

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

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

**30 SEPTEMBER 2017**

## **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 30 September 2017 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-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.

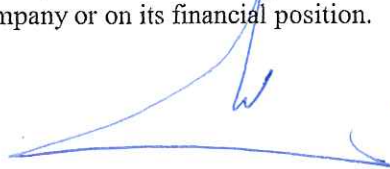
### *Conclusion*

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 nine-month period ended 30 September 2017 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-month period ended 30 September 2017 that might have had material effect on the business of the Parent Company or on its financial position.



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

12 November 2017  
Kuwait

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the nine months ended 30 September 2017

		Three months ended 30 September		Nine months ended 30 September	
	Notes	2017 KD	2016 KD	2017 KD	2016 KD
<b>INCOME</b>					
Revenue from construction contracts		-	1,202,205	128,599	2,234,398
Revenue from sales		418,994	30,747	1,649,228	163,760
		<u>418,994</u>	<u>1,232,952</u>	<u>1,777,827</u>	<u>2,398,158</u>
Cost of construction contracts		(3,468)	(939,264)	(239,184)	(1,740,297)
Cost of sales		(319,874)	(45,585)	(1,254,787)	(181,653)
		<u>(323,342)</u>	<u>(984,849)</u>	<u>(1,493,971)</u>	<u>(1,921,950)</u>
<b>Gross profit</b>		<u>95,652</u>	<u>248,103</u>	<u>283,856</u>	<u>476,208</u>
Murabaha income		19,819	31,393	71,622	105,794
Realised gain on sale of financial assets at fair value through profit or loss		52,735	242	28,810	8,188
Unrealised loss on financial assets at fair value through profit or loss		(9,986)	(103)	(44,434)	(4,997)
Realised gain on sale of financial assets available for sale		14,000	-	14,000	-
Loss on sale of investment in associates		-	-	(89,111)	-
Dividend income		-	1,973	183,295	270,479
Share of results of associates	6	550,479	298,088	1,265,688	978,556
Management fees		11,671	147,901	289,182	417,032
Rental income		252,649	223,382	752,938	295,151
Gain on settlement of murabaha payable		-	679,331	-	679,331
Other income		1,646	22,941	42,560	60,213
<b>TOTAL INCOME</b>		<u>988,665</u>	<u>1,653,251</u>	<u>2,798,406</u>	<u>3,285,955</u>
<b>EXPENSES</b>					
Staff costs		(618,794)	(465,169)	(1,603,431)	(1,387,463)
Depreciation		(40,375)	(38,779)	(112,554)	(105,071)
Finance costs		(43,964)	(43,526)	(126,156)	(118,752)
Net foreign exchange differences		(9,688)	(2,107)	(50,363)	(16,127)
Other expenses		(193,288)	(547,979)	(545,075)	(884,224)
		<u>(906,109)</u>	<u>(1,097,560)</u>	<u>(2,437,579)</u>	<u>(2,511,637)</u>
<b>PROFIT FOR THE PERIOD BEFORE DIRECTORS' REMUNERATION</b>		<u>82,556</u>	<u>555,691</u>	<u>360,827</u>	<u>774,318</u>
Directors' remuneration		-	-	-	(42,000)
<b>PROFIT FOR THE PERIOD</b>		<u>82,556</u>	<u>555,691</u>	<u>360,827</u>	<u>732,318</u>
<b>Attributable to:</b>					
Equity holders of the Parent Company		140,717	502,050	484,907	717,600
Non-controlling interests		(58,161)	53,641	(124,080)	14,718
		<u>82,556</u>	<u>555,691</u>	<u>360,827</u>	<u>732,318</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<u>0.22 fils</u>	<u>0.77 fils</u>	<u>0.75 fils</u>	<u>1.10 fils</u>

The attached notes 1 to 16 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 nine months ended 30 September 2017

