

**KUWAIT INVESTMENT COMPANY S.A.K.
AND SUBSIDIARIES**



**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016
(UNAUDITED)**

**Kuwait Investment Company S.A.K. and its subsidiaries
State of Kuwait**

**Interim condensed consolidated financial information and independent auditors'
review report (Unaudited)**

For the three month period ended 31 March 2016

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Al Shaheed Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdointernational.com



Al-Shatti & Co.
Arraya Tower II, 23rd-24th floor,
Sharq P.O. Box 1753
Safal 13018
Kuwait
Telephone: +965 22275777
Fax: +965 22275888

Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

To the Board of Directors of Kuwait Investment Company S.A.K.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Investment Company S.A.K. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2016, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management 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 the 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 accounts of the Parent Company. We further report that nothing has come to our attention indicating any contravention during the three month period ended 31 March 2016, of the Companies' Law No. 1 of 2016, and its Executive regulations, the Parent Company's Memorandum and Articles of Association, as amended or 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, and Law No. 7 of 2010 regarding Establishment of Capital Markets Authority and Organisation of Security Activity and its Executive Regulations that would materially affect on business of the Group or its consolidated financial position.



Qais M. Al-Nisf
License No. 38-A
BDO Al Nisf & Partners



Khalid Al-Shatti
License No. 175-A
PricewaterhouseCoopers (Al-Shatti & Co.)

Kuwait: 12 May 2016

Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2016

		(Audited)		
	Notes	31 March 2016 KD	31 December 2015 KD	31 March 2015 KD
Assets				
Cash and bank balances	3	64,878,072	29,290,704	16,806,483
Placements		909,228	5,404,215	2,935,000
Financial assets at fair value through profit or loss		27,583,478	29,141,043	31,448,138
Accounts receivable and other assets		6,699,707	6,000,051	6,324,723
Wakala receivables		3,093,799	3,437,554	3,437,554
Loans and advances		5,205,836	3,738,600	4,343,333
Available for sale financial assets	4	111,315,679	119,604,171	126,817,624
Investment held to maturity		2,993,018	3,009,353	6,264,678
Investments in associates		17,621,508	17,624,989	17,221,098
Investment properties		18,441,222	18,441,222	17,779,819
Intangible assets		11,042,602	11,042,602	15,000,000
Property and equipment		21,816,436	21,481,177	20,140,246
		<u>291,600,585</u>	<u>268,215,681</u>	<u>268,518,696</u>
Assets of disposal group classified as held for sale	5	<u>29,356,102</u>	<u>29,033,302</u>	<u>26,133,109</u>
Total assets		<u>320,956,687</u>	<u>297,248,983</u>	<u>294,651,805</u>
Liabilities and equity				
Liabilities				
Deposits from banks		41,325,094	25,418,449	47,559,742
Customers' deposits		92,153,157	80,107,717	45,654,674
Accounts payable and other liabilities		9,096,354	10,484,338	11,515,295
Islamic financing payables	6	14,784,956	14,239,164	13,246,955
		<u>157,359,561</u>	<u>130,249,668</u>	<u>117,976,666</u>
Liabilities of disposal group classified as held for sale	5	<u>3,783,331</u>	<u>3,630,200</u>	<u>4,115,929</u>
Total liabilities		<u>161,142,892</u>	<u>133,879,868</u>	<u>122,092,595</u>
Equity				
Share capital		55,125,000	55,125,000	55,125,000
Treasury shares	7	(734,629)	(734,629)	(734,629)
Statutory reserve		26,770,996	26,770,996	26,616,863
Voluntary reserve		16,805,110	16,805,110	16,650,977
Revaluation reserve		5,488,831	5,488,831	5,488,831
Fair value reserve		17,703,868	21,639,614	25,097,801
Foreign currency translation reserve		2,008,301	2,237,473	1,331,026
Retained earnings		3,925,120	3,184,684	8,595,679
Equity attributable to owners of the Parent Company		<u>127,092,597</u>	<u>130,517,079</u>	<u>138,171,548</u>
Non-controlling interests		32,721,198	32,852,036	34,387,662
Total equity		<u>159,813,795</u>	<u>163,369,115</u>	<u>172,559,210</u>
Total liabilities and equity		<u>320,956,687</u>	<u>297,248,983</u>	<u>294,651,805</u>

