

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

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

30 SEPTEMBER 2014



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (together, the "Group") as at 30 September 2014 and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine 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 25 of 2012, as amended and its executive regulation, or of the Articles of Association and Memorandum of Incorporation of the Parent Company during the nine months period ended 30 September 2014 that might have had material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of investment business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2014 that might have had material effect on the business of the Parent Company or on its financial position.

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

ALI A. AL-HASAWI
LICENCE NO. 30 A
RÖDL MIDDLE EAST
BURGAN - INTERNATIONAL ACCOUNTANTS

1 February 2015
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2014

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		2014	2013	2014	2013
		KD	KD	KD	KD
INCOME					
Murabaha income		-	-	9,082	123
Rental income		40,000	10,485	125,276	93,177
Realised gain on financial assets at fair value through profit or loss		-	5,057	80,559	117,158
Unrealised gain (loss) on financial assets at fair value through profit or loss		285,857	(30,178)	306,202	(92,107)
Gain on sale of financial assets available for sale		-	42,000	5,963	211,877
Reversal against murabaha and ijara receivables-net		-	-	-	385,410
Placement and arrangement fees		-	-	3,498	69,368
Management fees		196,230	198,545	453,038	540,169
Dividends income		2,688	4,558	210,193	128,595
Share of results of associates		180,757	276,765	1,137,694	946,699
Gain on disposal of investment properties		-	-	-	152,718
Gain on disposal of properties under development		-	65,512	50,280	65,512
Other income		48,749	50,564	130,680	403,539
		754,281	623,308	2,512,465	3,022,238
EXPENSES					
Impairment of financial assets available for sale		1,931	-	27,218	10,575
Staff costs		442,656	482,971	1,250,407	1,507,428
Foreign exchange loss (gain)		4,750	(21,676)	5,819	(50,951)
Depreciation		26,704	40,405	105,751	110,256
Finance costs		(305,162)	308,762	301,808	971,774
Other expenses		153,871	168,491	486,417	594,538
		324,750	978,953	2,177,420	3,143,620
PROFIT (LOSS) BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT					
		429,531	(355,645)	335,045	(121,382)
Contribution to KFAS		-	1,415	-	-
NLST		-	3,538	-	-
Zakat		-	1,415	-	-
		429,531	(349,277)	335,045	(121,382)
PROFIT (LOSS) FOR THE PERIOD					
		429,531	(349,277)	335,045	(121,382)
Attributable to:					
Equity holders of the Parent Company		324,975	(360,944)	287,677	(225,750)
Non-controlling interests		104,556	11,667	47,368	104,368
		429,531	(349,277)	335,045	(121,382)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	3	0.50 fils	(0.56) fils	0.44 fils	(0.35) fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 September 2014

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014 KD</i>	<i>2013 KD</i>	<i>2014 KD</i>	<i>2013 KD</i>
Profit (loss) for the period	429,531	(349,277)	335,045	(121,382)
Other comprehensive income (loss) for the period				
<i>Other comprehensive loss to be reclassified to consolidated statement of income in subsequent periods</i>				
Impairment of financial assets available for sale	1,931	-	27,218	10,575
Unrealised (loss) gain on financial assets available for sale	(1,154)	(535)	(27,325)	1,087
Share of other comprehensive income (loss) in associates	190,364	(73,736)	182,549	52,881
Exchange differences on translation of foreign operations	273,636	(195,777)	228,965	27,415
Other comprehensive income (loss) for the period	464,777	(270,048)	411,407	91,958
Total comprehensive income (loss) for the period	894,308	(619,325)	746,452	(29,424)
Attributable to:				
Equity holders of the Parent Company	714,800	(560,258)	638,000	(115,558)
Non-controlling interests	179,508	(59,067)	108,452	86,134
	894,308	(619,325)	746,452	(29,424)

