016	65,107,055	18,250,362	(108,816)	1,125,952	3,016,890	1,118,684	42,029	975,642	5,121,309	94,649,107	13,980,117	108,629,224
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	-	-	-	-	-	-	-	-	1,438,766	1,438,766	(195,024)	1,243,742
Other comprehensive income (loss) for the period	-	-	-	-	-	-	104,906	(637,930)	-	(533,024)	13,502	(519,522)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	104,906	(637,930)	1,438,766	905,742	(181,522)	724,220
Dividends paid (Note 16)	-	-	-	-	-	-	-	-	(3,239,353)	(3,239,353)	-	(3,239,353)
Purchase of treasury shares	-	-	(1,281,274)	-	-	-	-	-	-	(1,281,274)	-	(1,281,274)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,884,953)	(1,884,953)
At 30 September 2015	65,107,055	18,250,362	(1,424,192)	984,974	3,016,890	1,118,684	260,241	914,835	6,640,851	94,869,700	11,799,404	106,669,104

The attached notes 1 to 17 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 September 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 nine months period ended 30 September 2016 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 1 November 2016.

The Parent Company is a Kuwaiti Public Shareholding Company incorporated on 26 July 1997 and regulated by the Capital Markets Authority ("CMA") as an investment company and Central Bank of Kuwait (CBK) as financing 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 September 2016

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the nine months period ended 30 September 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 nine months period ended 30 September 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 (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted earnings (loss) per share are computed by dividing the profit (loss) for the period attributable to the 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>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit (loss) for the period attributable to the equity holders of the Parent Company (KD)	<u>502,050</u>	<u>(372,585)</u>	<u>717,600</u>	<u>1,438,766</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>(1,592,824)</u>	<u>(5,399,958)</u>	<u>(1,592,824)</u>	<u>(5,399,958)</u>
Weighted average number of shares outstanding during the period	<u>649,477,727</u>	<u>645,670,593</u>	<u>649,477,727</u>	<u>645,670,593</u>
Basic and diluted earnings (loss) per share attributable to the equity holders of the Parent Company	<u>0.77 fils</u>	<u>(0.58) fils</u>	<u>1.10 fils</u>	<u>2.23 fils</u>

On 25 July 2016, the Parent Company has distributed 30,925,598 shares of its treasury shares to the shareholders as bonus shares, which represents 5 shares for each 100 shares. (Note 8 and 16). The prior period basic and diluted earnings (loss) per share presented has been restated to reflect the effect of that distribution.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

4 CASH AND CASH EQUIVALENTS

	<i>30 September 2016</i>	<i>(Audited) 31 December 2015</i>	<i>30 September 2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash on hand	400	400	400
Bank balances	7,883,939	9,730,697	13,499,029
Murabaha deposits with original maturity of three months or less	9,499,571	9,181,203	9,924,465
Cash retained in portfolios	-	-	1,636,903
	<u>17,383,910</u>	<u>18,912,300</u>	<u>25,060,797</u>

Bank balances of KD Nil (31 December 2015: KD 588,081 and 30 September 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 September 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 1.13% and 1.56% (31 December 2015: 0.37 % and 1.31 % and 30 September 2015: 0.75% and 1.00%) per annum.

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 September 2016</i>	<i>(Audited) 31 December 2015</i>	<i>30 September 2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unquoted equity securities	29,700,173	29,752,174	28,334,527
Quoted equity securities	1,179,046	1,338,077	1,349
Unquoted funds	18,555	18,555	18,469
	<u>30,897,774</u>	<u>31,108,806</u>	<u>28,354,345</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 15.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

