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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2018

Building a better
working world

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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 (the "Group") as at 31 March 2018 and the related interim condensed consolidated statement of profit or loss, 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-month 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 preparation 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 preparation 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, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three-month period ended 31 March 2018 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-month period ended 31 March 2018 that might have had material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207- A
EY
AL AIBAN AL OSAIMI & PARTNERS

15 May 2018
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 31 March 2018

	Notes	*Three months ended 31 March* 2018 KD	2017 KD
INCOME			
Revenue from construction contracts		**44,120**	123,893
Revenue from sales		**339,454**	537,355
		383,574	661,248
Cost of construction contracts		**(33,361)**	(223,683)
Cost of sales		**(232,057)**	(395,055)
		(265,418)	(618,738)
Gross profit		**118,156**	42,510
Murabaha income		**13,157**	30,519
Gain on sale of financial assets at fair value through profit or loss		**23,214**	82,618
Net change in fair value of financial assets at fair value through profit or loss		**(8,033)**	(71,255)
Gain (loss) on disposal of investment in associates		**157,143**	(8,424)
Dividend income		**38,186**	47,125
Share of results of associates	7	**(51,070)**	387,312
Management fees		**53,563**	162,592
Rental income		**254,343**	255,072
Other income		**1,365**	17,537
TOTAL INCOME		**600,024**	945,606
EXPENSES			
Staff costs		**(512,843)**	(462,864)
Depreciation		**(43,083)**	(32,913)
Amortisation of intangible assets		**(14,943)**	-
Finance costs		**(52,344)**	(39,611)
Net foreign exchange differences		**(18,516)**	(9,355)
Other expenses		**(189,431)**	(184,597)
TOTAL EXPENSES		**(831,160)**	(729,340)
(LOSS) PROFIT FOR THE PERIOD		**(231,136)**	216,266
Attributable to:			
Equity holders of the Parent Company		**(208,838)**	284,983
Non-controlling interests		**(22,298)**	(68,717)
		(231,136)	216,266
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	4	**(0.32) fils**	0.44 fils

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 March 2018

	Note	*Three months ended 31 March* **2018** **KD**	*2017* *KD*
(Loss) profit for the period		**(231,136)**	216,266
Other comprehensive (loss) income for the period			
Other comprehensive income not be reclassified to profit or loss in subsequent period:			
Share of other comprehensive income of associates		**(136,980)**	-
Net gain on equity instruments at fair value through other comprehensive income		**48,762**	
Net other comprehensive (loss) income not to be reclassified to profit or loss in subsequent periods		**(88,218)**	-
Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:			
Change in fair value of available-for-sale financial assets		**-**	318,314
Share of other comprehensive loss of associates	7	**(171,507)**	(70,083)
Exchange differences on translation of foreign operations		**(16,701)**	(11,087)
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods		**(188,208)**	237,144
Other comprehensive (loss) income		**(276,426)**	237,144
Total comprehensive (loss) income for the period		**(507,562)**	453,410
Attributable to:			
Equity holders of the Parent Company		**(476,992)**	527,550
Non-controlling interests		**(30,570)**	(74,140)
		(507,562)	453,410

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2018

	Notes	*31 March 2018 KD*	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
ASSETS				
Cash and cash equivalents	5	**5,736,525**	7,215,102	8,745,552
Financial assets at fair value through profit or loss	6	**541,978**	1,149,442	2,319,026
Other current assets		**2,195,465**	1,612,424	2,604,895
Inventories		**758,924**	957,038	1,104,356
Available-for-sale financial assets	6	**-**	32,327,431	31,611,661
Financial assets at fair value through other comprehensive income	6	**32,585,813**	-	-
Investment in associates	7	**48,355,945**	49,382,284	45,767,097
Properties under development		**2,542,244**	2,548,969	2,680,418
Investment properties		**11,685,837**	11,198,150	9,796,094
Property, plant and equipment		**2,752,641**	2,730,703	1,814,879
Goodwill and other intangible assets		**1,745,447**	1,760,390	2,654,560
TOTAL ASSETS		**108,900,819**	110,881,933	109,098,538
LIABILITIES AND EQUITY				
LIABILITIES				
Murabaha payables	8	**3,396,794**	3,027,472	2,499,726
Other liabilities		**3,115,027**	5,017,254	4,596,013
End of service benefits		**877,069**	829,052	781,290
TOTAL LIABILITIES		**7,388,890**	8,873,778	7,877,029
EQUITY				
Share capital	9	**65,107,055**	65,107,055	65,107,055
Share premium		**18,250,362**	18,250,362	18,250,362
Treasury shares	9	**(108,816)**	(108,816)	(108,816)
Statutory reserve		**1,275,223**	1,275,223	1,200,198
Share options reserve		**3,016,890**	3,016,890	3,016,890
Treasury shares reserve		**1,118,684**	1,118,684	1,118,684
Fair value reserve		**(9,321,618)**	1,510,289	887,507
Foreign currency translation reserve		**1,213,133**	1,471,906	1,747,641
Retained earnings		**16,318,827**	5,705,139	5,314,902
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**96,869,740**	97,346,732	96,534,423
Non-controlling interests		**4,642,189**	4,661,423	4,687,086
TOTAL EQUITY		**101,511,929**	102,008,155	101,221,509
TOTAL LIABILITIES AND EQUITY		**108,900,819**	110,881,933	109,098,538