	<i>Note</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2017 KD</i>	<i>2016 KD</i>	<i>2017 KD</i>	<i>2016 KD</i>
<b>Profit for the period</b>		<b>82,556</b>	<b>555,691</b>	<b>360,827</b>	<b>732,318</b>
<b>Other comprehensive (loss) income for the period</b>					
<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		(21,615)	(2,090)	131,249	(212,129)
Share of other comprehensive loss of associates	6	(46,913)	(21,007)	(334,705)	(80,161)
Exchange differences on translation of foreign operations		(22,736)	(6,139)	(41,644)	(18,125)
<b>Other comprehensive loss for the period</b>		<b>(91,264)</b>	<b>(29,236)</b>	<b>(245,100)</b>	<b>(310,415)</b>
<b>Total comprehensive (loss) income for the period</b>		<b>(8,708)</b>	<b>526,455</b>	<b>115,727</b>	<b>421,903</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		60,599	475,914	260,300	416,220
Non-controlling interests		(69,307)	50,541	(144,573)	5,683
		<b>(8,708)</b>	<b>526,455</b>	<b>115,727</b>	<b>421,903</b>

The attached notes 1 to 16 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 2017

		30 September 2017 KD	(Audited) 31 December 2016 KD	30 September 2016 KD
	Notes			
<b>ASSETS</b>				
Cash and cash equivalents	4	9,823,475	13,060,476	17,383,910
Financial assets at fair value through profit or loss		465,319	1,422,577	583,202
Other assets		2,801,011	1,467,944	2,942,013
Inventories		1,019,264	941,979	248,872
Financial assets available for sale	5	31,487,328	31,269,782	30,897,774
Investment in associates	6	45,611,248	50,859,283	50,368,241
Properties under development		2,715,866	2,653,440	2,500,765
Investment properties		10,133,191	9,820,419	9,076,632
Property and equipment		1,827,572	1,594,332	1,457,524
Provisional goodwill	7	2,654,560	-	-
<b>TOTAL ASSETS</b>		<b>108,538,834</b>	<b>113,090,232</b>	<b>115,458,933</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Murabaha payables	8	2,593,560	2,268,062	2,203,831
Other liabilities		4,866,291	5,419,302	4,031,130
<b>TOTAL LIABILITIES</b>		<b>7,459,851</b>	<b>7,687,364</b>	<b>6,234,961</b>
<b>EQUITY</b>				
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		1,200,198	1,200,198	1,125,952
Share options reserve		3,016,890	3,016,890	3,016,890
Treasury shares reserve		1,118,684	1,118,684	1,118,684
Available-for-sale reserve		656,861	588,197	42,029
Foreign currency translation reserve		1,511,113	1,804,384	1,570,390
Retained earnings		5,514,826	5,029,919	5,121,309
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>96,267,173</b>	<b>96,006,873</b>	<b>95,243,855</b>
Non-controlling interests		4,811,810	9,395,995	13,980,117
<b>TOTAL EQUITY</b>		<b>101,078,983</b>	<b>105,402,868</b>	<b>109,223,972</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>108,538,834</b>	<b>113,090,232</b>	<b>115,458,933</b>

Badar Mohammed Al-Qataan  
Chairman

Eisa A. S. Alweggian  
Chief Executive Officer

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2017

*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	Available-for-sale Reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
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	-	-	-	-	-	-	-	-	484,907	484,907	(124,080)	360,827
Other comprehensive income (loss) for the period	-	-	-	-	-	-	68,664	(293,271)	-	(224,607)	(20,493)	(245,100)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	68,664	(293,271)	484,907	260,300	(144,573)	115,727
Distribution due to liquidation of a subsidiary (Note 6)	-	-	-	-	-	-	-	-	-	-	(4,644,606)	(4,644,606)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	204,994	204,994
<b>At 30 September 2017</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>(108,816)</b>	<b>1,200,198</b>	<b>3,016,890</b>	<b>1,118,684</b>	<b>656,861</b>	<b>1,511,113</b>	<b>5,514,826</b>	<b>96,267,173</b>	<b>4,811,810</b>	<b>101,078,983</b>
At 1 January 2016	65,107,055	18,250,362	(2,102,052)	1,125,952	3,016,890	1,118,684	254,158	1,659,641	6,470,885	94,901,575	13,843,363	108,744,938
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 15)	-	-	2,067,176	-	-	-	-	-	(2,067,176)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	131,071	131,071
<b>At 30 September 2016</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>(108,816)</b>	<b>1,125,952</b>	<b>3,016,890</b>	<b>1,118,684</b>	<b>42,029</b>	<b>1,570,390</b>	<b>5,121,309</b>	<b>95,243,855</b>	<b>13,980,117</b>	<b>109,223,972</b>

