

**NATIONAL INVESTMENTS COMPANY K.S.C.P.
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2016 (UNAUDITED)



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NATIONAL INVESTMENTS COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Investments Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 June 2016, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its executive regulations, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the six months period ended 30 June 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2016 that might have had a material effect on the business of Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN AL OSAIMI & PARTNERS

MOHAMMED HAMED AL SULTAN
LICENSE NO. 100 A
AL SULTAN AND PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

National Investments Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

For the period ended 30 June 2016

	Note	Three months ended 30 June		Six months ended 30 June	
		2016 KD 000's	2015 KD 000's	2016 KD 000's	2015 KD 000's
INCOME					
Realized (loss) gain on financial assets at fair value through profit or loss		(187)	94	(1,087)	181
Unrealized (loss) gain on financial assets at fair value through profit or loss		36	299	(148)	(510)
Realized gain (loss) on financial assets available-for-sale		(11)	(264)	1,152	(109)
Rental income		471	443	903	794
Dividend income		1,250	1,607	3,294	2,574
Management, brokerage and advisory fees		887	1,108	1,664	2,097
Interest income		-	2	3	10
Share of results of associates		143	41	760	161
Gain on foreign exchange trading		96	133	249	219
Other income	3	-	2,805	-	11,480
TOTAL INCOME		2,685	6,268	6,790	16,897
EXPENSES					
Finance costs		107	91	212	185
Administrative expenses		1,493	1,544	2,836	3,163
Impairment losses and other provisions		305	2,401	1,932	9,996
Loss (gain) on foreign currency translation		43	(65)	74	(574)
TOTAL EXPENSES		1,948	3,971	5,054	12,770
PROFIT BEFORE TAXATION		737	2,297	1,736	4,127
Provision for contribution to Kuwait Foundation for advancement of science ("KFAS")		8	(16)	-	(33)
Provision for National Labour Support Tax ("NLST")		(1)	(26)	(5)	(72)
Provision for zakat		-	(8)	-	(24)
PROFIT FOR THE PERIOD		744	2,247	1,731	3,998
Attributable to:					
Equity holders of the Parent Company		651	1,793	1,765	3,800
Non-controlling interests		93	454	(34)	198
		744	2,247	1,731	3,998
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	0.78 fils	2.12 fils	2.10 fils	4.46 fils

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2016

		30 June 2016 KD 000's	(Audited) 31 December 2015 KD 000's	30 June 2015 KD 000's
ASSETS				
Cash and balances with banks and financial institutions	5	7,327	9,656	8,998
Financial assets at fair value through profit or loss		18,641	20,926	26,834
Trading properties		611	614	1,172
Financial assets available-for-sale		103,755	98,828	104,550
Investment in associates		25,775	25,444	27,787
Investment properties		33,966	32,140	30,590
Other assets		7,248	5,472	5,814
Goodwill		431	431	1,000
TOTAL ASSETS		197,754	193,511	206,745
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		7,694	6,682	6,677
Accounts payable and accruals		9,021	9,033	7,161
TOTAL LIABILITIES		16,715	15,715	13,838
EQUITY				
Share capital		87,621	87,621	87,621
Share premium		49,593	49,593	49,593
Statutory reserve		16,721	16,721	16,721
Treasury shares	6	(5,411)	(4,986)	(4,642)
Treasury shares reserve		26,546	26,546	26,546
Foreign currency translation reserve		184	273	251
Cumulative changes in fair value		(614)	(2,947)	560
(Accumulated losses) retained earnings		(2,076)	(3,841)	5,533
Equity attributable to the equity holders of the Parent Company		172,564	168,980	182,183
Non-controlling interests		8,475	8,816	10,724
TOTAL EQUITY		181,039	177,796	192,907
TOTAL LIABILITIES AND EQUITY		197,754	193,511	206,745