Bader Mohammed Al-Qattan
Chairman

Eisa A. S. Alweggian
Chief Executive Officer

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2018

	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*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
Balance at 1 January 2018 before the adoption of IFRS 9 (Audited)	65,107,055	18,250,362	(108,816)	1,275,223	3,016,890	1,118,684	1,510,289	1,471,906	5,705,139	97,346,732	4,661,423	102,008,155
Transition adjustment on initial application of IFRS 9 at 1 January 2018 (Note 3)	-	-	-	-	-	-	(10,822,526)	-	10,822,526	-	-	-
Adjusted balance as at 1 January 2018	65,107,055	18,250,362	(108,816)	1,275,223	3,016,890	1,118,684	(9,312,237)	1,471,906	16,527,665	97,346,732	4,661,423	102,008,155
Loss for the period	-	-	-	-	-	-	-	-	(208,838)	(208,838)	(22,298)	(231,136)
Other comprehensive loss for the period	-	-	-	-	-	-	(9,381)	(258,773)	-	(268,154)	(8,272)	(276,426)
Total comprehensive loss for the period	-	-	-	-	-	-	(9,381)	(258,773)	(208,838)	(476,992)	(30,570)	(507,562)
Net movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	11,336	11,336
Balance at 31 March 2018	**65,107,055**	**18,250,362**	**(108,816)**	**1,275,223**	**3,016,890**	**1,118,684**	**(9,321,618)**	**1,213,133**	**16,318,827**	**96,869,740**	**4,642,189**	**101,511,929**
Balance at 1 January 2017	65,107,055	18,250,362	(108,816)	1,200,198	3,016,890	1,118,684	588,197	1,804,384	5,029,919	96,006,873	9,395,995	105,402,868
Profit (loss) for the period	-	-	-	-	-	-	-	-	284,983	284,983	(68,717)	216,266
Other comprehensive income (loss) for the period	-	-	-	-	-	-	299,310	(56,743)	-	242,567	(5,423)	237,144
Total comprehensive income (loss) for the period	-	-	-	-	-	-	299,310	(56,743)	284,983	527,550	(74,140)	453,410
Distribution on liquidation of a subsidiary (Note 7)	-	-	-	-	-	-	-	-	-	-	(4,644,606)	(4,644,606)
Net movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	9,837	9,837
Balance at 31 March 2017	65,107,055	18,250,362	(108,816)	1,200,198	3,016,890	1,118,684	887,507	1,747,641	5,314,902	96,534,423	4,687,086	101,221,509