6 INVESTMENT IN ASSOCIATES

	County of incorporation	30 September 2016		(Audited) 31 December 2015		30 September 2015	
		Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	Saudi Arabia	40.00%	838,696	40.00%	1,069,316	40.00%	1,146,247
Arkan Al-Kuwait Real Estate Company K.S.C.P.	Kuwait	29.06%	12,339,435	29.06%	12,020,984	29.06%	11,984,105
Burgan Company for Well Drilling K.S.C.P.	Kuwait	20.46%	16,189,826	20.46%	16,023,493	20.46%	15,739,072
First Education Company K.S.C. (Closed) ("FEDCO")	Kuwait	22.19%	4,097,181	21.85%	4,098,542	21.39%	3,711,945
Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (Under liquidation)	Bahrain	35.29%	65,064	35.29%	66,915	35.29%	67,050
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	12,334,773	37.40%	12,267,570	37.40%	12,260,994
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE")	Saudi Arabia	20.90%	3,908,518	20.90%	2,989,846	20.90%	2,977,815
			<u>49,773,493</u>		<u>48,536,666</u>		<u>47,887,228</u>

Share of investment in associates with carrying value of KD Nil (31 December 2015: KD 15,510,060 and 30 September 2015: KD 15,358,814) 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 September 2016

6 INVESTMENT IN ASSOCIATES (continued)

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

	<i>30 September</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 September</i> <i>2015</i> <i>KD</i>
At the beginning of the period/year	48,536,666	46,293,802	46,293,802
Additions	991,413	581,156	524,388
Dividends from associates	(652,981)	(834,139)	(834,139)
Foreign currency translation adjustment	(80,161)	432,963	283,077
Cumulative change in fair value	-	115,767	105,999
Share of results	978,556	1,947,117	1,514,101
At the end of the period/year	<u>49,773,493</u>	<u>48,536,666</u>	<u>47,887,228</u>

7 INVESTMENT PROPERTIES

	<i>30 September</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 September</i> <i>2015</i> <i>KD</i>
At the beginning of the period/year	36,048,434	29,567,473	29,567,473
Additions	10,414	6,886,301	2,853,032
Disposals	(45,921)	(421,792)	(121,792)
Swapped for settlement of murabaha payable	(26,900,000)	-	-
Transfer to property and equipment	-	(350,000)	-
Change in fair value	-	366,452	-
Foreign currency adjustment	(36,295)	-	-
At the end of the period/year	<u>9,076,632</u>	<u>36,048,434</u>	<u>32,298,713</u>

As at 30 September 2016, investment properties with carrying value amounting to KD 5,105,830 (31 December 2015: KD 5,131,711 and 30 September 2015: KD Nil) are pledged as a security against murabaha payables to the foreign islamic financial institution (Note 9).

During the current period, the Parent Company has used one of its investment properties with a carrying value of KD 26,900,000 (31 December 2015: KD 26,900,000 and 30 September 2015: KD 26,900,000) in a settlement of murabaha payable (Note 9).

8 SHARE CAPITAL AND TREASURY SHARES

(i) Share capital

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

8 SHARE CAPITAL AND TREASURY SHARES (continued)

(ii) Treasury shares

	30 September 2016	(Audited) 31 December 2015	30 September 2015
Number of treasury shares	1,627,929	31,200,000	20,406,297
Percentage of issued shares	0.25%	4.79%	3.13%
Cost of treasury shares in KD	108,816	2,102,052	1,424,192
Market value (KD)	78,955	1,778,400	1,387,628

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

An amount of KD 108,816 (31 December 2015: KD 2,102,052 and 30 September 2015: KD 1,424,192) 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.

On 25 July 2016, the Parent Company has distributed 30,925,598 shares of its treasury shares to the shareholders as bonus shares, which represents 5 shares for each 100 shares (Note 3 and 16).

9 MURABAHA PAYABLES

As at 30 September 2016, murabaha payables amounting to KD 1,865,706 (31 December 2015: KD 1,878,996 and 30 September 2015: KD Nil) is denominated in Omani Riyal, which carry effective profit rate of 6% (31 December 2015: 6% and 30 September 2015: Nil) per annum.

During the current period, the Parent Company has settled murabaha 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 a gain amounting to KD 679,331 that has been recorded in the interim condensed consolidated statement of income (Note 7).