Hamad Ahmad Al-Ameeri
Chairman

Fahad Abdulrahman Al-Mukhaizim
Chief Executive Officer

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2016

Attributable to equity holders of the Parent Company

	Share capital KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Treasury shares KD 000's	Treasury shares reserve KD 000's	Foreign currency translation reserve KD 000's	Cumulative changes in fair value KD 000's	(Accumulated losses) Retained earnings KD 000's	Sub total KD 000's	Non-controlling interests KD 000's	Total KD 000's
Balance at 1 January 2016 (audited)	87,621	49,593	16,721	(4,986)	26,546	273	(2,947)	(3,841)	168,980	8,816	177,796
Profit for the period	-	-	-	-	-	-	-	1,765	1,765	(34)	1,731
Other comprehensive income (loss) for the period	-	-	-	-	-	(89)	2,333	-	2,244	(79)	2,165
Total comprehensive income (loss)	-	-	-	-	-	(89)	2,333	1,765	4,009	(113)	3,896
Purchase of treasury shares	-	-	-	(425)	-	-	-	-	(425)	-	(425)
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(228)	(228)
Balance at 30 June 2016	87,621	49,593	16,721	(5,411)	26,546	184	(614)	(2,076)	172,564	8,475	181,039
Balance at 1 January 2015 (audited)	87,621	49,593	16,721	(3,433)	26,546	(125)	217	6,817	183,957	10,601	194,558
Profit for the period	-	-	-	-	-	-	-	3,800	3,800	198	3,998
Other comprehensive income for the period	-	-	-	-	-	376	343	-	719	309	1,028
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(1,209)	-	376	343	3,800	4,519	507	5,026
Movement in non-controlling interest	-	-	-	-	-	-	-	-	(1,209)	-	(1,209)
Dividend paid	-	-	-	-	-	-	-	(5,084)	(5,084)	(384)	(384)
Balance at 30 June 2015	87,621	49,593	16,721	(4,642)	26,546	251	560	5,533	182,183	10,724	192,907

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2016

	Note	Six months ended 30 June	
		2016 KD 000's	2015 KD 000's
OPERATING ACTIVITIES			
Profit before taxation		1,736	4,127
Adjustments for:			
Unrealized loss on financial assets at fair value through profit or loss		148	510
Realized gain on financial assets available-for-sale		(1,152)	109
Dividend income		(3,294)	(2,574)
Interest income		(3)	(10)
Share of results of associates		(760)	(161)
Other income		-	(11,480)
Finance costs		212	185
Depreciation		80	36
Impairment losses and other provisions		1,932	9,996
		(1,101)	738
<i>Changes in operating assets and liabilities:</i>			
Financial assets at fair value through profit or loss		2,137	935
Other assets		(1,858)	689
Accounts payable and accruals		(17)	(953)
Cash flows (used in) generated from operations		(911)	1,409
Interest income received		3	10
KFAS, NLST and Zakat paid		-	(259)
Directors fee paid		-	(72)
Net cash flows (used in) generated from operating activities		(908)	1,088
INVESTING ACTIVITIES			
Purchase of financial assets available-for-sale		(15,722)	(18,067)
Proceeds from sale of financial assets available-for-sale		12,356	14,822
Purchase of investment in associate		(313)	(2,634)
Purchase and development of investment properties		(1,826)	(5,537)
Dividend from associate		635	156
Dividend income received		3,296	2,696
Net cash flows used in investing activities		(1,574)	(8,564)
FINANCING ACTIVITIES			
Proceeds from short term borrowing		2,272	1,430
Purchase of treasury shares		(425)	(1,209)
Finance costs paid		(206)	(165)
Dividend paid		-	(5,084)
Movement in non-controlling interest		(228)	(384)
Net cash flows generated from (used in) financing activities		1,413	(5,412)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,069)	(12,888)
Cash and cash equivalents at 1 January		7,414	19,649
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	6,345	6,761

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2016

1 CORPORATE INFORMATION

The Group comprises National Investments Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group"). The Parent Company is a public Kuwaiti shareholding company, incorporated on 6 December 1987 and listed on the Kuwait Stock Exchange. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") for financing activities and Capital Markets Authority ("CMA") as an investment company.