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months ended 31 March 2018

	Notes	*Three months ended 31 March* 2018 KD	2017 KD
OPERATING ACTIVITIES			
(Loss) profit for the period		**(231,136)**	216,266
Adjustments to reconcile (loss) profit for the period to net cash flows:			
Murabaha income		**(13,157)**	(30,519)
Gain on sale of financial assets at fair value through profit or loss		**(23,214)**	(82,618)
Net change in fair value of financial assets at fair value through profit or Loss		**8,033**	71,255
(Gain) loss on sale of investment in associates		**(157,143)**	8,424
Dividend income		**(38,186)**	(47,125)
Share of results of associates	7	**51,070**	(387,312)
Net foreign exchange differences		**18,516**	9,355
Depreciation		**43,083**	32,913
Amortization		**14,943**	-
Finance costs		**52,344**	39,611
Provision for employees' end of service benefits		**86,280**	25,351
		(188,567)	(144,399)
Working capital adjustments:			
Other assets		**(444,130)**	(750,943)
Net movement in financial assets at fair value through profit or loss		**411,345**	(888,781)
Inventories		**198,114**	(10,989)
Other liabilities		**(251,206)**	(245,293)
Cash used in operations		**(274,444)**	(2,040,405)
Murabaha income received		**7,409**	22,834
Finance costs paid		**(52,344)**	(39,611)
Employees' end of service benefits paid		**(37,560)**	-
Net cash flows used in operating activities		**(356,939)**	(2,057,182)
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired		**-**	(3,068,185)
Dividend income received		**34,784**	39,518
Purchase of available-for-sale financial assets		**-**	(23,565)
Proceeds from sale of investment in associates		**91,481**	6,814
Dividends received from associates		**582,445**	583,171
Development expenditure on properties under development		**-**	(6,605)
Additions to investment properties		**(536,060)**	-
Purchase of property and equipment		**(65,021)**	(26,917)
Payment of consideration for acquisition of associates		**(1,625,000)**	-
Net cash flows used in investing activities		**(1,517,371)**	(2,495,769)
FINANCING ACTIVITIES			
Net movement in murabaha payables		**385,469**	239,326
Dividend paid		**(1,072)**	(11,136)
Net movement in non-controlling interests		**11,336**	9,837
Net cash flows from financing activities		**395,733**	238,027
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,478,577)**	(4,314,924)
Cash and cash equivalents at 1 January		**7,215,102**	13,060,476
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	**5,736,525**	8,745,552

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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 ended 31 March 2018 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 15 May 2018.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on the Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") as an investment and finance company and is subject to the supervision of Capital Markets Authority ("CMA"). The Parent Company's registered office is located at Al Hamra Tower, Al Shuhada Street, Kuwait City, Kuwait.

The Parent Company is principally engaged in the provision of investment and financial services in accordance with Islamic Sharia'a principles as approved by the Group's Fatwa and Sharia Supervisory Board.

The Parent Company's principal objectives comprise the following:

1 Conduct all financial brokerage activities and other related activities.
2. Invest in real estate, industrial, agricultural, and other economic sectors through shareholding in incorporating specialised companies or acquisition of shares of such companies.
3. Carry out securities trading transitions including buying and selling stocks and bonds of governmental and non-governmental agencies and companies.
4. Carry out real estate investment deals with the objective of developing residential lands and constructing residential and commercial units for sale or rent.
5. Assume the role of a Fund Trustee and Third Party Portfolio Manager as well as the related borrowing and lending transactions.
6. Carry out finance and brokerage activities in the international trading transactions.
7. 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. Establish and manage mutual funds in pursuance with Law and subject to approval of the competent authorities.
9. Assume the role of lead manager for bonds issued by companies and agencies.
10. Carry out brokerage business in the investment of financial instruments and securities.
11. Finance the buying and selling of residential plots for housing purposes, and to finance the construction of residential buildings on such plots.
12. Finance purchase and sale of durable and consumable goods.
13. 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. 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.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information for the three months ended 31 March 2018 are prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all International Financial Reporting Standards ("IFRSs") except for International Financial Reporting Standards 9 ("IFRS 9"): *Financial Instruments* requirement for the expected credit losses on credit facilities, which have been replaced by CBK's regulations.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 *Revenue from Contracts* with Customers and IFRS 9 *Financial Instruments*. The nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial information of the Group.

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 and IFRS 15 are summarised below:

IFRS 15 – Revenue from Contracts with Customers
The Group has adopted IFRS 15: *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The adoption of IFRS 15 did not have any material impact on the accounting policies, financial position or performance of the Group.

IFRS 9 - *Financial Instruments*
IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below:

Classification of financial assets and financial liabilities
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)

IFRS 9 *Financial Instruments* (continued)

Classification of financial assets and financial liabilities (continued)

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)
The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test) (continued)
The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)

IFRS 9 *Financial Instruments* (continued)

Measurement categories of financial assets and liabilities

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the consolidated income statement.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Debt instruments at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Balances with banks and financial institutions and certain other assets are classified as debt instruments at amortised cost.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses, if any.

Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI except for the recognition of impairment gains and losses. Interest income and foreign exchange gains and losses are recognised in income statement. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to income statement. The Group does not have any instruments that would meet the above criteria.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to the consolidated income statement. Dividends are recognised in income statement when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the statement of changes in equity. The management classifies certain equity investments at FVOCI and are separately disclosed in the statement of financial position.