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2014

		30 September 2014 KD	(Audited) 31 December 2013 KD	30 September 2013 KD
Notes				
ASSETS				
	Bank balances and cash	5,357,065	5,622,420	5,815,938
	Financial assets at fair value through profit or loss	2,970,928	2,581,518	2,664,324
	Murabaha and ijara receivables	612,628	612,628	695,798
	Financial assets available-for-sale	4 28,656,072	29,077,299	31,405,779
	Investment in associates	5 56,153,106	55,164,535	54,659,424
	Properties under development	19,009,043	17,314,711	17,735,249
	Investment properties	29,462,279	28,977,278	27,900,909
	Other assets	1,835,763	3,542,509	2,640,233
	Property and equipment	1,050,991	1,134,843	1,152,708
	TOTAL ASSETS	145,107,875	144,027,741	144,670,362
EQUITY AND LIABILITIES				
Equity				
	Share capital	6 65,107,055	65,107,055	65,107,055
	Share premium	18,250,362	18,250,362	18,250,362
	Treasury shares	6 (142,918)	(142,918)	(142,918)
	Statutory reserve	539,218	539,218	517,892
	Share options reserve	3,016,890	3,016,890	3,016,890
	Treasury shares reserve	1,118,684	1,118,684	1,118,684
	Cumulative changes in fair values reserve	275,923	276,030	146,329
	Foreign currency translation reserve	951,999	601,569	654,058
	Retained earnings	4,937,983	4,650,306	4,232,622
Equity attributable to equity holders of the Parent				
	Company	94,055,196	93,417,196	92,900,974
	Non-controlling interests	19,854,291	19,609,249	19,563,721
	Total equity	113,909,487	113,026,445	112,464,695
Liabilities				
	Murabaha and sukuk payables	7 27,200,000	27,200,000	28,340,855
	Other liabilities	3,998,388	3,801,296	3,864,812
	Total liabilities	31,198,388	31,001,296	32,205,667
	TOTAL EQUITY AND LIABILITIES	145,107,875	144,027,741	144,670,362

Badar Mohammed Al-Qatan
Chairman

Eisa A. S. Alweggian
Chief Executive Officer

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2014

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Share options reserve KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
At 1 January 2014	65,107,055	18,250,362	(142,918)	539,218	3,016,890	1,118,684	276,030	601,569	4,650,306	93,417,196	19,609,249	113,026,445
Profit for the period	-	-	-	-	-	-	-	-	287,677	287,677	47,368	335,045
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(107)	350,430	-	350,323	61,084	411,407
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(107)	350,430	287,677	638,000	108,452	746,452
Addition to non-controlling interests	-	-	-	-	-	-	-	-	-	-	136,590	136,590
At 30 September 2014	65,107,055	18,250,362	(142,918)	539,218	3,016,890	1,118,684	275,923	951,999	4,937,983	94,055,196	19,854,291	113,909,487
At 1 January 2013	65,107,055	18,250,362	(104,693)	517,892	3,016,890	1,090,539	134,667	555,528	4,458,372	93,026,612	19,750,500	112,777,112
(Loss) profit for the period	-	-	-	-	-	-	-	-	(225,750)	(225,750)	104,368	(121,382)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	11,662	98,530	-	110,192	(18,234)	91,958
Total comprehensive income (loss) for the period	-	-	-	-	-	-	11,662	98,530	(225,750)	(115,558)	86,134	(29,424)
Purchase of treasury share	-	-	(285,027)	-	-	-	-	-	-	(285,027)	-	(285,027)
Sale of treasury shares	-	-	246,802	-	-	28,145	-	-	-	274,947	-	274,947
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(272,913)	(272,913)
At 30 September 2013	65,107,055	18,250,362	(142,918)	517,892	3,016,890	1,118,684	146,329	654,058	4,232,622	92,900,974	19,563,721	112,464,695