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



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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months ended 30 September 2017

		Nine months ended 30 September	
		2017	2016
	Notes	KD	KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before directors' remuneration		360,827	774,318
Adjustments to reconcile profit for the period to net cash flows:			
Murabaha income		(71,622)	(105,794)
Gain on settlement of murabaha payable		-	(679,331)
Realised gain on sale of financial assets at fair value through profit or loss		(28,810)	(8,188)
Unrealised loss on financial assets at fair value through profit or loss		44,434	4,997
Loss on sale of investment in associates		89,111	-
Realized gain on sale of financial assets available for sale		(14,000)	-
Dividend income		(183,295)	(270,479)
Share of results of associates	6	(1,265,688)	(978,556)
Net foreign exchange differences		50,363	16,127
Impairments financial assets available for sale		979	-
Depreciation		112,554	105,071
Finance costs		126,156	118,752
Other expenses and provisions		-	347,098
Provision for employees' end of service benefits		228,796	40,420
		(550,195)	(635,565)
Working capital adjustments:			
Other assets		(673,628)	(179,910)
Inventories		74,103	(20,789)
Other liabilities		(715,464)	(747,894)
Cash used in operations		(1,865,184)	(1,584,158)
Murabaha income received		66,532	81,739
Finance costs paid		(126,156)	(118,752)
Employees' end of service benefits paid		(190,656)	-
<b>Net cash flows used in operating activities</b>		<b>(2,115,464)</b>	<b>(1,621,171)</b>
<b>INVESTING ACTIVITIES</b>			
Net movement in financial assets at fair value through profit or loss		933,694	490,504
Acquisition of a subsidiary, net of cash acquired	7	(3,068,185)	-
Dividend income received		183,295	270,479
Purchase of financial assets available for sale		(88,276)	(53,097)
Proceeds from redemption of financial assets available for sale		15,000	52,000
Additions to investment in associates	6	-	(991,413)
Proceeds from sale of investment in associates		209,032	-
Dividend received from associates	6	749,571	652,981
Development expenditure on properties under development		(55,355)	(282,267)
Additions to investment properties		(388,276)	(10,414)
Proceeds from disposal of investments properties		-	45,921
Purchase of property and equipment		(119,251)	(208,645)
<b>Net cash flows used in investing activities</b>		<b>(1,628,751)</b>	<b>(33,951)</b>
<b>FINANCING ACTIVITIES</b>			
Net proceeds from murabaha payables		325,498	127,620
Purchase of treasury shares		-	(73,940)
Dividends paid		(23,278)	(58,019)
Acquisition of non-controlling interests		204,994	131,071
<b>Net cash flows from financing activities</b>		<b>507,214</b>	<b>126,732</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,237,001)</b>	<b>(1,528,390)</b>
Cash and cash equivalents at the beginning of the period		13,060,476	18,912,300
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>9,823,475</b>	<b>17,383,910</b>

The attached notes 1 to 16 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)

### 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 ended 30 September 2017 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 12 November 2017.

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 located 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 Parent Company is incorporated 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 is principally engaged to:

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 transactions 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 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2017 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 2016 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.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

The interim condensed consolidated financial information does not include all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

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 2016. The adoption of the amendments and annual improvements to IFRSs, relevant to the Group which is effective for annual reporting period starting from 1 January 2017 did not result in any material impact on the accounting policies, financial position or performance of the Group. The Group has not early adopted any other standard interpretation or amendment that has been issued but not yet effective.

