KUWAIT INVESTMENT COMPANY K.S.C.P. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT INVESTMENT COMPANY K.S.C.P.

Report on the Interim Condensed Consolidated Financial Information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Investment Company K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2018, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-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 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, it 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.

Other Matter
The consolidated financial statements of the Group for the year ended 31 December 2017 and the interim condensed consolidated financial information for the six-month period ended 30 June 2017, were audited and reviewed, respectively, by another auditors who expressed an unmodified opinion and conclusion on those statements on 8 February 2018 and 1 August 2017, respectively.

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, as amended, during the six-month period ended 30 June 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

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INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT INVESTMENT COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2018 that might have had material effect on the business of the Parent Company or on its financial position.

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

29 July 2018
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	***30 June 2018 KD***	*(Audited) 31 December 2017 KD*	*30 June 2017 KD*
ASSETS				
Cash and cash equivalents	5	**25,981,546**	18,830,206	9,531,282
Term deposits		**14,436,259**	15,351,527	500,000
Accounts receivable and other assets		**15,742,530**	18,309,765	7,959,305
Wakala receivables		**2,144,313**	1,843,799	2,343,799
Loans and advances		**2,847,834**	2,837,957	4,864,342
Investment securities	6	**122,487,541**	129,869,813	138,541,841
Investment in associates		**15,429,078**	15,641,470	15,661,636
Investment properties		**26,679,298**	20,715,410	19,006,635
Intangible assets		**11,042,602**	11,042,602	11,042,602
Property and equipment		**29,519,445**	30,367,615	22,080,525
		266,310,446	264,810,164	231,531,967
Assets of disposal group classified as held for sale		**-**	-	30,220,974
Total assets		**266,310,446**	264,810,164	261,752,941
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks and customers		**85,287,732**	72,855,593	76,228,448
Accounts payable and other liabilities		**13,779,786**	17,949,973	8,622,190
Islamic finance payables		**12,067,644**	12,876,783	12,750,091
Term loans		**4,044,547**	-	-
		115,179,709	103,682,349	97,600,729
Liabilities of disposal group classified as held for sale		**-**	-	3,497,843
Total liabilities		**115,179,709**	103,682,349	101,098,572
Equity				
Share capital		**55,125,000**	55,125,000	55,125,000
Treasury shares	7	**(734,629)**	(734,629)	(734,629)
Statutory reserve		**28,923,624**	28,923,624	27,188,671
Voluntary reserve		**18,957,738**	18,957,738	17,222,785
Asset revaluation surplus		**4,742,731**	4,742,731	4,742,731
Fair value reserve		**(3,606,730)**	2,268,098	10,900,305
Foreign currency translation reserve		**1,811,479**	2,587,343	2,324,333
Retained earnings		**11,592,179**	15,351,836	10,092,603
Equity attributable to equity holders of the Parent Company		**116,811,392**	127,221,741	126,861,799
Non-controlling interests		**34,319,345**	33,906,074	33,792,570
Total equity		**151,130,737**	161,127,815	160,654,369
Total liabilities and equity		**266,310,446**	264,810,164	261,752,941

Meshari Zaid Al Khaled
Deputy Chairman

Fawaz Sulaiman Al-Ahmad
General Manager

The attached notes 1 to 17 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2018

	Notes	Three months ended 2018 KD	Three months ended 2017 KD (Re-presented)*	Six months ended 2018 KD	Six months ended 2017 KD (Re-presented)*
Net fee and commission income		**1,649,918**	1,506,587	**3,445,790**	3,250,717
Net investment income	8	**2,522,570**	1,062,451	**5,072,005**	4,309,304
Rental income		**2,069,594**	2,202,510	**4,497,746**	3,956,700
Gain on liquidation/sale of subsidiaries		**206,230**	175,178	**556,230**	175,178
Share of results of associates		**(41,363)**	288,886	**(14,391)**	526,590
Net foreign exchange differences		**45,702**	13,540	**145,808**	(6,640)
Release of provision for credit loss		**57,418**	2,110,722	**151,247**	2,267,380
Other (expense) income	9	**(5,512)**	30,678	**1,318,073**	1,539,404
Net operating income		**6,504,557**	7,390,552	**15,172,508**	16,018,633
General and administrative expenses		**(3,042,460)**	(2,654,939)	**(6,353,209)**	(4,997,636)
Total operating expenses		**(3,042,460)**	(2,654,939)	**(6,353,209)**	(4,997,636)
Operating profit		**3,462,097**	4,735,613	**8,819,299**	11,020,997
Finance costs		**(553,322)**	(377,121)	**(972,477)**	(703,330)
Finance income		**250,208**	229,378	**472,310**	480,311
Profit before tax		**3,158,983**	4,587,870	**8,319,132**	10,797,978
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		**(12,435)**	(6,164)	**(37,688)**	(55,776)
National Labour Support Tax (NLST)		**(45,936)**	(82,930)	**(164,116)**	(206,484)
Zakat		**(15,074)**	(52,259)	**(47,772)**	(119,222)
Profit for the period		**3,085,538**	4,446,517	**8,069,556**	10,416,496
Attributable to:					
Equity holders of the Parent Company		**2,719,747**	2,968,368	**6,533,022**	7,713,911
Non-controlling interests		**365,791**	1,478,149	**1,536,534**	2,702,585
		3,085,538	4,446,517	**8,069,556**	10,416,496
Earnings per share attributable to equity holders of the Parent Company (basic and diluted)	10	**4.963**	5.417	**11.922**	14.077