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)

IFRS 9 *Financial Instruments* (continued)

Measurement categories of financial assets and liabilities (continued)

Financial asset at FVTPL
The Group classifies financial assets fair value through profit and loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, financing income and dividends are recorded in consolidated income statement according to the terms of the contract, or when the right to payment has been established.

Included in this classification are certain equity securities and funds that have been acquired principally for the purpose of selling or repurchasing in the near term.

Impairment of financial assets
The Group previously recognized impairment losses on financial assets based on incurred loss model, under IAS 39. The management has applied the new impairment model only to debt instruments at amortised cost excluding credit facilities for which the Group continues to apply impairment requirements under CBK regulations.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For the Group's financial assets, the management has applied the standard's simplified approach and has determined lifetime expected credit losses on these instruments. The management has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the counter parties and the economic environment.

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Impact of Adopting IFRS 9
The impact of this change in accounting policy as at 1st January 2018 has been to increase retained earnings by KD 10,822,526 and to decrease the fair value reserve by KD 10,822,526 as follows:

	Retained earnings KD	*Fair value reserve KD*
Balance at 1 January 2018 before the adoption of IFRS 9	5,705,139	1,510,289
Impact on reclassification and re-measurements:		
Investment securities (unquoted funds) from available-for-sale to FVPL	15,505	(15,505)
Investment securities (equity) from available-for-sale to FVOCI	10,807,021	(10,807,021)
Adjusted balance as at 1 January 2018	16,527,665	(9,312,237)

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)

Impact of Adopting IFRS 9 (continued)

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Under IFRS 9, certain open-ended funds which do not meet the FVOCI criteria have been re-classified to FVPL. Further, certain equity investment securities which are not strategic in nature have reclassified from AFS to FVPL on initial adoption of IFRS 9.

Certain equity investment securities which are strategic in nature and intended to be held for the foreseeable future have reclassified from AFS to FVOCI, on initial adoption of IFRS 9.

Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

4 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted (loss) earnings per share are computed by dividing the (loss) profit 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:

	Three months ended 31 March	
	2018 KD	*2017 KD*
(Loss) profit for the period attributable to the equity holders of the Parent Company (KD)	**(208,838)**	284,983
Weighted average number of outstanding shares	**651,070,551**	651,070,551
Less: weighted average number of treasury shares	**(1,627,929)**	(1,627,929)
Weighted average number of shares outstanding during the period	**649,442,622**	649,442,622
Basic and diluted (loss) earnings per share attributable to the equity holders of the Parent Company	**(0.32) fils**	0.44 fils

5 CASH AND CASH EQUIVALENTS

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Cash on hand	**7,925**	2,448	3,822
Bank balances	**1,903,967**	2,062,452	2,321,308
Murabaha deposits with original maturity of three months or less	**3,520,443**	5,144,204	6,080,412
Cash held in portfolios	**304,190**	5,998	340,010
Cash and cash equivalents as per the interim condensed consolidated statement of financial position	**5,736,525**	7,215,102	8,745,552

5 CASH AND CASH EQUIVALENTS (continued)

Murabaha deposits with a carrying amount of KD 1,300,000 (31 December 2017: KD 1,300,000 and 31 March 2017: KD 1,300,000) are pledged as security against murabaha payables (Note 8).

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 ranging from 1.05 % to 1.94 % (31 December 2017: 0.85% and 1.88% and 31 March 2017: 1.13 % and 1.80%) per annum.

During prior year, First Energy Resource Company K.S.C.C. (Under Liquidation), a local subsidiary of the Group (the subsidiary), has announced the distribution of first liquidation cash payment amounting to KD 6,062,000 to the shareholders. As a result of the liquidation, the Parent Company received KD 2,013,311. Distribution to non-controlling interests amounted to KD 4,048,689. As at 31 March 2018, some of the shareholders did not collect their share of the distribution; accordingly, certain bank balances amounting to KD 340,746 (31 December 2017: KD 391,061 and 31 March 2017: KD 810,823) have been restricted for the purpose of distribution to the shareholders of the subsidiary.