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

Basic and diluted earnings per share are computed by dividing the 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:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017 KD</i>	<i>2016 KD</i>	<i>2017 KD</i>	<i>2016 KD</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<u>140,717</u>	<u>502,050</u>	<u>484,907</u>	<u>717,600</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>(1,627,929)</u>	<u>(1,592,824)</u>	<u>(1,627,929)</u>	<u>(1,592,824)</u>
Weighted average number of shares outstanding during the period	<u>649,442,622</u>	<u>649,477,727</u>	<u>649,442,622</u>	<u>649,477,727</u>
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	<u>0.22 fils</u>	<u>0.77 fils</u>	<u>0.75 fils</u>	<u>1.10 fils</u>

The shareholders of the Parent Company in the Ordinary General Assembly meeting held on 5 June 2016 approved the distribution of 30,925,598 shares of its treasury shares to the shareholders as bonus shares, representing 5 shares for each 100 shares (Note 15). The distribution has not resulted in an increase in share capital or share issue.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 4 CASH AND CASH EQUIVALENTS

	30 September 2017 KD	(Audited) 31 December 2016 KD	30 September 2016 KD
Cash on hand	41,679	3,592	14,587
Bank balances	2,839,732	3,330,210	6,345,085
Murabaha deposits with original maturity of three months or less	6,245,904	9,100,701	10,149,571
Cash retained in portfolios	696,160	625,973	874,667
Cash and cash equivalents	<u>9,823,475</u>	<u>13,060,476</u>	<u>17,383,910</u>

Murabaha deposits with a carrying amount of KD 1,300,000 (31 December 2016: KD 1,300,000 and 30 September 2016: 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 1.00 % to 1.63 % (31 December 2016: 0.63 % to 1.25% and 30 September 2016: 1.13 % and 1.56 %) 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 30 September 2017, some of the shareholders did not collect their share of the distribution; accordingly, certain bank balances amounting to KD 506,329 (31 December 2016: KD 1,277,597 and 30 September 2016: KD Nil) have been restricted for the purpose of distribution to the shareholders of the subsidiary.

### 5 FINANCIAL ASSETS AVAILABLE FOR SALE

	30 September 2017 KD	(Audited) 31 December 2016 KD	30 September 2016 KD
Unquoted equity securities	29,903,709	29,904,709	29,700,173
Quoted equity securities	1,551,929	1,332,404	1,179,046
Managed funds and portfolios	31,690	32,669	18,555
	<u>31,487,328</u>	<u>31,269,782</u>	<u>30,897,774</u>

Unquoted equity securities amounting to KD 27,375,052 (31 December 2016: KD 27,376,052 and 30 September 2016: KD 27,459,589) are stated at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term.

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

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

#### 6 INVESTMENT IN ASSOCIATES

	County of incorporation	30 September 2017		(Audited) 31 December 2016		30 September 2016	
		Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Burgan Company for Well Drilling K.S.C.P.	Kuwait	14.66%	11,915,172	20.46%	16,339,779	20.46%	16,189,826
Arkan Al-Kuwait Real Estate Company K.S.C.P.	Kuwait	29.02%	12,489,103	29.06%	12,242,581	29.06%	12,339,435
First Education Company K.S.C. (Closed)	Kuwait	22.19%	4,143,085	22.19%	4,252,301	22.19%	4,097,181
Taameer Investment Company O.L.L.C.	Oman	37.40%	13,074,641	37.40%	13,130,419	37.40%	12,929,522
Al Jazeera Al Oula Real Estate W.L.L	Saudi Arabia	20.90%	3,917,835	20.90%	3,971,206	20.90%	3,908,518
Adeem Capital (Saudi Shareholders Closed Company) <sup>1</sup>	Saudi Arabia	-	-	40.00%	856,759	40.00%	838,696
Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (under liquidation)	Bahrain	35.29%	71,412	35.29%	66,238	35.29%	65,063
			<u>45,611,248</u>		<u>50,859,283</u>		<u>50,368,241</u>

<sup>1</sup> During the nine-month period ended 30 September 2017, the Group has disposed its entire equity investment (40%) in Adeem Capital at a loss of KD 80,687.

On 31 July 2017, the Parent Company entered into a purchase agreement (the "Agreement") to acquire 25% equity stake in a medical company and a real estate company (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 included, and for which the shares will be allocated between the contractual parties proportionately. The acquisition is contingent on the seller obtaining the necessary building permits for a specialised hospital, and therefore the commitment has not been recognised in this interim condensed consolidated financial information.