* The Group ceased to classify a component as held-for-sale, accordingly the results of operations in the statement of profit or loss previously presented in discontinued operations have been reclassified and included in income from continuing operations (Note 17).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2018

	Three months ended 30 June		*Six months ended 30 June*	
	2018	*2017*	***2018***	*2017*
	KD	*KD*	*KD*	*KD*
Profit for the period	**3,085,538**	4,446,517	**8,069,556**	10,416,496
Other comprehensive income (loss):				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:				
Available-for-sale financial assets (IAS 39):				
Change in fair value	-	(4,353,996)	-	(1,525,053)
- Gain on sale of available-for-sale financial assets transferred to profit or loss	-	(806,089)	-	(872,736)
Net loss on available-for-sale financial assets	-	(5,160,085)	-	(2,397,789)
Exchange differences on translation of foreign operations	**(288,355)**	249,684	**(219,634)**	307,379
Share of associates other comprehensive income	**(2,375)**	(28,359)	**(44,267)**	(24,666)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(290,730)**	221,325	**(263,901)**	282,713
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:				
Revaluation of properties	-	-	-	(746,100)
Changes in the fair value of equity instruments at fair value through other comprehensive income	**(853,479)**	-	**(4,040,545)**	-
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods	**(853,479)**	-	**(4,040,545)**	(746,100)
Other comprehensive loss	**(1,144,209)**	(4,938,760)	**(4,304,446)**	(2,861,176)
Total comprehensive income (loss) for the period	**1,941,329**	(492,243)	**3,765,110**	7,555,320
Attributable to:				
Equity holders of the Parent Company	**1,555,293**	(1,876,168)	**2,189,299**	4,820,489
Non-controlling interests	**386,036**	1,383,925	**1,575,811**	2,734,831
	1,941,329	(492,243)	**3,765,110**	7,555,320

The attached notes 1 to 17 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018

	Attributable to equity holders of the Parent Company										
	Share capital KD	*Treasury shares KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Assets revaluation surplus KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Equity attributable to equity holders of the Parent Company KD*	*Non-controlling interests KD*	*Total equity KD*
Balance at 1 January 2018 before the adoption of IFRS 9 (Audited)	55,125,000	(734,629)	28,923,624	18,957,738	4,742,731	2,268,098	2,587,343	15,351,836	127,221,741	33,906,074	161,127,815
Transition adjustment on initial application of IFRS 9 at 1 January 2018 (Note 3)	-	-	-	-	-	(1,727,011)	-	643,361	(1,083,650)	(263,067)	(1,346,717)
Adjusted balance as at 1 January 2018	55,125,000	(734,629)	28,923,624	18,957,738	4,742,731	541,087	2,587,343	15,995,197	126,138,091	33,643,007	159,781,098
Profit for the period	-	-	-	-	-	-	-	6,533,022	6,533,022	1,536,534	8,069,556
Other comprehensive (loss) income for the period	-	-	-	-	-	(4,147,817)	(219,634)	23,728	(4,343,723)	39,277	(4,304,446)
Total comprehensive (loss) income for the period	-	-	-	-	-	(4,147,817)	(219,634)	6,556,750	2,189,299	1,575,811	3,765,110
Non-controlling interests arising on business combination (Note 4)	-	-	-	-	-	-	-	-	-	411,838	411,838
Liquidation of subsidiaries	-	-	-	-	-	-	(556,230)	-	(556,230)	(73,801)	(630,031)
Dividends paid to shareholders of the Parent Company (Note 16)	-	-	-	-	-	-	-	(10,959,768)	(10,959,768)	-	(10,959,768)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,237,510)	(1,237,510)
Balance at 30 June 2018	**55,125,000**	**(734,629)**	**28,923,624**	**18,957,738**	**4,742,731**	**(3,606,730)**	**1,811,479**	**11,592,179**	**116,811,392**	**34,319,345**	**151,130,737**
Balance at 1 January 2017 (Audited)	55,125,000	(734,629)	27,188,671	17,222,785	5,488,831	13,355,006	2,016,954	6,214,611	125,877,229	34,502,756	160,379,985
Profit for the period	-	-	-	-	-	-	-	7,713,911	7,713,911	2,702,585	10,416,496
Other comprehensive (loss)/income for the period	-	-	-	-	(746,100)	(2,454,701)	307,379	-	(2,893,422)	32,246	(2,861,176)
Total comprehensive (loss) income for the period	-	-	-	-	(746,100)	(2,454,701)	307,379	7,713,911	4,820,489	2,734,831	7,555,320
Effect on partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(2,710,017)	(2,710,017)
Dividends paid to shareholders of the Parent Company (Note 16)	-	-	-	-	-	-	-	(3,835,919)	(3,835,919)	-	(3,835,919)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(735,000)	(735,000)
Balance at 30 June 2017 (Unaudited)	55,125,000	(734,629)	27,188,671	17,222,785	4,742,731	10,900,305	2,324,333	10,092,603	126,861,799	33,792,570	160,654,369