Murabaha payables amounting to KD 2,203,831 (31 December 2015: KD 29,668,832 and 30 September 2015: KD 27,706,167) are secured against the following:

- Bank balances with amount of KD Nil (31 December 2015: KD 588,081 and 30 September 2015: KD 588,081) (Note 4).
- Murabaha deposits with carrying amount of KD 650,000 (31 December 2015: KD 850,000 and 30 September 2015: KD 850,000) (Note 4).
- Investment in associates with carrying value of KD Nil (31 December 2015: KD 15,510,060 and 30 September 2015: KD 15,358,814) (Note 6).
- Properties under development with carrying value of KD 1,534,194 (31 December 2015: KD 1,534,194 and 30 September 2015: KD 1,534,194)
- Investment properties with carrying value of KD 5,105,830 (31 December 2015: KD 5,131,711 and 30 September 2015: KD Nil) (Note 7).

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.

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

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As at 30 September 2016

10 RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties are as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016 KD</i>	<i>2015 KD</i>	<i>2016 KD</i>	<i>2015 KD</i>
Interim condensed consolidated statement of income				
Management fees	2,586	3,451	7,785	10,973
Interim condensed consolidated statement of financial position	<i>30 September 2016 KD</i>	<i>(Audited) 31 December 2015 KD</i>	<i>30 September 2015 KD</i>	
Management fees and other receivables	7,363	858		66,404

Key management personnel compensation:

	<i>Three months ended 30 September 2016</i>		<i>Nine months ended 30 September</i>	
	<i>2016 KD</i>	<i>2015 KD</i>	<i>2016 KD</i>	<i>2015 KD</i>
Salaries and other short term benefits	61,290	58,421	188,870	172,361
Terminal benefits	7,765	20,709	23,127	34,742
	<u>69,055</u>	<u>79,130</u>	<u>211,997</u>	<u>207,103</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 3,835,150 (31 December 2015: KD 3,867,780 and 30 September 2015: KD 4,905,780) 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 September 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
Nine months ended 30 September								
Income	1,479,668	1,796,190	1,462,720	1,203,373	345,333	397,290	3,287,721	3,396,853
Expenses	(1,922,931)	(1,750,726)	(455,571)	(370,472)	(134,901)	(27,502)	(2,513,403)	(2,148,700)
Results – (loss) profit before contribution to KFAS, NLST, ZAKAT and directors' remuneration	(443,263)	45,464	1,007,149	832,901	210,432	369,788	774,318	1,248,153
As at 30 September								
Segment assets	59,160,612	59,053,161	33,236,760	62,553,239	22,466,813	18,516,458	114,864,185	140,122,858
Segment liabilities	1,698,038	29,240,779	2,587,520	4,027,677	1,949,403	185,298	6,234,961	33,453,754
Other disclosures:								
Investment in associates (Note 6)	32,626,443	31,435,122	4,747,213	4,124,062	12,399,837	12,328,044	49,773,493	47,887,228

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

12 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>30 September</i> <i>2016</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD</i>	<i>30 September</i> <i>2015</i> <i>KD</i>
Operating lease rentals due within one year	<u>151,950</u>	<u>169,881</u>	<u>18,082</u>
	<u>151,950</u>	<u>169,881</u>	<u>18,082</u>

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 249,770 (31 December 2015: KD 596,868 and 30 September 2015: KD 596,868) for which the management anticipates that no material liabilities will arise.

13 OTHER INCOME

During the current period, one of the subsidiaries located in the Kingdom of Saudi Arabia has involved in providing services for developing and constructing residential units with carrying amount of KD 494,101 (30 September 2015: KD Nil). This has been included in other income in the interim condensed consolidated statement of income.