Subsequent to the reporting date, the seller obtained the necessary building permits and accordingly, an amount of KD 1,625,000 was paid, representing 50% of the total purchase consideration committed by the Group. The legal incorporation proceedings of the holding company are still in progress as at the authorisation date 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)

6 INVESTMENT IN ASSOCIATES (continued)

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

	30 September 2017 KD	(Audited) 31 December 2016 KD	30 September 2016 KD
At the beginning of the period/year	50,859,283	49,131,414	49,131,414
Additions	-	991,416	991,413
Distribution due to liquidation of a subsidiary <sup>1</sup>	(4,644,606)	-	-
Disposals	(784,841)	-	-
Dividends from associates	(749,571)	(652,981)	(652,981)
Foreign currency translation adjustment	(272,119)	149,483	(80,161)
Cumulative change in fair value	(62,586)	90,620	-
Share of results	1,265,688	1,149,331	978,556
At the end of the period/year	<u>45,611,248</u>	<u>50,859,283</u>	<u>50,368,241</u>

<sup>1</sup> The Parent Company has an effective equity interest of 33.21% in one of the subsidiaries named "First Energy Resources Company K.S.C.C." ("the Subsidiary") (31 December 2016: 33.21% and 30 September 2016: 33.21%). On 15 November 2015, the Extraordinary General Assembly meeting of the shareholders of the Subsidiary approved the liquidation of the subsidiary. The Subsidiary has an investment in Burgan Company for Well Drilling K.S.C.P. which was classified as an investment in associate within the Subsidiary. On 15 February 2017, the liquidation committee of the Subsidiary resolved to distribute the total shares invested in the associate of 19,117,935 shares to the shareholders. As a result, the Subsidiary has distributed 12,768,431 shares with a carrying value of KD 4,644,606 to the remaining shareholders of the Subsidiary. Accordingly, the Group's percentage of ownership in Burgan Company for Well Drilling K.S.C.P. decreased from 20.46% to 14.66% as of 30 September 2017.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 7 BUSINESS COMBINATION

On 4 January 2017, the Parent Company had acquired 100% equity interest of Gulf Business Forms Company W.L.L. (the "Acquiree Company") a Kuwaiti limited liability company that specialises in manufacturing and trading of papers and forms required and used in electronic machines and computers.

The consideration paid and the provisional values of the assets acquired and liabilities assumed, are equivalent to their carrying values at the acquisition date, and are summarised as follows:

	<i>KD</i>
<b>Non-current assets</b>	
Property and equipment	<b>226,543</b>
<b>Current assets</b>	
Inventories	151,388
Other assets	234,335
Bank balances and cash	131,815
	<b>517,538</b>
<b>TOTAL ASSETS</b>	<b>744,081</b>
<b>Liabilities</b>	
Accounts payables and accruals	198,641
<b>Total identifiable net assets acquired</b>	<b>545,440</b>
Purchase consideration transferred	3,200,000
Provisional goodwill on acquisition	<b>2,654,560</b>
<b>Analysis of cash flows on acquisition</b>	
Consideration paid for the acquisition	(3,200,000)
Cash inflows on acquisition of a subsidiary	131,815
Net cash outflows on acquisition of a subsidiary	<b>(3,068,185)</b>

The initial accounting for the business combination is provisional and will be adjusted retrospectively when the final purchase price allocation is completed within 12 months from the acquisition date as allowed by IFRS 3.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

### 8 MURABAHA PAYABLES

	<i>30 September 2017 KD</i>	<i>(Audited) 31 December 2016 KD</i>	<i>30 September 2016 KD</i>
Murabaha payables	<b>2,593,560</b>	2,268,062	2,203,831
	<b><u>2,593,560</u></b>	<u>2,268,062</u>	<u>2,203,831</u>

As at 30 September 2017, murabaha payables amounting to KD 1,902,150 (31 December 2016: KD 1,830,639 and 30 September 2016: KD 1,865,706) is denominated in Omani Riyal, which carry effective profit rate of 6.5 % (31 December 2016: 6% and 30 September 2016: 6%) per annum.

Murabaha payables amounting to KD 2,593,560 (31 December 2016: KD 2,268,062 and 30 September 2016: KD 2,203,831) are secured against the following:

- Murabaha deposits with a carrying amount of KD 1,300,000 (31 December 2016: KD 1,300,000 and 30 September 2016: KD 1,300,000) (Note 4).
- Properties under development with a carrying amount of KD 1,534,194 (31 December 2016: KD 1,534,194 and 30 September 2016: KD 1,534,194).
- Investment properties with a carrying amount of KD 6,124,804 (31 December 2016: KD 5,812,032 and 30 September 2016: KD 5,105,830).