The attached notes 1 to 17 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2018

	Notes	Six months ended 30 June 2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit for the period		**8,069,556**	10,416,496
Adjustments to reconcile profit to net cash flows:			
Depreciation		**2,708,994**	2,177,954
Release of provision for credit losses		**(151,247)**	(2,267,380)
Provision on legal claims no longer required	9	**-**	(1,500,000)
Dividend income	8	**(2,843,652)**	(1,166,085)
Gain on redemption of available-for-sale financial assets	8	**-**	(872,736)
Finance income		**(472,310)**	(318,726)
Unrealised gain on financial assets at fair value through profit or loss (net)	8	**(1,740,556)**	(2,143,700)
Gain on sale of financial assets at fair value through profit or loss (net)	8	**(487,797)**	(126,783)
Gain on liquidation of subsidiaries		**(556,230)**	(175,178)
Share of results of associates		**14,391**	(526,590)
Foreign exchange (gain) loss		**(145,808)**	6,640
Finance costs		**972,477**	703,330
		5,367,818	4,207,242
Changes in operating assets and liabilities:			
Placements		**915,268**	810,271
Financial assets at fair value through profit or loss		**3,937,976**	(6,349,826)
Financial assets at amortised cost		**446,684**	-
Accounts receivable and other assets		**2,528,747**	5,588,392
Loans and advances		**94,725**	207,519
Accruals and other liabilities		**(4,637,274)**	(205,718)
Net cash flows from operating activities		**8,653,944**	4,257,880
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	4	**(2,219,414)**	-
Proceeds from disposal of subsidiary		**-**	1,000,000
Purchase of available-for-sale financial assets		**-**	(7,716,227)
Proceeds from sale of available-for-sale financial assets		**-**	9,509,934
Additions to investment properties		**-**	(70,097)
Additions to property and equipment		**(4,012,661)**	(1,963,748)
Proceeds from disposal of property and equipment		**2,152,215**	-
Proceeds from disposal of investment properties		**270,000**	-
Purchase of financial assets at FVOCI		**(120,700)**	-
Proceeds from sale of financial assets at FVOCI		**113,663**	-
Dividend income received		**3,029,603**	1,390,432
Finance income received		**662,401**	338,756
Net cash flows (used in) from investing activities		**(124,893)**	2,489,050
FINANCING ACTIVITIES			
Net movement in banks and customers' deposits		**12,355,077**	(2,653,790)
Finance costs paid		**(963,329)**	(742,918)
Net movement in Islamic finance payables		**(809,139)**	(1,114,160)
Dividend paid to shareholders of the parent company		**(10,737,837)**	(3,751,086)
Dividends paid to non-controlling interests		**(1,237,510)**	(735,000)
Net movement in non-controlling interests		**-**	(1,842,265)
Net cash flows used in financing activities		**(1,392,738)**	(10,839,219)
Effect of foreign currency translation adjustments		**15,027**	(3,994)
Net increase (decrease) in cash and cash equivalents		**7,151,340**	(4,096,283)
Cash and cash equivalents at 1 January		**18,830,206**	14,309,114
Cash and cash equivalents at 30 June	5	**25,981,546**	10,212,831

The attached notes 1 to 17 form a part of this interim condensed consolidated financial information.

1. CORPORATE INFORMATION

The interim condensed consolidated financial information of Kuwait Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 29 July 2018.

The Parent Company is a a public shareholding company, incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait (CBK) and Capital Markets Authority ("CMA") as an investment and finance company.

The registered office of the Parent Company is located at Souk Al Manakh Building, 5th Floor, Mubarak Al Kabeer Street, Sharq, Kuwait.

Kuwait Investment Authority ("KIA") is the ultimate parent of the Group. The Parent Company is principally engaged in investment and financial services. The principal activities of the Group are described in Note 14.