The purposes and objectives of the Parent Company are as follows:

- Undertaking all financial brokerage works and associated activities.
- Carrying out all financial transactions such as lending, borrowing, acting as a guarantor and issuance of bonds of all kinds with or without collateral in both local and global markets.
- Incorporating or participation in the incorporation of companies of all different types, purposes and nationalities as well as selling and purchasing of their shares, issued bonds and financial rights.
- Undertaking all the activities related to securities, including selling and purchase of all types of bonds and shares whether those issued by local and global private sector, governmental or semi-governmental companies.
- Managing financial portfolios, investing and developing its customers' funds by utilizing them in all local and global investment aspects.
- Investing in real estate, industrial, agricultural sectors and other economic sectors by participation in incorporating specialized companies or purchase of their shares.
- Undertaking real estate investments aiming at developing residential lands and building units, residential and commercial complexes with a view to selling or leasing them.
- Carrying out research and studies relating to capital investment and providing all associated services to third parties.
- Acting as issuance managers for bonds issued by companies or agencies.
- Establishment and management of investment funds for its own and others' account as well as issuing units for subscription and acting as manager for investment funds inside and outside the country in accordance with the applicable decisions and laws in the country.
- Managing funds of private and public institutions as well as investing and developing these funds in various economic sectors, including management and utilization of real estate portfolios in all local and global investment aspects.
- Providing and preparing research, studies as well as technical, economic and evaluation consultations in addition to studying investment projects and preparing required studies for institutions, companies and business sectors of all types.
- Dealing and trading in foreign currency exchange and precious metals market inside and outside Kuwait for the company's account without prejudice to the prohibition stipulated by ministerial resolution issued concerning the Central Bank of Kuwait regulation of investment companies.
- Carrying out all financial, consulting and investment services which help in fulfilling the needs of financial and monetary market in Kuwait and developing as well as strengthening its ability within the limits allowed by law and regulations or instructions issued by Central Bank of Kuwait.
- Owning industrial property rights, patents, industrial and commercial trademarks, commercial royalties, literary and intellectual rights relating to software, publications as well as utilizing and franchising them to other bodies.

The Parent Company may have an interest or participate in any manner with bodies performing activities similar to its own to assist the Parent Company achieving its purpose inside or outside Kuwait. It may also establish, participate, merge or buy such corporations.

The Parent Company's registered head office is at Khaleejia Complex, Al Mutanabi Street, Kuwait.

The interim condensed consolidated financial information for the period ended 30 June 2016 were authorized for issue in accordance with a resolution of the Parent Company's Board of Directors meeting on 17 August 2016.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2016

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" except as noted below.

The annual consolidated financial statements for the year ended 31 December 2015 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2016 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) and all values are rounded to the nearest KD thousand except when otherwise indicated.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the IFRS. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2015.

3 SUBSIDIARY COMPANIES

Details of material subsidiary companies are as follows:

<i>Name</i>	<i>Country of Incorporation</i>	<i>% Holding</i>		<i>Principal activities</i>
		<i>2016</i>	<i>2015</i>	
International Infrastructure Holding Co. K.S.C. (Closed)	Kuwait	99	99	Investments
Gulf Investments Company EC ("GIC") (under liquidation)*	Bahrain	99	99	Investments
National Investment Company S.A.L. Al Bawaba Al Wataniya for General Trading and Contracting Company W.L.L.	Lebanon	100	100	Property development Trading and Contracting
National Gate for Computer Systems Company K.S.C. (Closed)	Kuwait	99	99.67	Information technology
Sapphire International Holding Limited	British Virgin Islands	100	100	Investment
Capucin Overseas NV (under liquidation)	Curacao	100	100	Investment
Al Seef Financial Brokerage Company K.S.C. (Closed) ("Al Seef")	Kuwait	47.86	47.86	Financial Brokerage
Al Mada Investment Fund ("Al Mada")	Bahrain	46.28	43.66	Investment

* The Parent Company has taken full provision against the carrying value of its investment in the subsidiary at 31 December 1992 amounting to KD 4,921 thousand. Further, the subsidiary has been inactive for a number of years.