6 INVESTMENT SECURITIES

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Available-for-sale financial assets:			
- Unquoted equity securities	-	30,910,098	29,904,709
- Quoted equity securities	-	1,384,252	1,674,283
- Unquoted funds	-	33,081	32,669
Financial assets at fair value through other comprehensive Income:			
- Quoted equity securities	**1,433,014**	-	-
- Unquoted equity securities	**31,152,799**	-	-
Financial assets at fair value through profit or loss:			
- Quoted equity securities	**442,815**	830,171	1,978,288
- Unquoted equity securities	**-**	242,702	229,510
- Unquoted funds	**99,163**	76,569	111,228
	33,127,791	33,476,873	33,930,687

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

7 INVESTMENT IN ASSOCIATES

		31 March 2018		(Audited) 31 December 2017		31 March 2017	
	County of incorporation	**Equity interest %**	**Carrying amount KD**	*Equity interest %*	*Carrying amount KD*	*Equity interest %*	*Carrying amount KD*
Burgan Company for Well Drilling K.S.C.P. ("BDC") [1]	Kuwait	14.66%	**12,067,631**	14.66%	12,033,969	14.66%	11,783,829
Arkan Al-Kuwait Real Estate Company K.S.C.P.	Kuwait	28.99%	**12,177,505**	28.99%	12,666,827	29.02%	11,906,401
First Education Company K.S.C. (Closed)	Kuwait	22.19%	**4,170,905**	22.19%	4,178,334	22.19%	4,078,726
Taameer Investment Company O.L.L.C.	Oman	37.40%	**12,826,383**	37.40%	13,179,485	37.40%	13,171,436
Al Jazeera Al Oula Real Estate W.L.L.	Saudi Arabia	20.90%	**3,863,408**	20.90%	3,913,045	20.90%	3,954,157
Adeem Capital (Saudi Shareholders Closed Company)	Saudi Arabia	-	-	-	-	40.00%	836,962
Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (under liquidation)	Bahrain	-	-	35.29%	71,318	35.29%	35,586
Al-Subeih Medical Company (Khalid Hamad Al-Subeih & Partners) W.L.L. [2]	Kuwait	25%	**2,667,770**	25%	2,756,963	-	-
Sons of Yousef Al-Subeih Real Estate Company (Khalid Hamad Al-Subeih & Partners)W.L.L. [2]	Kuwait	25%	**582,343**	25%	582,343	-	-
			48,355,945		49,382,284		45,767,097

[1] The Group exercises significant influence over the investee company BDC by appointment of 2 board members out of a total board members of 6. The Group has considered the significant influence achieved through absolute voting rights to be sufficient to give it the practical ability to influence the relevant activities of the investee company, despite the fact of owning on equity interest of less than 20% shareholding.

[2] During 2017, the Parent Company entered into a purchase agreement (the "Agreement") to acquire 25% equity stake in Al-Subeih Medical Company (Khaled Hamad Al-Subeih & Partners) W.L.L. and Sons of Yousef Al-Subeih Real Estate Company W.L.L. (together referred to as the "Target Business") for a total cash consideration of KD 3,250,000. Under the Agreement, the seller provided an undertaking to establish a holding company under which the net assets of the Target Business will be transferred to, and for which the shares will be allocated between the contractual parties proportionately. The legal formalities related to the incorporation of the holding company are still in progress as at the authorisation date of this interim condensed consolidated financial statements. Further, as part of the Agreement, the Parent Company is required to pay a contingent consideration based on the performance of the Target Business over an agreed period. The management of the Parent Company has performed an assessment to estimate such contingent payment as at the reporting date and determined that no such payment would be required as of that date

Provisional goodwill arising on acquisition of the Target Business amounting to KD 2,142,832 is included in the carrying amount of the underlying investments.

7 INVESTMENT IN ASSOCIATES (continued)

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

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
At the beginning of the period/year	**49,382,284**	50,859,283	50,859,283
Additions	**-**	3,250,000	-
Distribution due to liquidation of a subsidiary	**-**	(4,644,606)	(4,644,606)
Disposals	**(71,318)**	(800,407)	(15,238)
Dividends from associates	**(732,444)**	(749,571)	(749,571)
Foreign currency translation adjustment	**(113,365)**	(312,028)	(51,079)
Cumulative change in fair value	**(58,142)**	(66,947)	(19,004)
Share of (loss) results	**(51,070)**	1,846,560	387,312
At the end of the period/year	**48,355,945**	49,382,284	45,767,097

8 MURABAHA PAYABLES

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Gross amount	**4,498,059**	4,044,681	2,922,744
Less: Deferred finance costs	**(1,101,265)**	(1,017,209)	(423,018)
	3,396,794	3,027,472	2,499,726

As at 31 March 2018, murabaha payables amounting to KD 2,691,641 (31 December 2017: KD 2,436,063 and 31 March 2017: KD 1,768,309) is denominated in Omani Riyal and on effective profit rate of 6.5% (31 December 2017: 6.5% and 31 March 2017: 6%) per annum.