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

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information for the six months ended 30 June 2018 are prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all International Financial Reporting Standards ("IFRSs") except for International Financial Reporting Standards 9 ("IFRS 9"): *Financial Instruments* requirement for the expected credit losses on credit facilities, which have been replaced by CBK's regulations.

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

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

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

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

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

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

IFRS 15 – *Revenue from Contracts with Customers*

The Group has adopted IFRS 15: *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group's adoption of IFRS 15 did not result in a change in the revenue recognition policy of the Group in relation to its contracts with customers. Further, the adoption of IFRS 15 had no impact on this interim condensed consolidated financial information of the Group.

IFRS 9 - *Financial Instruments*

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

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

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

a) Classification and measurement

Under IFRS 9, financial assets are measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

►	*Debt instruments at amortised cost* for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's cash and cash equivalents, term deposits, wakala receivables, loans and advances to customers, and accounts receivables and other assets that are classified as debt instruments at amortised cost.
►	*Debt instruments at FVTPL*, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's quoted and unquoted debt instruments that do not meet the SPPI criterion. Under IAS 39, the Group's quoted and unquoted debt instruments were classified as available-for-sale (AFS) financial assets.

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

IFRS 9 - *Financial Instruments* (continued)

a) Classification and measurement (continued)

Other financial assets are classified and subsequently measured, as follows:

►	*Equity instruments at FVOCI,* with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.
►	*Financial assets at FVTPL* comprise derivative instruments, unquoted funds and quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Group's unquoted funds and quoted equity securities were classified as AFS financial assets. Upon transition, the AFS reserve relating to quoted equity securities, which had been previously recognised under fair value reserve, was reclassified to retained earnings.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

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

b) Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The management has applied the new impairment model only to debt instruments at amortised cost and FVOCI excluding loans and advances to customers and financial institutions for which the Group continues to apply impairment requirements under CBK regulations.

Under IFRS 9, credit losses are recognised earlier than under IAS 39. Key changes in the Group's accounting policy for impairment of financial assets are listed below:

The Group applies three-stage approach to measuring expected credit losses (ECL). Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

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

IFRS 9 - *Financial Instruments* (continued)

b) Impairment (continued)

Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under IAS 39, the Groups methodology for specific provisions remains largely unchanged.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

c) Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, the Group's has no existing hedging relationships.

Transitional provisions

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2017 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

3. IFRS 9 – IMPACT OF ADOPTION

Financial assets – 1 January 2018	*Notes*	*FVTPL*	*FVOCI (Available-for-sale 2017)*	*Held-to-maturity*	*Amortised cost*
Closing balance 31 December 2017 – IAS 39		**66,729,581**	**60,152,907**	**2,987,325**	**1,843,799**
Reclassify investments from AFS to FVTPL	(a)	28,847,958	(28,847,958)	-	-
Reclassify debt securities from AFS to amortised cost	(b)	-	(351,886)	-	351,886
Reclassify equity securities from AFS to FVOCI*	(c)	-	-	-	-
Reclassify debt securities from held-to-maturity to amortised cost	(d)	-	-	(2,987,325)	2,987,325
Reclassify debt securities from AFS to FVTPL	(e)	2,008,965	(2,008,965)	-	-
Opening balance 1 January 2018 – IFRS 9		**97,586,504**	**28,944,098**	-	**5,183,010**

* The closing balances as at 31 December 2017 show available-for-sale financial assets under FVOCI. These reclassification have no impact on the measurement categories. The financial assets at amortised cost are after reclassifications and adjustments arising from the adoption of IFRS 9 and include trade receivables and other financial assets at amortised cost, but exclude cash and cash equivalents and term deposits.

		Effect on fair value reserve	*Effect on retained earnings*	*Effect on Non-controlling interests*
Closing balance 31 December 2017 – IAS 39		**2,268,098**	**15,351,836**	**33,906,074**
Impact on reclassification and re-measurements:				
Reclassify investments from AFS to FVTPL	(a)	(1,727,011)	1,727,011	-
Reclassify debt securities from AFS to amortised cost	(b)	-	(763)	-
Reclassify debt securities from AFS to FVTPL	(e)	-	(1,153,998)	(5,034)
Impact on recognition of Expected Credit Losses on financial assets other than Loans and advances to customers and financial institutions:		-	-	-
Expected credit losses under IFRS 9 for financial assets at amortised cost	(f)	-	71,111	(258,033)
Total impact		**(1,727,011)**	**643,361**	**(263,067)**
Opening balance 1 January 2018 – IFRS 9		**541,087**	**15,995,197**	**33,643,007**