Waleed Abdullah Al- Roumi
 Chairman

Bader N. Al-Sabaie
 Chief Executive Officer

Mesheri Zaid Al Khaled
 Deputy Chairman

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss (Unaudited)
Period ended 31 March 2016

	Notes	Three months ended 31 March	
		2016 KD	2015 KD
Continuing operations			
Income			
Management fees and commission income		1,509,772	1,423,333
Dividend income		575,412	928,759
Gain on redemption / sale of available for sale financial assets		289,923	259,557
Interest income		304,734	319,591
Rental income		1,186,961	1,006,523
Unrealised loss on financial assets at fair value through profit or loss (net)		(906,906)	(3,552)
Gain on sale of financial assets at fair value through profit or loss (net)		5,572	35,702
Share of results of associates		120,503	116,314
Foreign exchange gain / (loss)		390,628	(1,302,709)
Total income		3,476,599	2,783,518
Expenses and other charges			
General and administrative expenses	8	(2,181,931)	(2,084,146)
Impairment loss on available for sale financial assets (Provision for) / release of provision of credit losses	4	-	(370,555)
Interest expense		(334,666)	(229,643)
Total expenses and other charges		(2,874,099)	(2,362,273)
Operating profit		602,500	421,245
Other income		80,834	53,048
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		683,334	474,293
KFAS		(4,896)	(18,933)
NLST		(21,093)	(33,469)
Zakat		(1,146)	(1,994)
Profit for the period from continuing operations		656,199	419,897
Discontinued operations			
Profit for the period from discontinued operations	5	595,517	1,123,966
Profit for the period		1,251,716	1,543,863
Attributable to:			
Owners of the Parent Company		854,948	1,133,540
Non-controlling interests		396,768	410,323
		1,251,716	1,543,863
Earnings per share attributable to owners of the Parent Company (Basic and diluted) (fils)			
From continuing and discontinued operations	9	1.560	2.069
From continuing operations	9	1.006	1.023
From discontinued operations	9	0.554	1.046

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)
Period ended 31 March 2016

	Three months ended	
	31 March	
	2016	2015
Note	KD	KD
Profit for the period	1,251,716	1,543,863
Other comprehensive income:		
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>		
Available for sale financial assets:		
- Change in fair value	(4,149,475)	2,067,583
- Gain on sale of available for sale financial assets transferred to interim condensed consolidated statement of profit or loss	(289,923)	(259,557)
- Transferred to interim condensed consolidated statement of income on impairment	5	370,555
Share of associates other comprehensive income	(25,600)	20,292
Foreign exchange translation adjustments	(229,172)	247,353
Other comprehensive (loss) / income for the period	(4,694,170)	2,446,226
Total comprehensive (loss) / income for the period	(3,442,454)	3,990,089
Total comprehensive (loss) / income attributable to:		
Owners of the Parent Company	(3,309,970)	3,477,739
Non-controlling interests	(132,484)	512,350
	(3,442,454)	3,990,089
Total comprehensive (loss) / income attributable to:		
Continuing operations	(3,612,123)	2,888,229
Discontinued operations	169,669	1,101,860
	(3,442,454)	3,990,089