Murabaha payables amounting to KD 3,396,794 (31 December 2017: KD 3,027,472 and 31 March 2017: KD 2,499,726) are secured against the following:

- Murabaha deposits with a carrying amount of KD 1,300,000 (31 December 2017: KD 1,300,000 and 31 March 2017: KD 1,300,000) (Note 5).
- Properties under development with a carrying amount of KD 1,534,194 (31 December 2017: KD 1,534,194 and 31 March 2017: KD 1,534,194).
- Investment properties with a carrying amount of KD 7,349,623 (31 December 2017: KD 6,859,024 and 31 March 2017: KD 5,787,707).

9 SHARE CAPITAL AND TREASURY SHARES

(i) Share capital

At 31 March 2018, the authorised, issued and fully paid-up capital of the Parent Company comprises of 651,070,551 (31 December 2017: 651,070,551 and 31 March 2017: 651,070,551) shares of 100 fils each. All shares are paid in cash.

9 SHARE CAPITAL AND TREASURY SHARES (continued)

(ii) Treasury shares

	31 March 2018	*(Audited) 31 December 2017*	*31 March 2017*
Number of treasury shares	**1,627,929**	1,627,929	1,627,929
Percentage of issued shares	**0.25%**	0.25%	0.25%
Cost of treasury shares (KD)	**108,816**	108,816	108,816
Market value of treasury shares (KD)	**61,861**	63,489	78,955

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

An amount of KD 108,816 (31 December 2017: KD 108,816 and 31 March 2017: KD 108,816) 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.

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 and balances with related parties are as follows:

	Three months ended 31 March	
Interim condensed consolidated statement of profit or loss	***2018 KD***	*2017 KD*
Management fees	**504**	2,569

Interim condensed consolidated statement of financial position	*31 March 2018 KD*	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Management fees and other receivables	**18,417**	17,913	12,509

Key management personnel compensation:

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	Three months ended 31 March	
	2018 KD	*2017 KD*
Salaries and other short-term benefits	**28,204**	61,290
Terminal benefits	**7,628**	7,681
	35,832	68,971

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 1,568,386 (31 December 2017: KD 1,665,179 and 31 March 2017: KD 1,974,962) which are not reflected in the Group's interim condensed consolidated statement of financial position

11 SEGMENT INFORMATION

Management monitors the operating results of its business 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 four operating segments:

- Real Estate
- Financial
- Services
- Others

The Group does not have any inter-segment transactions.

The table below presents revenue and profit information for the Group's operating segments for the three months ended 31 March 2018 and 2017, respectively.

	Real Estate		Financial		Services		Others		Total	
	2018	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*
	KD	*KD*	***KD***	*KD*	***KD***	*KD*	***KD***	*KD*	***KD***	*KD*
Income	**278,299**	638,602	**47,366**	45,545	**274,014**	256,631	**345**	4,828	**600,024**	945,606
Expenses	**(371,990)**	(368,960)	**(31,451)**	(28,317)	**(391,028)**	(280,207)	**(36,691)**	(51,856)	**(831,160)**	(729,340)
Results – (loss) profit for the period	**(93,691)**	269,642	**15,915**	17,228	**(117,014)**	(23,576)	**(36,346)**	(47,028)	**(231,136)**	216,266

The following table presents assets and liabilities for the Group's operating segments as at 31 March 2018 and 31 December 2017, respectively.

	Real Estate		Financial		Services		Others		Total	
	2018	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*
	KD	*KD*	***KD***	*KD*	***KD***	*KD*	***KD***	*KD*	***KD***	*KD*
Segment assets	**47,893,304**	48,610,568	**6,067,802**	6,311,143	**49,257,639**	49,482,399	**5,682,074**	6,477,823	**108,900,819**	110,881,933
Segment liabilities	**(4,972,429)**	(4,816,863)	**(5,363)**	(12,212)	**(1,420,283)**	(2,999,170)	**(990,815)**	(1,045,533)	**(7,388,890)**	(8,873,778)
Other disclosures:										
Investment in associates	**28,867,296**	29,830,675	**-**	-	**19,488,649**	19,551,609	**-**	-	**48,355,945**	49,382,284
Impairment of available-for-sale financial assets	**-**	-	**-**	(22,393)	**-**	-	**-**	-	**-**	(22,393)