During 2014, GIC's shareholders have approved the voluntary liquidation of GIC in the extra ordinary general meeting held on 5 May 2014. GIC is now represented by the liquidation committee. During the period ended 30 June 2015, the Parent Company has received shares in an investment bank amounting to KD 8,675 thousand and in a real estate development company amounting to KD 2,550 thousand as liquidation proceeds, which was recorded as 'other income' in the interim condensed consolidated income statement.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2016

4 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Profit for the period attributable to equity holders of the Parent Company (KD 000's)	<u>651</u>	<u>1,793</u>	<u>1,765</u>	<u>3,800</u>
Weighted average number of shares outstanding during the period (excluding treasury shares)	<u>837,167,075</u>	<u>847,921,649</u>	<u>839,028,305</u>	<u>851,499,117</u>
Basic and diluted earnings per share	<u>0.78 fils</u>	<u>2.12 fils</u>	<u>2.10 fils</u>	<u>4.46 fils</u>

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows consist of the following:

	<i>30 June</i> <i>2016</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD 000's</i>	<i>30 June</i> <i>2015</i> <i>KD 000's</i>
Cash and balances with banks and financial institutions	7,327	9,656	8,998
Less: Due to banks due within three months of the contract date	(982)	(2,242)	(2,237)
	<u>6,345</u>	<u>7,414</u>	<u>6,761</u>

6 TREASURY SHARES

	<i>30 June</i> <i>2016</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i>	<i>30 June</i> <i>2015</i>
Number of treasury shares	39,046,273	33,620,086	30,383,075
Percentage of capital	4.46%	3.84%	3.47%
Market value – KD thousand	3,670	2,959	3,767
Cost – KD thousand	5,411	4,986	4,642
Weighted average of market value per share (fils)	99	124	135

An amount equivalent to the cost of purchase of treasury shares have been earmarked as non-distributable from statutory reserve through-out the holding period of treasury shares.

As on 30 June 2016, the treasury shares have not been collateralized by the Group.

7 TRANSACTIONS WITH RELATED PARTIES

Related parties represent associated companies, managed funds, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2016

7 TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with related parties are as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Included in the interim condensed consolidated income statement:				
Management and advisory fees (other related parties)	444	576	878	1,169
Rental income (associate)	14	16	31	33

Included in interim condensed consolidated statement of financial position:

		<i>Other related parties</i>
		<i>KD 000's</i>
Other assets	30 June 2016	1,878
	31 December 2015	1,901
	30 June 2015	1,986

Compensation of key management personnel

The remuneration of key management personnel of the Group during the period were as follows:

	<i>30 June</i>	<i>30 June</i>
	<i>2016</i>	<i>2015</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Short-term benefits	430	443
Employees' end of service benefits	57	151
	487	594

8 SEGMENT INFORMATION

For management purposes the Group is organized into four major business segments. The principal activities and services under these segments are as follows:

- Investment segment represents trading in equities including investment in associates and other strategic investments;
- Treasury segment represents liquidity management and trading in foreign currencies;
- Real estate segment represents buying, selling and investing in real estate; and
- Asset management and advisory represents managing discretionary and non-discretionary investment portfolio, managing of investment funds, and providing advisory and structured share services and other related financial services.

Management monitors the operating segment separately for the purpose of making decisions about the resource allocation and performance assessment. The segment performance is evaluated based on segment result before taxes in the management and reporting systems.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2016

8 SEGMENT INFORMATION (continued)

The following table presents revenue, results for the period, total assets and total liabilities information regarding the Group's reportable segments.