### 9 SHARE CAPITAL AND TREASURY SHARES

#### (i) Share capital

At 30 September 2017, the authorised, issued and fully paid up capital of the Parent Company comprises of 651,070,551 (31 December 2016: 651,070,551 and 30 September 2016: 651,070,551) shares of 100 fils each. All shares are paid in cash.

#### (ii) Treasury shares

	<i>30 September 2017</i>	<i>(Audited) 31 December 2016</i>	<i>30 September 2016</i>
Number of treasury shares	<b>1,627,929</b>	1,627,929	1,627,929
Percentage of issued shares	<b>0.25%</b>	0.25%	0.25%
Cost of treasury shares (KD)	<b>108,816</b>	108,816	108,816
Market value (KD)	<b>75,373</b>	74,071	78,955

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

An amount of KD 108,816 (31 December 2016: KD 108,816 and 30 September 2016: 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.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

**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>2017 KD</i>	<i>2016 KD</i>	<i>2017 KD</i>	<i>2016 KD</i>
<b>Interim condensed consolidated statement of income</b>				
Management fees	1,912	2,586	6,204	7,785
	<i>30 September 2017 KD</i>		<i>(Audited) 31 December 2016 KD</i>	
			<i>30 September 2016 KD</i>	
<b>Interim condensed consolidated statement of financial position</b>				
Management fees and other receivables	16,144	9,941		7,363

**Key management personnel compensation:**

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017 KD</i>	<i>2016 KD</i>	<i>2017 KD</i>	<i>2016 KD</i>
Salaries and other short term benefits	53,855	61,290	171,170	188,870
Terminal benefits	23,031	7,765	64,452	23,127
	<u>76,886</u>	<u>69,055</u>	<u>235,622</u>	<u>211,997</u>

**Other transactions**

The Group also manages investment portfolios on behalf of related parties amounting to KD 1,668,965 (31 December 2016: KD 1,981,953 and 30 September 2016: KD 2,372,133) 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)

### 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 major business 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 nine months ended 30 September 2017 and 2016, respectively.

	Real Estate		Financial		Services		Others		Total	
	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD
Income	1,929,185	2,982,726	331	(45,858)	790,632	269,297	78,258	79,790	2,798,406	3,285,955
Expenses	(1,220,582)	(1,468,607)	(77,210)	(80,676)	(987,325)	(798,172)	(152,462)	(164,182)	(2,437,579)	(2,511,637)
Results – profit (loss) for the period before directors' remuneration	708,603	1,514,119	(76,879)	(126,534)	(196,693)	(528,875)	(74,204)	(84,392)	360,827	774,318

The following table presents assets and liabilities for the Group's operating segments as at 30 September 2017 and 31 December 2016, respectively.

	Real Estate		Financial		Services		Others		Total	
	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD	2017 KD	2016 KD
Segment assets	47,578,511	47,229,171	5,281,765	6,575,996	43,689,968	44,653,822	11,988,590	14,631,243	108,538,834	113,090,232
Segment liabilities	(4,895,469)	(4,631,192)	(24,560)	(27,161)	(1,577,191)	(1,933,474)	(962,631)	(1,095,537)	(7,459,851)	(7,687,364)
Other disclosures:										
Investment in associates (Note 6)	29,552,991	29,410,444	-	856,759	16,058,257	20,592,080	-	-	45,611,248	50,859,283