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 September 2014

	<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit (loss) for the period before KFAS, NLST and Zakat	335,045	(121,382)
Adjustments to reconcile profit (loss) for the period to net cash flows for:		
Murabaha income	(9,082)	(123)
Realised gain on financial assets at fair value through profit or loss	(80,559)	(117,158)
Unrealised (gain) loss on financial assets at fair value through profit or loss	(306,202)	92,107
Gain on sale of financial assets available for sale	(5,963)	(211,877)
Dividend income	(210,193)	(128,595)
Share of results of associates	(1,137,694)	(946,699)
Gain on disposal of investment properties	-	(152,718)
Gain on disposal of properties under development	(50,280)	(65,512)
Reversal against murabaha and ijara receivables	-	(385,410)
Impairment of financial assets available-for-sale	27,218	10,575
Foreign exchange loss (gain)	5,819	(50,951)
Depreciation	105,751	110,256
Finance costs	301,808	971,774
	(1,024,332)	(995,713)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	-	(1,288,033)
Murabaha and ijara receivables	-	1,135,123
Other assets	1,510,164	2,074,473
Other liabilities	122,134	(1,352,400)
	607,966	(426,550)
Murabaha income received	9,082	123
Finance costs paid	(232,669)	(733,840)
Net cash flows from (used in) operating activities	384,379	(1,160,267)
INVESTING ACTIVITIES		
Dividend income received	209,315	128,595
Proceeds from sale of financial assets available for sale	401,149	1,107,863
Purchase of financial assets at fair value through profit or loss	(596,680)	
Proceeds from sale of financial assets at fair value through profit or loss	590,613	
Purchase of investment properties	(330,618)	(1,251,720)
Purchase of investment in associates	-	(1,698,555)
Proceeds from disposal of investment in associates	-	2,013,660
Dividends received from associates	331,008	321,367
Purchase of properties under development	(1,815,366)	(599,458)
Proceeds from disposal of properties under development	446,154	404,363
Purchase of property and equipment	(21,899)	(64,196)
Net cash flows (used in) from investing activities	(786,324)	361,919
FINANCING ACTIVITIES		
Repayment of murabaha and sukuk payables	-	(1,219,462)
Net purchase of treasury shares	-	(285,027)
Gain from sale of treasury shares	-	274,947
Addition (distributions) to non-controlling interest	136,590	(272,913)
Net cash flows from (used in) financing activities	136,590	(1,502,455)
NET DECREASE IN BANK BALANCES AND CASH	(265,355)	(2,300,803)
Bank balances and cash at 1 January	5,622,420	8,116,741
BANK BALANCES AND CASH AS AT 30 September	5,357,065	5,815,938

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of First Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (together, the "Group") for the nine months period ended 30 September 2014 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 1 February 2015.

The Parent Company is a Kuwaiti public shareholding company incorporated on 26 July 1997 and regulated by the Capital Market Authority ("CMA") and Central Bank of Kuwait (CBK) as an investment company. The Parent Company's registered office is at Souk Al Safat, Abdullah Mubarak Street, Kuwait City, Kuwait.

The Parent Company is principally engaged in the provision of investment and financial services and all activities are carried out in compliance with the Memorandum of Association, the Articles of Association and the Islamic Sharia.

The objectives of the Parent Company shall be as follows:

To carry out all investment activities in all sectors by all legal and legitimate methods that the Parent Company deems appropriate for achieving its objectives inside the State of Kuwait and abroad either for its own interest or on behalf of others. The Parent Company shall, in particular, carry out the following activities:

1. To conduct all financial brokerage activities and other related activities.
2. To invest in real estate, industrial, agricultural, and other economic sectors through shareholding in incorporating specialized companies or acquisition of shares of such companies.
3. To carry out securities trading transitions including buying and selling stocks and bonds of governmental and non-governmental agencies and companies.
4. To carry out real estate investment deals with the objective of developing residential lands and constructing residential and commercial units for sale or rent.
5. To assume the role of a Fund Trustee and Third Party Portfolio Manager as well as the related borrowing and lending transactions.
6. To carry out finance and brokerage activities in the international trading transactions.
7. To produce researches, studies, and other technical services related to investment operations and third party fund employment, provided that the required conditions should be met by those exercising such activities.
8. To establish and manage mutual funds in pursuance with Law and subject to approval of the competent authorities.
9. To assume the role of lead manager for bonds issued by companies and agencies.
10. To carry out brokerage business in the investment of financial instruments and securities.
11. To finance the buying and selling of residential plots for housing purposes, and to finance the construction of residential buildings on such plots.
12. To finance purchase and sale of durable and consumable goods.
13. To invest funds for its own interest and for the interest of the third parties in all types of investments by means of leasing, and to do the necessary acquisition and leasing of movable assets.
14. To purchase lands and real estates for the purpose of selling the same in their original condition or after the division thereof, leasing the same unoccupied or uninhabited, or after the construction of new facilities, building, and equipment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2014

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the nine months period ended 30 September 2014 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting" except as noted below:

The annual audited consolidated financial statements for the year ended 31 December 2013 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Capital Market Authority and Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collaterals) that are not provided specifically.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual audited consolidated financial statements for the year ended 31 December 2013, except for the adoption of the new and amended International Financial Reporting Standards that have become effective from 1 January 2014 and those which are applicable to the Group:

New standards or amendments which are effective as of 1 January 2014

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment is not relevant to the Group, as none of the entities in the Group qualify to be an investment entity under IFRS 10.