11 SEGMENT INFORMATION (continued)

Geographic information

	Three months ended 31 March	
	2018 ***KD***	*2017* *KD*
Income		
Kuwait	**508,704**	830,861
Kingdom of Saudi Arabia	**16,586**	(126,874)
Others	**74,734**	241,619
	600,024	945,606
Results – profit (loss) for the period		
Kuwait	**(171,015)**	280,040
Kingdom of Saudi Arabia	**(71,461)**	(251,840)
Others	**11,340**	188,066
	(231,136)	216,266

	31 March 2018 KD	*(Audited) 31December 2017 KD*
Segment assets		
Kuwait	**51,396,000**	53,637,508
Kingdom of Saudi Arabia	**33,215,394**	33,013,050
Others	**24,289,425**	24,231,375
	108,900,819	110,881,933
Segment liabilities		
Kuwait	**(2,455,135)**	(4,098,054)
Kingdom of Saudi Arabia	**(1,852,137)**	(2,032,008)
Others	**(3,081,618)**	(2,743,716)
	(7,388,890)	(8,873,778)

12 COMMITMENTS AND CONTINGENCIES

Commitments

	31 March 2018 KD	*(Audited) 31December 2017 KD*	*31 March 2017 KD*
Operating lease rentals payable within one year	**151,950**	151,950	151,950
Operating lease rentals payable up to five years	**202,601**	240,588	354,551
	354,551	392,538	506,501

Contingencies
At the reporting date, the Group has provided bank guarantees amounting to KD 710,205 (31 December 2017: KD 828,039 and 31 March 2017: KD 713,958) for which the management anticipates that no material liabilities will arise.

13 FAIR VALUES MESUREMENT 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.

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:

	Level 1 KD	*Level 2 KD*	*Level 3 KD*	*Total KD*
31 March 2018				
Financial assets at fair value through profit or loss:				
- Quoted equity securities	**442,815**	**-**	**-**	**442,815**
- Unquoted funds	**-**	**99,163**	**-**	**99,163**
	442,815	**99,163**	**-**	**541,978**
Financial assets at fair value through other comprehensive income:				
- Quoted equity securities	**1,433,014**	**-**	**-**	**1,433,014**
- Unquoted equity securities	**-**	**-**	**31,152,799**	**31,152,799**
	1,433,014	**-**	**31,152,799**	**32,585,813**
31 December 2017 (Audited)				
Financial assets at fair value through profit or Loss:				
- Quoted equity securities	830,171	-	-	830,171
- Unquoted equity securities	-	-	242,702	242,702
- Unquoted funds	-	76,569	-	76,569
	830,171	76,569	242,702	1,149,442
Available-for-sale financial assets:				
- Quoted equity securities	1,384,252	-	-	1,384,252
- Unquoted equity securities	-	-	29,166,788	29,166,788
- Unquoted funds	-	33,081	-	33,081
	1,384,252	33,081	29,166,788	30,584,121

13 FAIR VALUES MESUREMENT OF FINANCIAL INSTRUMENTS (continued)

	Level 1 KD	*Level 2 KD*	*Level 3 KD*	*Total KD*
31 March 2017				
Financial assets at fair value through profit or loss:				
- Equity securities	1,978,288	-	-	1,978,288
- Unquoted equity securities	-	-	229,510	229,510
- Unquoted funds	-	111,228	-	111,228
	1,978,288	111,228	229,510	2,319,026
Available-for-sale financial assets:				
- Unquoted equity securities	-	2,528,657	-	2,528,657
- Equity securities	1,674,283	-	-	1,674,283
- Unquoted funds	-	32,669	-	32,669
	1,674,283	2,561,326	-	4,235,609

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 2018 KD	*Loss recorded in profit or loss KD*	*Gain recorded in other comprehensive income KD*	*Net purchases, sales, transfers and settlements KD*	*At 31 March 2018 KD*
Financial assets at fair value through profit or loss - Unquoted equity securities	**242,702**	-	-	**(242,702)**	-
Financial assets at fair value through other comprehensive income - Unquoted equity securities	**29,166,788**	-	-	**1,986,011**	**31,152,799**

	At 1 January 2017 KD	*Gain (loss) recorded in profit or loss KD*	*Gain recorded in other comprehensive income KD*	*Net purchases, sales, transfers and settlements KD*	*At 31 December 2017 KD*
Financial assets at fair value through profit or loss - Unquoted equity securities	229,510	13,192	-	-	242,702
Available-for-sale financial assets - Unquoted equity securities	2,528,657	-	1,028,803	25,609,328	29,166,788