3. IFRS 9 – IMPACT OF ADOPTION (continued)

a) *Reclassification from available-for-sale to FVTPL*

Certain investments in funds and debt securities were reclassified from available-for-sale to financial assets at FVTPL (KD 28,847,958 as at 1 January 2018). They do not meet the IFRS 9 criteria for classification at amortised, because their cash flows do not represent solely payments of principal and interest. Related fair value gains of KD 1,727,011 were transferred from the fair value reserve to retained earnings on 1 January 2018.

b) *Reclassification from available-for-sale to amortised cost*

Certain investments in debt securities (i.e. bonds) were reclassified from available-for-sale to amortised cost (KD 351,886 as at 1 January 2018). At the date of initial application the Group's business model is hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount. The fair value of KD 351,886 as at 1 January 2018 was equivalent to the amortised cost for these assets. There was an impact of KD 763 on retained earnings at 1 January 2018.

c) *Reclassification from available-for-sale to FVOCI*

The Group elected to present OCI changes in the fair value of certain equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short medium term. As a result, assets with a fair value of KD 28,944,098 were reclassified from available-for-sale financial assets to financial assets at FVOCI. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9.

d) *Reclassification from held to maturity to amortised cost*

Bonds that would have previously been classified as held-to-maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the the other financial assets at 1 January 2018 to be recognised in opening retained earnings. No provision was recorded for impairment of these assets was recognised in opening retained earnings for the period.

e) *Reclassify debt securities from AFS to FVTPL*

Certain investments in debt securities were reclassified from available-for-sale to financial assets at FVTPL (KD 2,008,965 as at 1 January 2018). They do not meet the IFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. Related fair value loss of KD 1,153,998 was adjusted in the retained earnings on 1 January 2018.

f) *Impairment of financial assets at amortised cost*

The Group's debt securities at amortised cost include accounts receivable , bonds and wakala receivables. Applying the expected credit risk model resulted in the recognition of a release of allowance of KD 71,111 on 1 January 2018 and a further release in allowance by KD 41,641 during the six months ended 30 June 2018.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The loss allowance on trade and other receivables on transition to IFRS 9 as a result of applying the expected credit loss model was immaterial.

4. BUSINESS COMBINATIONS

On 28 March 2018, the Parent Company, through a wholly owned special purpose entity, acquired 86.8% equity interest in Dalon SARL, a Luxembourg private company holding ownership in a commercial property domiciled in the City of Frankfurt, Federal Republic of Germany. The acquisition has been accounted for using the acquisition method.

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:

	Carrying values on acquisition KD
ASSETS	
Cash and cash equivalents	215,702
Accounts receivable and other assets	557,279
Investment property	6,577,399
Total assets	**7,350,380**
LIABILITIES	
Accruals payable and other liabilities	236,009
Term loans	4,267,417
Total liabilities	**4,503,426**
Equity	2,846,954
Less : Non-controlling interests	(411,838)
Total identifiable net assets acquired	**2,435,116**
Purchase consideration transferred	**2,435,116**
Provisional goodwill on acquisition	-
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	215,702
Cash paid	(2,435,116)
Net cash flow on acquisition of a subsidiary	**(2,219,414)**

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.

5. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2018 KD	*(Audited) 31 December 2017 KD*	*30 June 2017 KD*
Cash at banks, in portfolios and on hand	**18,911,245**	13,186,935	6,785,804
Placements maturing within three months	**7,070,301**	5,643,271	2,745,478
Total cash and short-term deposit	**25,981,546**	18,830,206	9,531,282
Cash at bank and in hand attributable to discontinued operations	-	-	681,549
Total cash and cash equivalents	**25,981,546**	18,830,206	10,212,831

Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at an average effective interest rate of 2.12% (31 December 2017: 1.80% and 30 June 2017: 1.25%) per annum.

6. INVESTMENT SECURITIES

	30 June 2018 KD	*(Audited) 31 December 2017 KD*	*30 June 2017 KD*
New classification under IFRS 9			
Debts instruments at amortised cost	**2,999,613**	-	-
Equity instruments at FVOCI	**25,302,714**	-	-
Financial assets at FVPL	**94,185,214**	-	-
Original classification under IAS 39			
Available-for-sale (AFS) financial assets	-	60,152,907	98,569,661
Financial assets at FVPL	-	66,729,581	36,972,480
Held to maturity investments	-	2,987,325	2,999,700
	122,487,541	129,869,813	138,541,841

At 31 December 2017 and 30 June 2017, certain equity instruments amounting to KD 1,728,995 and KD 5,513,532 respectively, that do not have a quoted price in active market and whose fair value cannot be measured reliably were accounted at cost (in accordance with IAS 39). These instruments have been measured at fair value at the date of initial application of IFRS 9. Any difference between the previous carrying amount and the fair value is recognised in the opening retained earnings or OCI, as appropriate (Note 3).

Certain investment securities of a subsidiary with a carrying amount of KD 893,253 (31 December 2017: KD 893,253 and 30 June 2017: KD 882,370) are pledged as security for Islamic finance payables.