IAS 32: Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

These amendments are effective for annual periods beginning on or after 1 January 2014 and clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment has not resulted in material impact on the financial position or performance of the Group.

IAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The adoption of the above mentioned amendment did not have any material impact on the financial position or performance of the Group.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments have not resulted in any impact on the financial position or performance of the Group.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2013. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

For more details, please refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2013.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

2 BASIS OF PRESENTATION (continued)

Standard issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial information are listed below. The Group intends to adopt those standards when they become effective.

IFRS 9 *Financial Instruments: Classification and Measurement*

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's financial statements, when adopted.

IFRS 15 – *Revenue from Contracts with customers ("IFRS 15")*

IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRS 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Parent Company is in the process of evaluating the effect of IFRS 15 on the Group and does not expect any significant impact on adoption of this standard.

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

Basic earnings (loss) per share are calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings (loss) per share is calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Parent Company did not have any diluted shares as at 30 September.

The information necessary to calculate basic and diluted earnings (loss) per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	<u>324,975</u>	<u>(360,944)</u>	<u>287,677</u>	<u>(225,750)</u>
Weighted average number of shares outstanding during the period	<u>649,870,551</u>	<u>649,389,703</u>	<u>649,870,551</u>	<u>649,389,703</u>
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	<u>0.50 fils</u>	<u>(0.56) fils</u>	<u>0.44 fils</u>	<u>(0.35) fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2014

4 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 September 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>30 September 2013 KD</i>
Unquoted equity securities	28,589,848	28,983,877	31,312,022
Quoted equity securities	5,049	6,314	6,421
Managed funds	61,175	87,108	87,336
	<u>28,656,072</u>	<u>29,077,299</u>	<u>31,405,779</u>

Unquoted equity securities are stated at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term. Management has performed a review of its unquoted equity investments to assess whether impairment has occurred in the value of these investments, based on the latest available financial information, management is of the view that no impairment provision is required as at 30 September 2014 in respect of these investments.

During the period, the Group has recorded impairment loss of KD 27,218 (30 September 2013: KD 10,575) on managed fund where there has significant or prolonged decline in fair value.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

5 INVESTMENT IN ASSOCIATES

	County of incorporation	30 September 2014		(Audited) 31 December 2013		30 September 2013	
		Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	Saudi Arabia	40.00%	1,355,799	40.00%	1,505,273	40.00%	1,506,138
Arkan Al-Kuwait Real Estate Company K.S.C.P.	Kuwait	29.06%	11,682,328	29.06%	10,903,092	29.06%	10,737,654
Burgan Company for Well Drilling K.S.C.P.	Kuwait	20.46%	25,450,660	20.46%	25,472,466	20.46%	25,298,003
First Education Company K.S.C. (Closed) ("FEDCO")	Kuwait	21.32%	3,601,650	21.32%	3,416,628	21.32%	3,269,720
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	343,397	35.29%	366,116	35.29%	365,834
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	11,377,172	37.40%	11,207,338	37.40%	11,179,713
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE")	Saudi Arabia	20.90%	2,342,100	20.90%	2,293,622	20.90%	2,302,362
			<u>56,153,106</u>		<u>55,164,535</u>		<u>54,659,424</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

6 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES

(i) Share Capital

At 30 September 2014, the authorised, issued and fully paid up capital of the Parent Company amounted to 651,070,551 (31 December 2013: 651,070,551 and 30 September 2013: 651,070,551) shares of 100 fils each.

On 22 May 2014, the Annual General Meeting ("AGM") was held and approved the consolidated financial statements for the year ended 31 December 2013. The General Assembly approved not to distribute any dividends for the year ended 31 December 2013 (2012: Nil).

On 22 May 2014, the Extraordinary General Meeting was held and approved to amend some articles of the Articles of Association of the Parent Company to be in line with Law no. 25 of 2012 (the "Companies Law").