13 FAIR VALUES MESUREMENT OF FINANCIAL INSTRUMENTS (continued)

	At 1 January 2017 KD	*Loss recorded in profit or loss KD*	*Gain recorded in other comprehensive income KD*	*Net purchases, sales, transfers and settlements KD*	*At 31 March 2017 KD*
Financial assets at fair value through profit or loss					
- Unquoted equity securities	229,510	-	-	-	229,510
Available-for-sale financial assets					
- Unquoted equity securities	2,528,657	-	-	-	2,528,657

14 LEGAL CASES

a) During the year ended 31 December 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 Khiran project for a period of two years. Accordingly, the Parent Company has provided bank guarantees for an amount of KD 596,868. Both parties have mutually agreed 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 a 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 prior year, the Authority has liquidated part of the bank guarantee amounting to KD 347,098. As a result of this event, the Parent Company has made a provision of KD 347,098 included in the consolidated statement of income during the year then ended.

On 8 January 2017, the Administrative Circuit at the court issued a ruling to transfer the case to the Department of Expert at the Ministry of Justice to verify the elements of the claim and issue an expert report. The session has been postponed to 03 June 2018 awaiting experts' report.

The Parent Company filed a lawsuit to suspend the liquidation of the bank guarantees. The case was then referred to the Administrative Circuit at the court. The court hearing was postponed to the session scheduled on 31 May 2018 for judgement.

The Group has been advised by its legal counsel that it is very unlikely that the final outcome of the case will have a significant effect on the Group's interim condensed consolidated financial statements. Accordingly, no additional provisions for the liability has been made during period.

b) During the years ended 31 December 2006 and 31 December 2007, the Parent Company has entered into agreements to purchase 14,500,000 shares of Al Muttaheda for Investment and Real Estate Development Company S.S.C.C (the investee company) from existing shareholders (the sellers). During that period, the purchase consideration for 10,500,000 shares, was paid by the Parent Company in full.

During the year ended 31 December 2007, the Parent Company noted that the sellers have not fulfilled their commitment of transferring certain assets to the Company as part of their share of increase in the capital of the investee company. Accordingly, the Parent Company withheld the payment for the remaining consideration related to 4,000,000 shares and filed a lawsuit against the sellers claiming for a temporary compensation. On the other hand, the sellers filed a counterclaim against the Parent Company demanding payment for the remaining consideration. However, the counterclaim was rejected by the Court of First Instance, Court of Appeal and the Court of Cassation on 11 April 2016.

14 LEGAL CASES (continued)

Despite the decision from the Court of Cassation, the sellers filed another lawsuit against the Parent Company demanding the payment of KD 13,814,991 related to the remaining purchase consideration.

On 17 January 2017, the Court of First Instance has ruled in favour of the Parent Company rejecting the claim filed by the sellers based on the earlier verdict that was adjudicated by the Court of Cassation on 11 April 2016. The sellers further appealed against the ruling of the Court of First Instance and a verdict was issued on 21 June 2017, accepting the appeal and cancelling the earlier verdict issued by the Court of First Instance and referring the case to the Money Markets Circle.

On 9 January 2018, a verdict was issued rejecting the claim filed by the sellers based on earlier verdicts. The sellers appealed the verdict and a session is scheduled on 31 May 2018.

Based on the advice from the Group's legal counsel, the amount claimed by the sellers is unrealistic and has no merit. In addition, the sellers are not entitled to any compensation due to the judicial ruling of the previous legal case that was adjudicated by the Court of Cassation. Accordingly, no provision for any liability has been made in these interim condensed consolidated financial statements.

15 ANNUAL GENERAL ASSEMBLY

The consolidated financial statements for year ended 31 December 2017 were approved by the shareholders of the Parent Company at the Annual Ordinary General Assembly meeting (AGM) held on 24 April 2018. No dividends have been declared.

16 FIDUCIARY ASSETS

Fiduciary assets comprise of portfolios managed by the Parent Company on behalf of clients. These are not assets of the Group and accordingly are not included in the interim condensed consolidated financial information. As at the reporting date, total fiduciary assets managed by the Group amounted to KD 116,160,847 (31 December 2017: KD 117,971,300 and 31 March 2017: KD 122,446,373). The total income earned from fiduciary assets for the period ended 31 March 2018 amounted to KD 53,563 (31 March 2017: KD 162,592).