	<i>Six months ended 30 June 2016</i>					
	<i>Investment KD 000's</i>	<i>Treasury KD 000's</i>	<i>Real estate KD 000's</i>	<i>Asset management and advisory KD 000's</i>	<i>Unallocated KD 000's</i>	<i>Total KD 000's</i>
Segment revenues	4,367	252	909	1,262	-	6,790
Segment results	776	(19)	185	794	(5)	1,731
Segment assets	156,795	4,460	35,257	546	696	197,754
Segment liabilities	1,290	1,165	6,972	2,067	5,221	16,715

	<i>Six months ended 30 June 2015</i>					
	<i>Investment KD 000's</i>	<i>Treasury KD 000's</i>	<i>Real estate KD 000's</i>	<i>Asset management and advisory KD 000's</i>	<i>Unallocated KD 000's</i>	<i>Total KD 000's</i>
Segment revenues	14,287	242	802	1,566	-	16,897
Segment results	3,124	(61)	184	880	(129)	3,998
Segment assets	170,240	2,007	33,275	685	538	206,745
Segment liabilities	1,432	1,075	5,909	23	5,399	13,838

9 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<i>(Audited)</i>		
	<i>30 June 2016 KD 000's</i>	<i>31 December 2015 KD 000's</i>	<i>30 June 2015 KD 000's</i>
Capital commitments towards investments and other assets	990	77	747
Bank guarantees	1,057	1,057	1,057
	<u>2,047</u>	<u>1,134</u>	<u>1,804</u>

The Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

10 FIDUCIARY ACCOUNTS

The Group manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts without recourse to the Group which are not included in the interim condensed consolidated statement of financial position. As at the reporting date, total fiduciary assets managed by the Group amounted to KD 1,173,421 thousand (31 December 2015: KD 1,084,364 thousand and 30 June 2015: KD 1,339,195 thousand). The total income earned from trust and other fiduciary activities amounted to KD 1,190 thousand (31 December 2015: KD 2,853 thousand and 30 June 2015: KD 1,536 thousand).

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2016

11 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Fair value measurement using			
	<i>Total</i> <i>KD 000's</i>	<i>Quoted prices</i> <i>in active</i> <i>markets</i> <i>(Level 1)</i> <i>KD 000's</i>	<i>Significant</i> <i>observable</i> <i>inputs</i> <i>(Level 2)</i> <i>KD 000's</i>	<i>Significant</i> <i>unobservable</i> <i>inputs</i> <i>(Level 3)</i> <i>KD 000's</i>
30 June 2016				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
<i>Held for trading:</i>				
Local quoted securities	9,668	9,668	-	-
Foreign quoted securities	8,973	8,973	-	-
<i>Financial assets available-for-sale:</i>				
Quoted equity investments	43,456	43,456	-	-
Unquoted equity investments	1,935	-	-	1,935
Unquoted mutual fund investments (investing in quoted securities)	24,937	-	24,937	-
<i>Investment properties</i>	33,966	-	-	33,966
<i>Forward foreign exchange contracts</i>	210	-	210	-
Assets measured at cost while fair value is disclosed				
<i>Trading properties</i>	770	-	-	770
	<u>123,915</u>	<u>62,097</u>	<u>25,147</u>	<u>36,671</u>
Liabilities measured at fair value:				
<i>Forward foreign exchange contracts</i>	179	-	179	-
	<u>179</u>	<u>-</u>	<u>179</u>	<u>-</u>

National Investments Company K.S.C.P. and its Subsidiaries

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11 FAIR VALUE MEASUREMENT (continued)