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

Period ended 31 March 2016

	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Revaluation reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Equity attributable to owners of the Parent Company KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2015 (Audited)	<u>55,125,000</u>	<u>(734,629)</u>	<u>26,616,863</u>	<u>16,650,977</u>	<u>5,488,831</u>	<u>23,000,955</u>	<u>1,083,673</u>	<u>7,462,139</u>	<u>134,693,809</u>	<u>33,875,312</u>	<u>168,569,121</u>
Profit for the period	-	-	-	-	-	-	-	1,133,540	1,133,540	410,323	1,543,863
Other comprehensive income for the period	-	-	-	-	-	2,096,846	247,353	-	2,344,199	102,027	2,446,226
Total comprehensive income for the period	-	-	-	-	-	2,096,846	247,353	1,133,540	3,477,739	512,350	3,990,089
Balance at 31 March 2015	<u>55,125,000</u>	<u>(734,629)</u>	<u>26,616,863</u>	<u>16,650,977</u>	<u>5,488,831</u>	<u>25,097,801</u>	<u>1,331,026</u>	<u>8,595,679</u>	<u>138,171,548</u>	<u>34,387,662</u>	<u>172,559,210</u>
Balance at 1 January 2016 (Audited)	<u>55,125,000</u>	<u>(734,629)</u>	<u>26,770,996</u>	<u>16,805,110</u>	<u>5,488,831</u>	<u>21,639,614</u>	<u>2,237,473</u>	<u>3,184,684</u>	<u>130,517,079</u>	<u>32,852,036</u>	<u>163,369,115</u>
Profit for the period	-	-	-	-	-	-	-	854,948	854,948	396,768	1,251,716
Other comprehensive loss for the period	-	-	-	-	-	(3,935,746)	(229,172)	-	(4,164,918)	(529,252)	(4,694,170)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(3,935,746)	(229,172)	854,948	(3,309,970)	(132,484)	(3,442,454)
Effect on partial disposal of a subsidiary (note 2)	-	-	-	-	-	-	-	(114,512)	(114,512)	1,646	(112,866)
Balance at 31 March 2016	<u>55,125,000</u>	<u>(734,629)</u>	<u>26,770,996</u>	<u>16,805,110</u>	<u>5,488,831</u>	<u>17,703,868</u>	<u>2,008,301</u>	<u>3,925,120</u>	<u>127,092,597</u>	<u>32,721,198</u>	<u>159,813,795</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (Unaudited)
Period ended 31 March 2016

	Notes	Three months ended 31 March	
		2016	2015
		KD	KD
OPERATING ACTIVITIES			
Profit for the period from continuing operations		656,199	419,897
Profit for the period from discontinued operations		595,517	1,123,966
<i>Adjustment for:</i>			
Depreciation	8	666,924	526,326
Provision for / (release of provision) of credit losses		357,502	(322,071)
Dividend income		(575,412)	(928,759)
Unrealised loss on financial assets at fair value through profit or loss (net)		906,906	3,552
Gain on redemption / sale of available for sale financial assets		(289,923)	(259,557)
Interest income		(304,734)	(319,591)
Share of results of associates		(120,503)	(116,314)
Foreign exchange (gain) / loss		(390,628)	1,302,709
Impairment loss on available for sale financial assets	4	-	370,555
Interest expense		334,666	229,643
		<u>1,836,514</u>	<u>2,030,356</u>
Changes in operating assets and liabilities:			
Placements		3,777,987	(2,116,312)
Financial assets at fair value through profit or loss		646,763	(2,146,452)
Wakala receivables		343,755	381,951
Loans and advances		(1,824,739)	(155,570)
Investments held to maturity		-	(1,389,678)
Accounts receivable and other assets		(388,899)	355,012
Accruals and other liabilities		(1,261,417)	(301,677)
Net cash from / (used in) operating activities		<u>3,129,964</u>	<u>(3,342,370)</u>
INVESTING ACTIVITIES			
(Additions) / disposal of property and equipment (net)		(1,130,251)	(2,530,070)
Purchase of available for sale financial assets		(4,251,724)	(4,372,993)
Proceeds from sale of available for sale financial assets		8,576,699	2,537,412
Dividends received		575,412	928,759
Interest income received		180,703	288,215
Net cash from / (used in) investing activities		<u>3,950,839</u>	<u>(3,148,677)</u>
Financing activities			
Net movement in banks and customers' deposits		28,368,517	6,701,499
Interest expenses paid		(308,102)	(212,749)
Net movement in Islamic financing payables		545,792	1,085,556
Net cash from financing activities		<u>28,606,207</u>	<u>7,574,306</u>
Effect of foreign currency translation adjustments		(9,337)	37,907
Net increase in cash and cash equivalents		<u>35,677,673</u>	<u>1,121,166</u>
Cash and cash equivalents at beginning of the period		30,235,562	17,224,803
Cash and cash equivalents at end of the period	3	<u>65,913,235</u>	<u>18,345,969</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