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

11 SEGMENT INFORMATION (continued)

Geographic information

	Nine months ended 30 September	
	2017 KD	2016 KD
<b>Income</b>		
Kuwait	2,306,579	1,479,668
Kingdom of Saudi Arabia	(136,909)	1,460,954
Others	628,736	345,333
	<u>2,798,406</u>	<u>3,285,955</u>
<b>Results – profit (loss) for the period before directors' remuneration</b>		
Kuwait	434,053	(443,263)
Kingdom of Saudi Arabia	(489,566)	1,007,149
Others	416,340	210,432
	<u>360,827</u>	<u>774,318</u>
		(Audited)
	30 September 2017 KD	31 December 2016 KD
<b>Segment assets</b>		
Kuwait	51,903,177	56,013,555
Kingdom of Saudi Arabia	32,926,696	33,426,391
Others	23,708,961	23,650,286
	<u>108,538,834</u>	<u>113,090,232</u>
<b>Segment liabilities</b>		
Kuwait	(2,619,329)	(3,125,300)
Kingdom of Saudi Arabia	(2,777,838)	(2,605,770)
Others	(2,062,684)	(1,956,294)
	<u>(7,459,851)</u>	<u>(7,687,364)</u>

12 COMMITMENTS AND CONTINGENCIES

Commitments

	30 September 2017 KD	(Audited) 31 December 2016 KD	30 September 2016 KD
Operating lease rentals due within one year	151,950	151,950	151,950
Operating lease rentals up to five years	278,575	392,538	430,525
	<u>430,525</u>	<u>544,488</u>	<u>582,475</u>

Contingencies

- At the reporting date, the Group has provided bank guarantees amounting to KD 801,855 (31 December 2016: KD 603,272 and 30 September 2016: KD 249,770) for which the management anticipates that no material liabilities will arise.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

## 12 COMMITMENTS AND CONTINGENCIES (continued)

## Contingencies (continued)

- 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 2,575,424) out of which the Parent Company's share is SAR 22,757,645 (equivalent to KD 1,852,245).

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 on 18 October 2016 with DZIT. The ultimate outcome of the matter cannot presently be determined, accordingly, no provision for any liability that may result from the tax claim has been made in the financial statements of the subsidiaries.

## 13 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

## 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 3 KD	Total KD
<b>30 September 2017</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted equity securities	158,954	-	158,954
- Unquoted equity securities	-	229,510	229,510
- Managed funds and portfolios	-	76,855	76,855
<i>Financial assets available for sale:</i>			
- Quoted equity securities	1,551,929	-	1,551,929
- Unquoted equity securities	-	2,528,657	2,528,657
- Managed funds and portfolios	-	31,690	31,690
	<u>1,710,883</u>	<u>2,866,712</u>	<u>4,577,595</u>
<b>31 December 2016</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted equity securities	1,081,456	-	1,081,456
- Unquoted equity securities	-	229,510	229,510
- Managed funds and portfolios	-	111,611	111,611
<i>Financial assets available for sale:</i>			
- Quoted equity securities	1,332,404	-	1,332,404
- Unquoted equity securities	-	2,528,657	2,528,657
- Managed funds and portfolios	-	32,669	32,669
	<u>2,413,860</u>	<u>2,902,447</u>	<u>5,316,307</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

## 13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<i>30 September 2016</i>			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted equity securities	273,650	-	273,650
- Unquoted equity securities	-	197,558	197,558
- Managed funds and portfolios	-	111,994	111,994
<i>Financial assets available for sale:</i>			
- Quoted equity securities	1,179,046	-	1,179,046
- Unquoted equity securities	-	2,240,584	2,240,584
- Managed funds and portfolios	-	18,555	18,555
	<u>1,452,696</u>	<u>2,568,691</u>	<u>4,021,387</u>

The table above does not include unquoted equity securities within financial assets available for sale amounting to KD 27,375,052 (31 December 2016: KD 27,376,052 and 30 September 2016: KD 27,459,589) as those investments are carried at acquisition cost and for which disclosure of fair value is not provided because their fair value cannot be reliably measured (Note 5).

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 2017 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 2017 KD</i>
Financial assets at fair value through profit or loss					
- Unquoted equity securities	229,510	-	-	-	229,510
- Managed funds and portfolios	111,611	(34,756)	-	-	76,855
Financial assets available for sale					
- Unquoted equity securities	2,528,657	-	-	-	2,528,657
- Managed funds and portfolios	32,669	(979)	-	-	31,690
	<i>At 1 January 2016 KD</i>	<i>Gain (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 2016 KD</i>
Financial assets at fair value through profit or loss					
- Unquoted equity securities	197,558	31,952	-	-	229,510
- Managed funds and portfolios	113,147	(1,536)	-	-	111,611
Financial assets available for sale					
- Unquoted equity securities	2,240,584	-	288,073	-	2,528,657
- Managed funds and portfolios	18,555	-	14,114	-	32,669