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	KD 000's	KD 000's	KD 000's	KD 000's
31 December 2015				
Assets measured at fair value:				
<i>Financial assets at fair value through profit or loss</i>				
Local quoted securities	10,761	10,761	-	-
Foreign quoted securities	10,165	10,165	-	-
<i>Financial assets available-for-sale</i>				
Quoted equity investments	39,447	39,447	-	-
Unquoted equity investments	1,935	-	-	1,935
Unquoted mutual fund investments (investing in quoted securities)	26,035	-	26,035	-
<i>Investment properties</i>	32,140	-	-	32,140
<i>Forward foreign exchange contracts</i>	6	-	6	-
Assets measured at cost while fair value is disclosed				
<i>Trading properties</i>	774	-	-	774
	<u>121,263</u>	<u>60,373</u>	<u>26,041</u>	<u>34,849</u>
30 June 2015				
Assets measured at fair value:				
<i>Financial assets at fair value through profit or loss:</i>				
<i>Held for trading:</i>				
Local quoted securities	13,533	13,533	-	-
Foreign quoted securities	13,301	13,301	-	-
<i>Financial assets available-for-sale:</i>				
Quoted equity investments	43,511	43,511	-	-
Unquoted equity investments	9,778	-	-	9,778
Unquoted mutual fund investments (investing in quoted securities)	25,901	-	25,901	-
<i>Investment properties</i>	30,590	-	-	30,590
<i>Forward foreign exchange contracts</i>	45	-	45	-
Assets measured at cost while fair value is disclosed				
<i>Trading properties</i>	2,180	-	-	2,180
	<u>138,839</u>	<u>70,345</u>	<u>25,946</u>	<u>42,548</u>
Liabilities measured at fair value:				
<i>Forward foreign exchange contracts</i>	38	-	38	-

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11 FAIR VALUE MEASUREMENT (continued)

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

	As at 1 January 2016 KD 000's	Gain recorded in the interim condensed consolidated income statement KD 000's	Gain / (loss) recorded in other comprehensive income KD 000's	Net purchases, transfer, sales and settlements KD 000's	As at 30 June 2016 KD 000's
Financial assets available- for-sale					
Unquoted equity investments	1,935	-	-	-	1,935
Investment properties	32,140	-	-	1,826	33,966
	<u>34,075</u>	<u>-</u>	<u>-</u>	<u>1,826</u>	<u>35,901</u>

	As at 1 January 2015 KD 000's	Gain / (loss) recorded in the consolidated income statement KD 000's	Gain / (loss) recorded in other comprehensive income KD 000's	Net purchases, transfer, sales and settlements KD 000's	As at 31 December 2015 KD 000's
Financial assets designated at fair value through profit or loss					
Local unquoted securities	405	-	-	(405)	-
Financial assets available- for-sale					
Unquoted equity investments	2,296	(23)	(404)	66	1,935
Investment properties	25,053	(1,457)	-	8,544	32,140
	<u>27,754</u>	<u>(1,480)</u>	<u>(404)</u>	<u>8,205</u>	<u>34,075</u>

	As at 1 January 2015 KD 000's	Gain / (loss) recorded in the interim condensed consolidated income statement KD 000's	Gain / (loss) recorded in other comprehensive income KD 000's	Net purchases, transfer, sales and settlements KD 000's	As at 30 June 2015 KD 000's
Financial assets designated at fair value through profit or loss:					
Local unquoted securities	405	-	-	(405)	-
Financial assets available- for-sale:					
Unquoted equity investments	2,296	-	-	7,482	9,778
Investment properties	25,053	-	-	5,537	30,590
	<u>27,754</u>	<u>-</u>	<u>-</u>	<u>12,614</u>	<u>40,368</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 30 June 2016

11 FAIR VALUE MEASUREMENT (continued)

Description of significant unobservable inputs to valuation of financial assets:

Unquoted equity investment is valued based on net book value method using latest available financial statement of the investee entity, wherein the underlying assets are fair valued.

Derivative assets and liabilities are value based on a broker's quotes. The management considers the broker quotes as a fair indication of the fair value of these financial instruments.

Description of significant unobservable inputs to valuation of non-financial assets:

For the purpose of measuring fair value of trading properties and investment properties, the income approach is used where the present value technique is employed to reflect the current market expectations about the future estimated rental value (significant unobservable valuation input), based on per square meter per month rental rate and annual growth rate in the country in which the properties are located.

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of shareholders' equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Other financial assets and liabilities are carried at amortised cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are re-priced immediately based on market movement in interest rates. Fair values of remaining financial assets and liabilities carried at amortised cost are estimated using valuation techniques incorporating certain assumptions such as credit spreads that are appropriate in the circumstances.