1. GENERAL INFORMATION

Kuwait Investment Company S.A.K. ("the Parent Company") is a public shareholding investment company incorporated under the laws of the State of Kuwait by virtue of memorandum of association No.29 on 25 November 1961, and registered in the commercial registry under No.4340 on 22 May 1962. Its registered office is at Souk Al Manakh, Mubarak Al Kabeer Street, Kuwait and its mailing address is P.O. Box 1005 Safat, 13011 – State of Kuwait. The Parent Company's major shareholder is Kuwait Investment Authority. The Parent Company is listed on the Kuwait Stock Exchange and is governed under the directions of the Central Bank of Kuwait ("CBK") and the Capital Markets Authority of Kuwait ("CMA").

The Parent Company's objectives as per the Memorandum and Articles of Association are as follows:

- Investment and increase of its shareholders and clients' savings and the loans concluded through employing them in financial securities, rights, royalties, properties, assets and other movables and immovables of all types at its own discretion.
- Participating in incorporation of other companies to realise profit in accordance with law and assisting in incorporation of these companies.
- Sale of shares and bonds of companies and governmental and semi-governmental institutions.
- To conduct research and surveys related to the employment of capital and provide all the services related to investment operations and third party employment, including:
 - Securities broker not registered in the Securities Exchange.
 - Investment Portfolio Manager.
 - Collective Investment Scheme Manager.
 - Custodian.
 - Investment controller.
 - Subscription agent.

The Parent Company is authorized to have interest in or participate with institutions carrying out similar activities or those parties who will assist it in achieving its objective whether in Kuwait or abroad in accordance with the provisions of this Memorandum and Articles of Association.

The Extraordinary General Assembly held on 4 April 2016 approved the change in the Parent Company's objectives.

The Companies Law was issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the official gazette on 1 February 2016, and cancelled Decree Companies Law No. 25 of 2012 as amended. This Law shall be applicable as of 26 November 2012.

The Ministry of Commerce and Industry shall issue the executive regulations of this law, along with the required resolutions for its implementation within two months as of the date of its publication in the official gazette. Other regulatory bodies shall issue, during the mentioned period, their resolutions required to be issued by them, in accordance with the provisions of this law. Effectiveness of the executive regulations of Decree Law No. 25 of 2012, as amended, shall be continued until commencement of this new Law executive regulations effectiveness. The executive regulations shall specify rules and controls of regularizing companies' current affairs in accordance with provisions of the new law.

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

1. GENERAL INFORMATION (CONTINUED)

The Group's interim condensed consolidated financial information for the three month period ended 31 March 2016 was authorised for issue in accordance with a resolution of the Parent Company's board of directors on -----2016.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the guidelines issued by the Capital Markets Authority ("CMA"), Kuwait Stock Exchange ("KSE") and the Central Bank of Kuwait ("CBK").

This interim condensed consolidated financial information does not include all the information and disclosures required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as modified for use by the State of Kuwait for financial services institutions regulated by the CBK.

These regulations require adoption of all IFRS except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait requirement for a minimum general provision of 1% for cash facilities and 0.5% for non-cash facilities. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

This interim condensed consolidated financial information does not include all the information and disclosures required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2015.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2015, except for the adoption of the following new standards and amendments effective as of 1 January 2016. The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

The nature and the impact of each new standard or amendment are described below:

2. BASIS OF PREPARATION (CONTINUED)

a. New standards, interpretations and amendments effective from 1 January 2016

A number of new or amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

- Amendments to IAS 1 – Disclosure Initiative.
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization.
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants.
- Amendments to IAS 27 – Equity method in separate financial statements.
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception.
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations.
- IFRS 14 – Regulatory Deferral Accounts.
- Annual improvements to IFRS 2012-2014 cycle

b. Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 - Financial Instruments

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

This interim condensed consolidated financial information for the three months period ended 31 March 2016 includes the Parent Company and its subsidiaries.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing this interim condensed consolidated financial information.