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

## 13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<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					
- Unquoted equity securities	197,558	-	-	-	197,558
- Managed funds and portfolios	113,147	(1,153)	-	-	111,994
Financial assets available for sale					
- Unquoted equity securities	2,240,584	-	-	-	2,240,584
- Managed funds and portfolios	18,555	-	-	-	18,555

## 14 LEGAL CASES

- 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 prior year, the Authority has liquidated a portion of the bank guarantee amounting to KD 347,098. As a result of this event, the Parent Company has made a provision amounting to KD 347,098 and included that within other expenses and provisions in the consolidated statement of income during the year ended 31 December 2016.

On 8 January 2017, the Administrative Circuit of the court has ruled for transferring the case to the Department of Expert - Ministry of Justice to verify the elements of the claim, which has currently been postponed to 5 November 2017 for judgment.

On 13 April 2017, the Parent Company has filed a lawsuit against the Authority requesting the suspension of bank guarantees liquidation for which a hearing has been scheduled on 23 May 2017.

On 30 May 2017, the court rendered a judgment declaring incompetence of the case and the Parent Company filed an appeal against this verdict under No. 625/2017 urgent/4. A verdict concerning this appeal was issued in the session dated 23 July 2017 rejecting that appeal.

The Parent Company filed a lawsuit to suspend the bank guarantees liquidation under No. 5069/2017, which was then referred to the Administrative Circuit and has currently been postponed to the session scheduled on 9 November 2017.

The management of the Parent Company with assistance from its legal counsel has assessed that the outcome of the case will not have a significant impact on the Group and accordingly, no additional provision is required at 30 September 2017 against the legal case.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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**14 LEGAL CASES (continued)**

- During the years ended 31 December 2006 and 31 December 2007, the Parent Company has entered into agreements to buy 14,500,000 shares of Al Muttaheda for Investment and Real Estate Development Company S.S.C.C (the Company) from the existing shareholders (the sellers) and accordingly the Parent Company paid the consideration for 10,500,000 shares, 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 Company. Accordingly, the Parent Company withheld the payment for remaining consideration of 4,000,000 shares and filed legal cases against the sellers of these shares claiming for a temporary compensation. On the other hand, the sellers filed a legal case against the Parent Company claiming payment for the remaining considerations of 4,000,000 shares. However, the sellers' legal claim was rejected by the Court of First Instance, Court of Appeal and the Court of Cassation on 11 April 2016. Despite the decision from the Court of Cassation, the sellers filed a legal case again against the Parent Company claiming the consideration for 4,000,000 shares amounting to KD 13,814,991.

On 17 January 2017, the Court of First Instance has ruled in favor of the Parent Company rejecting the claim filed by the sellers based on earlier judgment that was adjudicated by the Court of Cassation on 11 April 2016. As on the date of the interim condensed consolidated financial information, the sellers have further appealed against the ruling of the Court of First Instance.

A verdict was issued on 21 June 2017, accepting the form of the appeal and cancelling the verdict issued by the Court of First Instance and referring the case to Money Markets Circle. The case has been registered under No. 39/2016 – Money Markets commercial /6 and currently postponed to the hearing scheduled on 21 November 2017.

Based on the advice from the 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, as at 30 September 2017, the Group has not made any provision against this claim in the interim condensed consolidated financial information.

**15 ANNUAL GENERAL ASSEMBLY**

The consolidated financial statements for year ended 31 December 2016 were approved by the shareholders of the Parent Company at the Annual Ordinary General Assembly meeting held on 30 May 2017. No dividends have been declared.

The Annual Ordinary General Assembly meeting of the shareholders held on 5 June 2016 approved the distribution of treasury shares as bonus shares at 5% representing 5 shares for each 100 shares for the year ended 31 December 2015.

**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 120,935,784 (31 December 2016: KD 121,563,039 and 30 September 2016: KD 122,468,830). The total income earned from fiduciary assets for the period ended 30 September 2017 amounted to KD 289,182 (30 September 2016: KD 417,032).