Unquoted bonds represents bonds denominated in Kuwaiti Dinars ("KD") and US Dollars ("USD"), with an effective interest rate ranging from 1.75 % to 7 % (31 December 2017: 1.75% to 7% and 30 June 2017: 1.75% to 7%) per annum.

7. TREASURY SHARES

	30 June 2018	*(Audited) 31 December 2017*	*30 June 2017*
Number of shares	**3,261,581**	3,261,581	3,261,581
Percentage of capital	**0.592%**	0.592%	0.592%
Cost ("KD")	**734,629**	734,629	734,629
Market value ("KD")	**375,082**	368,559	306,589

An amount of KD 734,629 (31 December 2017: KD 734,629, 30 June 2017: KD 734,629) equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from statutory reserve throughout the holding period of treasury shares as per CMA requirements.

8. NET INVESTMENT INCOME

	Three months ended 30 June		*Six months ended 30 June*	
	2018 KD	*2017 KD*	***2018 KD***	*2017 KD*
Dividend income	**2,273,334**	564,025	**2,843,652**	1,166,085
Gain on redemption / sale of available-for-sale financial assets	-	806,089	-	872,736
Unrealised gain (loss) on financial assets at fair value through profit or loss	**291,693**	(273,450)	**1,740,556**	2,143,700
(Loss) gain on sale of financial assets at fair value through profit or loss	**(42,457)**	(34,213)	**487,797**	126,783
	2,522,570	1,062,451	**5,072,005**	4,309,304

9. OTHER INCOME

Other income for the current period includes an amount of KD 1,237,400 representing gains on extinguishment of debt between a subsidiary and a local financial institution.

Other income for the prior period includes an amount of KD 1,500,000 representing provision on legal claims no longer required relating to a subsidiary. The provision was recorded in 2011 and reversed during the six-month period ended 30 June 2017 as the final verdict related to the legal claim was in favour of the subsidiary.

10. BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Three months ended 30 June		*Sixmonths ended 30 June*	
	2018	*2017*	***2018***	*2017*
Profit for the period attributable to equity holders of the Parent Company (KD)	**2,719,747**	2,968,368	**6,533,022**	7,713,911
Weighted average number of shares outstanding (shares)	**547,988,419**	547,988,419	**547,988,419**	547,988,419
Basic and diluted EPS (fils)	**4.963**	5.417	**11.922**	14.077

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

11. 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 30 June 2018 amounted to KD 1.914 billion (31 December 2017: KD 2.128 billion and 30 June 2017: KD 2.138 billion) which are not reflected in the financial statements.

Income earned from the above fiduciary assets amounted to KD 3.351 million for the six-month period ended 30 June 2018 (For the year ended 31 December 2017: KD 5.875 million and for the six-month period ended 30 June 2017: KD 3.070 million).

12. RELATED PARTY TRANSACTIONS

Related parties represent the i.e. major shareholders, associates, 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 Parent Company's management and are subject to the approval of the shareholders at the annual general assembly meeting (AGM).

The following table provides the total amount of transactions that have been entered into with related parties during the three months and six months period ended 30 June 2018 and 2017, as well as balances with related parties as at 30 June 2018, 31 December 2017 and 30 June 2017:

12. RELATED PARTY TRANSACTIONS (continued)

	30 June 2018 KD	*(Audited) 31 December 2017 KD*	*30 June 2017 KD*
Interim condensed consolidated statement of financial position:			
Deposits from customers	**(44,642,022)**	(42,351,420)	(42,050,278)
Accounts payable and other liabilities			
Call and notice accounts	**(22,608)**	(22,608)	(22,608)

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

	Three months ended 30 June		*Six months ended 30 June*	
	2018 KD	*2017 KD*	***2018 KD***	*2017 KD*
Interim condensed consolidated statement of profit or loss:				
Management fees and commission income	**761,070**	563,968	**1,468,320**	1,358,524
Finance costs	**(191,166)**	(116,000)	**(340,139)**	(220,837)

Key management personnel

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

The aggregate value of transactions related to key management personnel were as follows:

	Three months ended 30 June		*Six months ended 30 June*	
	2018 KD	*2017 KD*	***2018 KD***	*2017 KD*
Key management personnel compensation				
Salaries and other short term benefits	**(165,413)**	(201,550)	**(329,636)**	(322,173)
Post-employment benefits	**(21,302)**	(91,512)	**(42,144)**	(109,709)
	(186,715)	(293,062	**(371,780)**	(431,882)

The Board of Directors at their meeting held on 8 February 2018 proposed directors' remuneration of KD 95,000 for the year ended 31 December 2017. The remuneration was approved by the shareholders at the AGM held on 18 April 2018.