Certain subsidiaries' accounts were consolidated based on management accounts for two month period ended 29 February 2016 and three months ended 31 March 2016. The total consolidated assets, liabilities and results included in this interim condensed consolidated financial information related to those subsidiaries amounted to KD 37,210,166, KD 1,475,885 and a loss of KD 64,391 respectively. Management believes that no adjustments are needed to the subsidiaries' accounts at 31 March 2016 as no material changes took place which may be material to the interim condensed consolidated financial information taken as a whole.

During the first quarter of 2016, the Parent company disposed 1.1% partial interest in its subsidiary KIC Pacific Equity Fund which resulted in decrease in ownership from 97.61% to 96.50% resulting in a loss of KD 114,512 which has been recorded in owners equity.

KIC bond Fund, a 100% owned subsidiary is under liquidation.

Judgements and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

3. CASH AND CASH EQUIVALENTS

	31 March 2016	(Audited) 31 December 2015	31 March 2015
	KD	KD	KD
Cash at banks, in portfolios and on hand	16,434,086	12,029,974	16,655,238
Placements maturing within three months	48,443,986	17,260,730	151,245
Cash and bank balances	<u>64,878,072</u>	<u>29,290,704</u>	<u>16,806,483</u>
Cash and cash equivalents included in a disposal group classified as held for sale	1,035,163	944,858	1,539,486
Cash and cash equivalents	<u>65,913,235</u>	<u>30,235,562</u>	<u>18,345,969</u>

Placements are made with financial institutions and carry an average effective interest rate of 0.41% (31 December 2015: 1.18% and 31 March 2015: 0.5%) per annum.

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

4. AVAILABLE FOR SALE FINANCIAL ASSETS

	31 March 2016 KD	(Audited) 31 December 2015 KD	31 March 2015 KD
<i>Equity instruments:</i>			
Quoted securities	3,538,651	5,046,153	8,654,196
Unquoted securities	64,048,321	64,229,904	66,020,720
Managed funds	41,574,481	48,173,878	49,196,752
<i>Debt instruments:</i>			
Unquoted bonds	2,154,226	2,154,236	2,945,956
	<u>111,315,679</u>	<u>119,604,171</u>	<u>126,817,624</u>

During the period, the Group has recorded an impairment loss of KD Nil (period ended 31 March 2015: KD 370,555) in respect of certain available for sale financial assets in the interim condensed consolidated statement of profit or loss.

It was not possible to determine the fair value of certain unquoted securities amounting to KD 5,623,253 (31 December 2015: KD 5,653,405 and 31 March 2015: KD 5,686,198). Management believes that the carrying values of these unquoted securities approximate their fair values.

Certain available for sale financial assets of a subsidiary with the carrying amount of KD 871,973 (31 December 2015: KD 871,973 and 31 March 2015: KD 901,268) has been mortgaged as a collateral against the Islamic finance payables (Note 6).

5. DISCONTINUED OPERATIONS

On 14 November 2014, the Board of Directors of the Parent Company announced a plan to dispose of Kuwait International Fair Company K.S.C. (Closed).

The sale has been delayed over the expected initial period due to delay in renewal of certain lease agreements of the subsidiary. The Board of Directors still has a firm commitment to sell and expects to complete the sale of its 51% equity interest in the subsidiary within a period of one year from the reporting date. The Group expect that the fair values less cost to sale of this subsidiary company will be higher than the aggregate carrying amount of the related assets and liabilities.

The results of the discontinued operations included in the interim condensed consolidated statement of profit or loss for the period are set out below.