(ii) Treasury shares

	30 September 2014	(Audited) 31 December 2013	30 September 2013
Number of treasury shares	1,200,000	1,200,000	1,200,000
Percentage of issued shares	0.18%	0.18%	0.18%
Cost of treasury shares in KD	142,918	142,918	142,918
Market value (KD)	139,200	122,400	124,800

7 MURABAHA AND SUKUK PAYABLES

	30 September 2014 KD	(Audited) 31 December 2013 KD	30 September 2013 KD
Murabaha payables	-	-	1,140,855
Sukuk payable (Note 8)	27,200,000	27,200,000	27,200,000
	<u>27,200,000</u>	<u>27,200,000</u>	<u>28,340,855</u>

Sukuk payables are repayable in four semi-annual instalments starting from 31 March 2014. At the due date of the first instalment, the Parent Company did not pay the instalment and its related profit and asked the Sukuk holder to postpone the payment and waive the profits, which was approved subsequently, after partial payment of the profit of KD 232,669.

Subsequent to the period ended 30 September 2014, the Parent company signed settlement agreement with the Sukuk holder to swap the Sukuk payables and its profits amounting to KD 27,200,000 and KD 379,331 respectively, with part of its investment properties with a carrying a value of KD 26,900,000. According to the new settlement agreement, the parent company will transfer the ownership title of the investment property within one year of signing the agreement with further grace period of six months subject to Sukuk holder approval. As part of the settlement agreement, the parent company pledged 18,895,812 shares of Burgan Company for Well Drilling K.S.C.P.(Associate) and 48,860,532 shares of Arkan Al-Kuwait Real Estate Company K.S.C.P (Associate) (Note 12).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

8 RELATED PARTY TRANSACTIONS

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

	<i>Nine months ended 30 September</i>	
Interim condensed consolidated statement of income	2014 KD	2013 KD
Management fees	11,645	12,947
Finance costs	301,808	971,774

	<i>30 September 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>30 September 2013 KD</i>
Interim condensed consolidated statement of financial position			
Management fees and other receivables	34,369	66,420	62,405
Sukuk payable (Note 7)	27,200,000	27,200,000	27,200,000

Key management personnel compensation

	<i>Nine months ended 30 September</i>	
	2014 KD	2013 KD
Salaries and other short term benefits	165,012	160,236
Terminal benefits	19,503	319,980
	184,515	480,216

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 6,921,225 (31 December 2013: KD 6,812,374 and 30 September 2013: KD 6,759,746) which are not reflected in the Group's interim condensed consolidated statement of financial position.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

9 SEGMENT INFORMATION

Management monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. For management purposes, the Group is organised into three major geographical segments:

- Kuwait
- Saudi Arabia
- Others

The Group does not have any inter-segment transactions.

	Kuwait		Saudi Arabia		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	KD	KD	KD	KD	KD	KD	KD	KD
Nine months ended 30 September								
Income	1,687,511	1,817,786	756,271	819,411	68,683	385,041	2,512,465	3,022,238
Expenses	(1,870,069)	(2,942,877)	(280,133)	(190,168)	(27,218)	(10,575)	(2,177,420)	(3,143,620)
	<u>(182,558)</u>	<u>(1,125,091)</u>	<u>476,138</u>	<u>629,243</u>	<u>41,465</u>	<u>374,466</u>	<u>335,045</u>	<u>(121,382)</u>
Results – (Loss) profit before contribution to (KFAS), (NLST) and ZAKAT								
As at 30 September								
Total assets	<u>52,851,148</u>	<u>52,463,420</u>	<u>75,087,906</u>	<u>73,397,808</u>	<u>17,168,821</u>	<u>18,809,134</u>	<u>145,107,875</u>	<u>144,670,362</u>
Total liabilities	<u>28,548,358</u>	<u>29,873,570</u>	<u>2,650,030</u>	<u>2,332,097</u>	<u>-</u>	<u>-</u>	<u>31,198,388</u>	<u>32,205,667</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 September 2014

10 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>30 September 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>30 September 2013 KD</i>
Capital commitments for properties under development	12,230,773	11,977,613	11,961,648
Operating lease rentals due within one year	18,082	72,330	18,083
	<u>12,248,855</u>	<u>12,049,943</u>	<u>11,979,731</u>

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 1,364,769 (31 December 2013: KD 1,364,769 and 30 September 2013: KD 1,364,769) for which the management anticipates that no material liabilities will arise. These expire within a period of 6 months from the reporting date.