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2018, 31 December 2017 and 30 June 2017:

	30 June 2018 KD	*(Audited) 31 December 2017 KD*	*30 June 2017 KD*
Debt instruments at amortised cost:			
Accounts receivable and other assets	**15,742,530**	18,309,765	7,959,305
Wakala receivables	**2,144,313**	1,843,799	2,343,799
Loans and advances	**2,847,834**	2,837,957	4,864,342
Bonds	**2,999,613**	2,987,325	2,999,700
	23,734,290	25,978,846	18,167,146
Financial assets at FVTPL:			
Quoted equity securities	**14,940,116**	11,784,707	3,521,501
Unquoted equity securities	**19,831,173**	1,265,394	1,319,762
Unquoted funds	**58,553,482**	53,679,480	32,131,217
Unquoted bonds	**860,443**	-	-
	94,185,214	66,729,581	36,972,480
Available-for-sale financial assets:			
Quoted equity securities	-	3,680,005	4,373,678
Unquoted equity securities	-	44,189,092	51,635,849
Unquoted funds and bonds	-	12,283,810	42,560,134
	-	60,152,907	98,569,661
Financial assets at FVOCI:			
Quoted equity securities	**1,099,553**	-	-
Unquoted equity securities	**24,203,161**	-	-
	25,302,714	-	-
Total	**143,222,218**	152,861,334	153,709,287

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Set out below is an overview of financial liabilities , held by the Group as at 30 June 2018, 31 December 2017 and 30 June 2017:

	30 June 2018 KD	*(Audited) 31 December 2017 KD*	*30 June 2017 KD*
Financial liabilities at amortised cost:			
Deposits from banks and customers	**85,287,732**	72,855,593	76,228,448
Accounts payable and other liabilities	**13,779,786**	17,949,973	8,622,190
Islamic finance payables	**12,067,644**	12,876,783	12,750,091
Term loans	**4,044,547**	-	-
Total	**115,179,709**	103,682,349	97,600,729

Fair values
The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 30 June 2018, 31 December 2017 and 30 June 2017.

		Fair value measurement using		
As at 30 June 2017	*Total KD'000*	*Quoted prices in active markets (Level 1) KD'000*	*Significant observable inputs (Level 2) KD'000*	*Significant unobservable inputs (Level 3) KD'000*
Financial assets at FVTPL:				
Quoted equity securities	3,521	3,521	-	-
Unquoted equity securities	1,320	-	-	1,320
Unquoted funds	32,131	-	32,131	-
	36,972	3,521	32,131	1,320
Available-for-sale financial assets				
Quoted equity securities	4,374	4,374	-	-
Managed funds and bonds	42,560	-	42,560	
Unquoted equity securities	46,122	-	-	46,122
	93,056	4,374	42,560	46,122

There were no transfers between Level 1 and Level 2 fair value measurements during the period/ year, and no transfers into or out of Level 3 fair value measurements during the period/ year.

The management assessed that the fair values of cash and cash equivalents, term deposits, accounts receivable and other assets, wakala receivables, loans and advances, deposits from banks and customers, Islamic finance payables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy
All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value hierarchy (continued)

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Description of significant unobservable inputs to valuation

	Valuation techniques	*Significant unobservable inputs*	*Range*	*Sensitivity of the input to fair value*
Unquoted equity securities	Market approach	DLOM *	15% - 40%	Increase (decrease) in the discount would decrease (increase) the fair value.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

30 June 2018	*Financial assets at FVOCI KD'000*	*Financial assets at FVPL KD'000*	*Total KD'000*
As at 1 January 2018	42,460	1,265	**43,725**
Transfer as per IFRS 9	(16,112)	17,238	**1,126**
Remeasurement recognised in OCI	(2,223)	-	**(2,223)**
Remeasurement recognised in profit or loss	-	1,433	**1,433**
Purchases / sales (net)	78	-	**78**
As at 30 June 2018	24,203	19,936	**44,139**

31 December 2017	*AFS financial assets KD'000*	*Financial assets at FVPL KD'000*	*Total KD'000*
As at 1 January 2017	51,799	1,544	53,343
Remeasurement recognised in profit or loss	-	(279)	(279)
Remeasurement recognised in OCI	(6,225)	-	(6,225)
Purchases / sales (net)	(3,114)	-	(3,114)
As at 31 December 2017	42,460	1,265	43,725

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

30 June 2017	*AFS financial assets KD'000*	*Financial assets at FVPL KD'000*	*Total KD'000*
As at 1 January 2017	51,799	1,544	53,343
Remeasurement recognised in profit or loss	-	(224)	(224)
Remeasurement recognised in OCI	(5,677)	-	(5,677)
As at 30 June 2017	46,122	1,320	47,442

14. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- **Asset Management**: Consists of quoted securities trading and management of funds and portfolios
- **Direct Investments and Corporate Finance (DICF)**: 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