	<u>Three months ended 31 March</u>	
	<u>2016</u>	<u>2015</u>
	KD	KD
Revenue	1,358,572	1,893,495
Expenses	<u>(750,901)</u>	<u>(749,845)</u>
Net profit	607,671	1,143,650
KFAS and Zakat	<u>(12,154)</u>	<u>(19,684)</u>
Profit for the period from discontinued operations	<u>595,517</u>	<u>1,123,966</u>

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

5. DISCONTINUED OPERATIONS (CONTINUED)

Included in other comprehensive income:

	Three months ended 31 March	
	2016	2015
	KD	KD
Change in fair value	(425,848)	(17,156)
Gain on sale of available for sale financial assets transferred to consolidated statement of profit or loss	-	(4,950)
Change in fair value	(425,848)	(22,106)

The interim condensed consolidated statement of cash flows includes the following amounts relating to discontinued operations:

	Three month ended 31 March	
	2016	2015
	KD	KD
Operating cash flows	1,013,996	1,346,275
Investing cash flows	(923,691)	(2,513,668)
	90,305	(1,167,393)

The major classes of assets and liabilities relating to disposal group classified as held for sale at the reporting date are as follows:

	(Audited)		
	31 March 2016	31 December 2015	31 March 2015
	KD	KD	KD
Assets of disposal group classified as held for sale			
Cash and cash equivalents	1,035,163	944,858	1,539,486
Term deposits	15,214,631	14,497,631	11,222,851
Accounts receivable and other assets	2,404,819	2,591,544	2,591,741
Available for sale financial assets	1,808,669	2,234,517	2,475,031
Property and equipment	8,892,820	8,764,752	8,304,000
	29,356,102	29,033,302	26,133,109
Liabilities of disposal group classified as held for sale			
Accounts payable and other liabilities	1,990,551	1,892,685	1,771,389
Staff indemnity provision	1,792,780	1,737,515	2,344,540
Liabilities directly associated with assets of disposal group classified as held for sale	3,783,331	3,630,200	4,115,929

6. ISLAMIC FINANCING PAYABLES

The fair value of Islamic financing payables approximates the carrying value as at the reporting date and maturing within a year. The effective profit rate payable approximates 5% (31 December 2015: 5% and 31 March 2015: 6%) per annum.

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

6. ISLAMIC FINANCING PAYABLES (CONTINUED)

Included in Islamic financing payables are contracts amounting to KD 2,963,810 (31 December 2015: KD 2,963,810 and 31 March 2015: KD 5,233,243) which has been secured by investments in available for sale financial assets amounting to KD 871,973 (31 December 2015: KD 871,973 and 31 March 2015: KD 901,268) (note 4) and investment properties amounting to KD 1,750,000 (31 December 2015: KD 1,750,000 and 31 March 2015: KD 1,365,000).

7. TREASURY SHARES

	31 March 2016	(Audited) 31 December 2015	31 March 2015
	KD	KD	KD
Number of shares	3,261,581	3,261,581	3,261,581
Percentage of issued shares	0.5917%	0.5917%	0.5917%
Cost (KD)	734,629	734,629	734,629
Market value (KD)	287,019	322,897	430,529

The treasury shares of the company have not been mortgaged or collateralised as at the reporting period.

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include the following :

	Three months ended 31 March	
	2016	2015
	KD	KD
Staff costs	877,236	853,198
Depreciation	666,924	526,326

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY (BASIC AND DILUTED)

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to owners of the Parent Company by the weighted average number of shares outstanding during the period, excluding treasury shares.