14 OTHER EXPENSES AND PROVISIONS

During the year ended 2006, the Parent Company has signed a contract with the Public Authority for Housing Welfare ("the Authority") to provide consultancy services for the construction of Al Kharin project for a period of two years. Accordingly, the Parent Company has submitted bank guarantees for an amount of KD 596,868. Both parties have agreed mutually to end the contract during the year ended 31 December 2013.

During the year ended 31 December 2015, the Parent Company has filed a legal case No. 3884/2015 claiming for the compensation against the services rendered to the Authority. On 13 March 2016, the case has been transferred to the Administrative circuit of the court under No. 1508/2016.

During the current period, the Authority has liquidated portion of bank guarantees amounting to KD 347,098. As a result of this event, the Parent Company has made provision amounting to KD 347,098 and included that in the other expenses and provisions in the interim condensed consolidated statement of income.

During the period 30 September 2015, the court of appeal in the stock market has ruled in favor of a client of the Parent Company, which grants the client 13,994,092 shares deposited in his portfolio in addition to the dividends accrued on these shares together with the legal interest as of 28 February 2008. According to this ruling, the Parent Company has provided for a provision amounting to KD 226,610 included in other expenses and provisions in the interim condensed consolidated statement of income.

15 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 September 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 September 2015: KD 197,558) and financial assets available for sale carried at cost amounting to KD 29,700,173 (31 December 2015: KD 29,752,174 and 30 September 2015: KD 28,334,527), are not materially different from their carrying values.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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 September 2016			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	273,650	-	273,650
- Managed funds and portfolios	-	111,994	111,994
<i>Financial assets available for sale:</i>			
- Equity securities	1,179,046	-	1,179,046
- Managed funds and portfolios	-	18,555	18,555
	<u>1,452,696</u>	<u>130,549</u>	<u>1,583,245</u>
31 December 2015			
<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>
30 September 2015			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	338,840	-	338,840
- Managed funds and portfolios	-	161,805	161,805
<i>Financial assets available for sale:</i>			
- Equity securities	1,349	-	1,349
- Managed funds and portfolios	-	18,469	18,469
	<u>340,189</u>	<u>180,274</u>	<u>520,463</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

	<i>At 1 January 2016 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 September 2016 KD</i>
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	113,147	(1,153)	-	-	111,994
Financial assets available for sale					
- Managed funds and portfolios	18,555	-	-	-	18,555

	<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 31 December 2015 KD</i>
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

	<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 September 2015 KD</i>
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	186,224	(13,341)	-	(11,078)	161,805
Financial assets available for sale					
- Managed funds and portfolios	51,999	(27,502)	1,662	(7,690)	18,469

16 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. On 25 July 2016, the Parent Company has distributed 30,925,598 shares of its treasury shares to the shareholders (Note 3 and 8).

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

17 SUBSEQUENT EVENTS

- On 17 October 2016, First Energy Resource Company K.S.C.C. (Under Liquidation) a local subsidiary of the Group, has distributed the first liquidation payment amounting to KD 6,062,000 to the shareholders. As a result of liquidation, the Parent Company received KD 2,013,311.
- On 12 August 2016, one of the subsidiaries of the Group has received a notification from the Ministry of Finance at the Kingdom of Saudi Arabia- "Department of Zakat and income"- "DZIT" for an obligation to pay Zakat for the financial years from 2007 till 2012 for an amount of SAR 31,643,000 (equivalent to KD 2,542,771) out of which the Parent Company's share is SAR 22,757,645 (equivalent to KD 1,828,761).

The management of the subsidiary believes that the Zakat dues notified by DZIT do not reflect the correct application of tax laws in the Kingdom of Saudi Arabia. Furthermore, the management of the subsidiary has appointed a tax consultant in the Kingdom of Saudi Arabia to review the Zakat dues notification and file an objection letter with DZIT. Accordingly, the tax consultant has filed an objection letter dated 18 October 2016 with DZIT. The final outcome of that appeal is uncertain at this time. However, as at the reporting date the management of the subsidiary and the Parent Company believes that no provision is required to be made in the books of account for this Zakat claim.