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2018 and 2017, respectively:

Six months ended 30 June 2018	***Asset management KD 000's***	***DICF KD 000's***	***Treasury KD 000's***	***Other operations KD 000's***	***Total KD 000's***
Segment income	**6,769**	**3,551**	**74**	**5,251**	**15,645**
Segment expenses	**(1,711)**	**(2,366)**	**494**	**(3,992)**	**(7,575)**
Segment results	**5,058**	**1,185**	**568**	**1,259**	**8,070**

*Six months ended 30 June 2017 **	*Asset management KD 000's*	*DICF KD 000's*	*Treasury KD 000's*	*Other operations KD 000's*	*Total KD 000's*
Segment income	7,641	3,418	121	5,319	16,499
Segment expenses	(1,664)	(2,117)	497	(2,799)	(6,083)
Segment results	5,977	1,301	618	2,520	10,416

* Certain amounts do not correspond to the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2017 and reflect reclassifications made, refer to Note 17.

14. SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2018, 31 December 2017 and 30 June 2017, respectively:

	Asset management KD 000's	*DICF KD 000's*	*Treasury KD 000's*	*Other operations KD 000's*	*Total KD 000's*
ASSETS					
30 June 2018	**75,496**	**113,429**	**15,416**	**61,969**	**266,310**
31 December 2017	88,215	113,591	5,972	57,032	264,810
30 June 2017 *	84,726	133,962	3,022	40,043	261,753
LIABILITIES					
30 June 2018	**80**	**371**	**87,113**	**27,616**	**115,180**
31 December 2017	80	1,315	74,040	28,247	103,682
30 June 2017 *	-	645	77,395	23,059	101,099

* Certain amounts do not correspond to the interim condensed consolidated statement of financial position as at 30 June 2017 and reflect reclassifications made, refer to Note 17.

The geographical analysis of the Group analyses the Group's income and assets by the Company's country of domicile and other countries. In presenting the geographical information, segment income has been based on the geographical location from which income is derived and segment assets were based on the geographic location of assets.

30 June 2018	***Revenue KD 000's***	***Assets KD 000's***	***Capital expenditures KD 000's***
Kuwait	**14,674**	**161,912**	**4,283**
Other GCC countries	**(366)**	**55,470**	**-**
Other Middla East and North Africa (MENA)	**312**	**2,002**	**-**
Europe	**736**	**24,090**	**-**
Americas	**400**	**18,129**	**-**
Asia	**(111)**	**4,707**	**-**
	15,645	**266,310**	**4,283**

31 December 2017	*Revenue KD 000's*	*Assets KD 000's*	*Capital expenditures KD 000's*
Kuwait	22,004	165,491	8,870
Other GCC countries	261	62,513	-
Other Middle East and North Africa (MENA)	688	1,578	-
Europe	5,105	27,773	-
Americas	(32)	3,066	-
Asia	1,350	4,389	-
	29,376	264,810	8,870

14. SEGMENT INFORMATION (continued)

30 June 2017	*Revenue KD 000's*	*Assets KD 000's*	*Capital expenditures KD 000's*
Kuwait	14,071	165,066	3,034
Other GCC countries	1,140	56,445	-
Other Middla East and North Africa (MENA)	242	4,540	-
Europe	372	9,503	-
Americas	426	18,546	-
Asia	248	7,653	-
	16,499	261,753	3,034

* Certain amounts do not correspond to the interim condensed consolidated financial information as at and for the six months ended 30 June 2017 and reflect reclassifications made, refer to Note 17.

15. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2018 KD 000's	*(Audited) 31 December 2017 KD 000's*	*30 June 2017 KD 000's*
Operating lease commitments	**10,008**	11,676	13,344
Investment commitments	**74**	74	74

16. DISTRIBUTIONS MADE AND PROPOSED

- The Parent Company's Board of Directors in their meeting held on 8 February 2018 proposed cash dividends of 20 fils per share (aggregating to KD 10,959,768) for the year ended 31 December 2017. This proposal has been approved by the shareholders at the AGM on 18 April 2018.

- The Parent Company's Board of Directors, in their meeting held on 7 February 2017 proposed cash dividends of 7 fils per share (aggregating to KD 3,835,919) for the year ended 31 December 2016. This proposal has been approved by the shareholders at the AGM on 3 May 2017.

17. DISCONTINUED OPERATIONS

On 11 November 2014, the Group publicy announced the decision of its Board of Directors to sell its 51% equity interest in Kuwait International Fair Company K.S.C.C. ("subsidiary").

During the year ended 31 December 2017 , the subsidiary ceased to be classified as held for sale . As a result, the results of operations of the subsidiary previously classified as discontinued operations have been reclassified and included in income from continuing operations for all comparative periods presented.