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 28,589,848 (31 December 2013: KD 28,983,877 and 30 September 2013: KD 31,312,022) and certain financial assets at fair value through profit or loss carried at cost amounting to KD 321,265 (31 December 2013: KD 321,265 and 30 September 2013: KD 321,265), are not materially different from their carrying values.

Determination of fair value and fair value hierarchy:

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

Level 1: quoted prices in active market for the same instrument.

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data ; and

Level 3: valuation techniques for which any significant input is not based on observable market data

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

	<i>Level: 1 KD</i>	<i>Level: 3 KD</i>	<i>Total fair value KD</i>
30 September 2014			
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	960,568	-	960,568
- Managed funds and portfolios	-	1,689,095	1,689,095
<i>Financial assets available for sale:</i>			
- Equity securities	5,049	-	5,049
- Managed funds and portfolios	-	61,175	61,175
	<u>965,617</u>	<u>1,750,270</u>	<u>2,715,887</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

<i>31 December 2013</i>	<i>Level: 1 KD</i>	<i>Level: 3 KD</i>	<i>Total fair value KD</i>
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	813,050	-	813,050
- Managed funds and portfolios	-	1,447,204	1,447,204
<i>Financial assets available for sale:</i>			
- Equity securities	6,314	-	6,314
- Managed funds and portfolios	-	87,108	87,108
	<u>819,364</u>	<u>1,534,312</u>	<u>2,353,676</u>
	<i>Level: 1 KD</i>	<i>Level: 3 KD</i>	<i>Total fair value KD</i>
<i>30 September 2013</i>			
<i>Financial assets at fair value</i>			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	918,976	-	918,976
- Managed funds and portfolios	-	1,424,082	1,424,082
<i>Financial assets available for sale:</i>			
- Equity securities	6,421	-	6,421
- Managed funds and portfolios	-	87,336	87,336
	<u>925,397</u>	<u>1,511,418</u>	<u>2,436,815</u>

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

	<i>At 1 January 2014 KD</i>	<i>Gain / (loss) recorded in the consolidated statement of income KD</i>	<i>Loss recorded in equity KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 30 September 2014 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,447,204	267,334	-	(25,443)	1,689,095
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	87,108	(27,218)	1,285	-	61,175
	<i>At 1 January 2013 KD</i>	<i>Gain / (loss) recorded in the consolidated statement of income KD</i>	<i>Gain recorded in equity KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 31 December 2013 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,029,976	50,059	-	367,169	1,447,204
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	160,557	(28,244)	9,468	(54,673)	87,108

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

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As at 30 September 2014

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>At 1 January 2013 KD</i>	<i>Gain/ (loss) recorded in the consolidated statement of income KD</i>	<i>Gain / (loss) recorded in equity KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 30 September 2013 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,029,976	24,543	-	369,563	1,424,082
<i>Financial assets available-for- sale</i>					
- Managed funds and portfolios	160,557	(28,244)	9,468	(54,445)	87,336

12 SUBSEQUENT EVENTS

Subsequent to the period ended 30 September 2014, the following events took place:

- 1- The Parent company signed settlement agreement with the Sukuk holder to swap the Sukuk payables and its profits amounting to KD 27,200,000 and KD 379,331 respectively, with part of its investment properties with a carrying a value of KD 26,900,000. According to the new settlement agreement, the parent company will transfer the ownership title of the investment property within one year of signing the agreement with further grace period of six months subject to Sukuk holder approval. As part of the settlement agreement, the parent company pledged 18,895,812 shares of Burgan Company for Well Drilling K.S.C.P.(Associate) and 48,860,532 shares of Arkan Al-Kuwait Real Estate Company K.S.C.P (Associate) (Note 7).
- 2- One of the Parent Company's subsidiaries with 71.92% indirect ownership, disposed one of its properties under development with a carrying value of KD 15,707,935 located in Saudi Arabia, and this settlement resulted in a net gain of KD 14,542,367 for the Parent Company's shareholders.