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY (BASIC AND DILUTED) (CONTINUED)

	Three months ended 31 March	
	2016 KD	2015 KD
Profit for the period attributable to Owners of the Parent Company	854,948	1,133,540
Continuing operations	551,236	560,330
Discontinued operations	303,712	573,210
Number of paid up shares (shares)	551,250,000	551,250,000
Weighted average number of treasury shares (shares)	(3,261,581)	(3,261,581)
Weighted average number of shares outstanding (shares)	547,988,419	547,988,419
Earnings per share attributable to owners of the Parent Company (Basic and diluted) (fils)	1.560	2.069
Continuing operations (fils)	1.006	1.023
Discontinued operations (fils)	0.554	1.046

10. FIDUCIARY ASSETS

The Group manages investment portfolios on behalf of a principal shareholder, government agencies and financial institutions. The total value of those portfolios as at 31 March 2016 amounted to KD 2.014 billion (31 December 2015: KD 2.060 billion and 31 March 2015: KD 2.12 billion) which are not reflected in the interim condensed consolidated financial information.

Income earned from the above fiduciary assets amounted to KD 1,083,262 for the period ended 31 March 2016 (period ended 31 March 2015: KD 1,377,611).

11. RELATED PARTY TRANSACTIONS

Related parties are the Parent Company's shareholders who have representation on the board of directors, members of the board of directors, senior management, their close family members and associates. In the normal course of business subject to the Parent Company's management approval, there have been transactions with related parties during the period ended 31 March 2016. Related party balances and transactions are as follows:

	31 March 2016 KD	(Audited) 31 December 2015 KD	31 March 2015 KD
	Interim condensed consolidated statement of financial position:		
<i>Parent Company's shareholders</i>			
Accounts payable and other liabilities			
Call and notice accounts	(22,608)	(22,608)	(22,608)
Customers' deposits	(41,804,407)	(44,573,817)	(24,603,924)

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions carried out with related parties during the period were as follows:

	Three months ended 31 March	
	2016	2015
	KD	KD
Interim condensed consolidated statement of profit or loss:		
<i>Parent Company's shareholders</i>		
Management fees and commission income	490,780	685,825
Interest expense	(90,395)	(25,315)

Compensation of key management personnel

The compensation of key management personnel during the period was as follows:

	Three months ended 31 March	
	2016	2015
	KD	KD
Salaries and other short term benefits	118,108	115,084
Post employment benefits	17,370	16,807
	<u>135,478</u>	<u>131,891</u>

12. CONTINGENT LIABILITIES AND COMMITMENTS

	31 March	(Audited) 31 December	31 March
	2016	2015	2015
	KD	KD	KD
Guarantees	<u>2,293,122</u>	2,293,122	<u>2,293,122</u>
Operating lease commitments	<u>13,344,395</u>	15,012,445	<u>15,012,445</u>

13. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly Meeting of shareholders did not meet yet to approve the consolidated financial statements of the Group for the year ended 31 December 2015 and the recommendations proposed by the Board of Directors as disclosed in the consolidated financial statements of the Group for the year ended 31 December 2015.

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

14. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Fair value represents 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.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical financial assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2016	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Financial assets at fair value through profit or loss	2,659	23,404	1,520	27,583
Available for sale financial assets				
Quoted securities	3,539	-	-	3,539
Unquoted funds and bonds	-	43,729	-	43,729
Unquoted securities	-	-	58,425	58,425
Total	3,539	43,729	58,425	105,693
31 December 2015	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Financial assets at fair value through profit or loss	2,857	24,737	1,547	29,141
Available for sale financial assets				
Quoted securities	5,046	-	-	5,046
Unquoted funds and bonds	-	50,328	-	50,328
Unquoted securities	-	-	58,576	58,576
Total	5,046	50,328	58,576	113,950

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

14. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

31 March 2015	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Financial assets at fair value through profit or loss	3,047	26,702	1,699	31,448
Available for sale financial assets				
Quoted securities	8,654	-	-	8,654
Unquoted funds and bonds	-	52,143	-	52,143
Unquoted securities	-	-	60,335	60,335
Total	8,654	52,143	60,335	121,132

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Valuation of unquoted equity investments classified under level 3 is normally based on price to book value technique, dividend yield method and external valuations with marketability discount provided in the range of 20% to 30%.

Reconciliation of Level 3 fair value measurements of available for sale financial assets and financial assets at fair value through profit or loss is as follows:

	Available for sale financial assets KD'000	Financial assets at fair value through profit or loss KD'000	Total KD'000
31 March 2016			
1 January 2016	58,576	1,547	60,123
Total gains or losses recognised in: Consolidated statement of income	(151)	(27)	(178)
31 March 2016	58,425	1,520	59,945

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

14. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

	Available for sale financial assets	Financial assets at fair value through profit or loss	Total
	KD'000	KD'000	KD'000
31 December 2015			
1 January 2015	59,779	1,749	61,528
Total gains or losses recognised in: Consolidated statement of income	-	-	-
Other comprehensive income	37	(202)	(165)
Purchases/sales (net)	(1,240)	-	(1,240)
31 December 2015	<u>58,576</u>	<u>1,547</u>	<u>60,123</u>
	Available for sale financial assets	Financial assets at fair value through profit or loss	Total
	KD'000	KD'000	KD'000
31 March 2015			
1 January 2015	59,779	1,749	61,528
Total gains or losses recognised in: Consolidated statement of income	556	(50)	506
31 March 2015	<u>60,335</u>	<u>1,699</u>	<u>62,034</u>

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Cash and cash equivalents (excluding bank overdrafts)
- Placements
- Wakala receivables
- Loans and advances
- Investment held to maturity
- Deposits from banks
- Customer's deposits
- Islamic financing payable

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

15. SEGMENTAL INFORMATION

The Group identifies its operating segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Parent Company's Executive Committee is the Group's chief operating decision maker and has grouped the Group's products and services into the following operating segments:

- Asset Management: Consists of quoted securities trading and management of funds and portfolios
- Direct Investments and Corporate Finance: Consists of managing subsidiaries, associates, long term strategic investments , lending , real estate and rental activities.
- Treasury: Consists of foreign exchange contracts and money market activities.
- Other operations: Management and support activities.

	Three months ended 31 March 2016					Three months ended 31 March 2015						
	Asset management	Direct investments and corporate finance	Treasury	Other operations	Discontinued operations	Total	Asset management	Direct investments and corporate finance	Treasury	Other operations	Discontinued operations	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Income (Expenses) / recovery of expenses	351	1,458	55	1,612	1,359	4,835	2,027	1,631	55	(929)	1,435	4,219
Segment results	(654)	(965)	265	(1,520)	(763)	(3,637)	(717)	(1,261)	343	(728)	(311)	(2,674)
Other income	(303)	493	320	92	596	1,198	1,310	370	398	(1,657)	1,124	1,545
Unallocated expenses						81						53
Profit for the period						(27)						(54)
Other information						1,252						1,544
Segment assets	96,431	119,634	50,080	25,456	29,356	320,957	90,543	139,074	8,613	30,289	26,133	294,652
Total assets						320,957						294,652
Segment liabilities	57	468	134,680	22,155	3,783	161,143			96,570	21,407	4,116	122,093
Total liabilities						161,143						122,093
Capital expenditure						1,130						2,530
Depreciation						667						526

Notes to the interim condensed consolidated financial information (Unaudited)
Period ended 31 March 2016

15. SEGMENTAL INFORMATION (CONTINUED)

The following is the detail of the geographical segments:

	<u>Income / (expenses)</u>		<u>Assets</u>		<u>Capital expenditure</u>	
	<u>Three months ended</u>		<u>As at 31 March</u>		<u>As at 31 March</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Kuwait	2,944	2,000	184,141	172,850	1,130	2,530
Other G.C.C.	416	519	65,185	52,169	-	-
Other Middle East and Africa	5	-	5,434	5,065	-	-
Europe	225	221	9,194	7,096	-	-
America	(150)	8	19,154	22,842	-	-
Asia	36	36	8493	8,497	-	-
Discontinued operations	1,359	1,435	29,356	26,133	-	-
	<u>4,835</u>	<u>4,219</u>	<u>320,957</u>	<u>294,652</u>	<u>1,130</u>	<u>2,530</u>