

**First Investment Company K.S.C. (Closed)  
and its Subsidiaries**

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

**31 MARCH 2013**

**Ali Al Hassawi & Partners**

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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. (CLOSED)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (together, the "Group") as at 31 March 2013 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three 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.

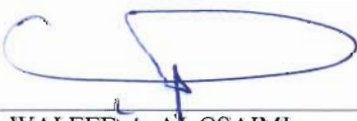
**Conclusion**

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, or of the Articles of Association of the Parent Company during the three months period ended 31 March 2013 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 material 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, during the three months period ended 31 March 2013.



WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
OF ERNST & YOUNG  
AL AIBAN, AL OSAIMI & PARTNERS



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

9 May 2013  
Kuwait

First Investment Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(UNAUDITED)

Period ended 31 March 2013

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2013 KD</i>	<i>2012 KD</i>
<b>INCOME</b>			
Murabaha and ijara income		123	27,455
Rental income		60,035	-
Realised gain on financial assets at fair value through profit or loss		27,652	65,590
Unrealised gain on financial assets at fair value through profit or loss		18,893	36,019
Gain on disposal of financial assets available-for-sale		53,388	1,556,750
Placement and arrangement fees		25,868	-
Management fees		179,844	134,360
Dividend income		-	108,739
Gain on disposal of associates		-	772,299
Share of results of associates		389,814	37,853
Gain on settlement of murabaha payables		-	1,110,365
Other income		160,578	2,239
		<u>916,195</u>	<u>3,851,669</u>
<b>EXPENSES</b>			
Reversal against murabaha and ijara receivables – net		(318,671)	(206,000)
Impairment of financial assets available-for-sale	4	-	810,050
Provision and write off of other assets		-	279,004
Staff costs		395,906	511,476
Foreign exchange gain		(36,296)	(552,930)
Depreciation		35,977	36,409
Finance costs		346,677	577,668
Other expenses		240,200	262,254
		<u>663,793</u>	<u>1,717,931</u>
<b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>		<b>252,402</b>	<b>2,133,738</b>
Contribution to KFAS		(1,415)	(17,974)
NLST		(3,538)	(59,825)
Zakat		(1,415)	(23,376)
<b>PROFIT FOR THE PERIOD</b>		<b>246,034</b>	<b>2,032,563</b>
<b>Attributable to:</b>			
Owners of the Parent Company		135,160	2,049,649
Non-controlling interests		110,874	(17,086)
		<u>246,034</u>	<u>2,032,563</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>	3	<b>0.21 fils</b>	<b>3.1 fils</b>

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

Period ended 31 March 2013

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Note</i>	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
<b>Profit for the period</b>		<b>246,034</b>	<b>2,032,563</b>
<b>Other comprehensive income</b>			
Financial assets available-for-sale:			
Unrealised gain (loss) on financial assets available-for-sale		<b>6,535</b>	(1,316,012)
Impairment of financial assets available-for-sale	4	-	810,050
Net unrealised gain (loss) on financial assets available-for-sale		<b>6,535</b>	(505,962)
Share of other comprehensive gain (loss) of associates		<b>110,346</b>	(19,747)
Exchange differences on translation of foreign operations		<b>175,137</b>	(637,946)
<b>Other comprehensive income (loss) for the period</b>		<b>292,018</b>	(1,163,655)
<b>Total comprehensive income for the period</b>		<b>538,052</b>	<b>868,908</b>
<b>Attributable to:</b>			
Owners of the Parent Company		<b>394,175</b>	872,425
Non-controlling interests		<b>143,877</b>	(3,517)
		<b>538,052</b>	<b>868,908</b>

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2013

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>			
Bank balances and cash	7,561,592	8,116,741	15,620,354
Financial assets at fair value through profit or loss	1,644,306	1,351,240	1,870,964
Murabaha and ijara receivables	1,299,555	2,116,007	2,220,487
Financial assets available-for-sale	4 31,644,200	32,266,092	57,596,156
Investment in associates	5 53,882,011	53,000,509	50,337,930
Properties under development	17,590,515	17,383,621	17,850,638
Investment properties	27,612,399	26,816,298	6,796,116
Other assets	2,667,975	4,372,229	4,741,436
Property and equipment	1,169,057	1,198,768	1,176,401
<b>TOTAL ASSETS</b>	<b>145,071,610</b>	<b>146,621,505</b>	<b>158,210,482</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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 (389,720)	(104,693)	-
Statutory reserve	517,892	517,892	216,274
Share options reserve	3,016,890	3,016,890	3,016,890
Treasury shares reserve	1,090,539	1,090,539	1,090,539
Cumulative changes in fair values	141,202	134,667	126,902
Foreign currency translation reserve	808,008	555,528	308,640
Retained earnings	4,593,532	4,458,372	3,899,663
<b>Equity attributable to owners of the Parent Company</b>	<b>93,135,760</b>	<b>93,026,612</b>	<b>92,016,325</b>
Non-controlling interests	19,621,464	19,750,500	19,869,922
<b>Total equity</b>	<b>112,757,224</b>	<b>112,777,112</b>	<b>111,886,247</b>
<b>Liabilities</b>			
Murabaha and sukuk payables	7 29,131,009	29,560,317	32,469,960
Other liabilities	3,183,377	4,284,076	13,854,275
<b>Total liabilities</b>	<b>32,314,386</b>	<b>33,844,393</b>	<b>46,324,235</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>145,071,610</b>	<b>146,621,505</b>	<b>158,210,482</b>

Khalid S. Al-Sanaousi  
Chairman

Badar Mohammed Al-Qatan  
Vice Chairman

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Non-controlling interests	Total equity
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The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

Period ended 31 March 2013

	<i>Note</i>	<i>Three months ended 31 March</i>	
		<i>2013</i>	<i>2012</i>
		<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		246,034	2,032,563
Adjustments for:			
Depreciation		35,977	36,409
Finance costs		346,677	577,668
Murabaha and ijara income		(123)	(27,455)
Realised gain on financial assets at fair value through profit or loss		(27,652)	(65,590)
Unrealised gain on financial assets at fair value through profit or loss		(18,893)	(36,019)
Gain on disposal of financial assets available-for-sale		(53,388)	(1,556,750)
Gain on disposal of associates		-	(772,299)
Dividend income		-	(108,739)
Share of results of associates		(389,814)	(37,853)
Impairment of financial assets available-for-sale	4	-	810,050
Reversal against murabaha and ijara receivables – net		(318,671)	(206,000)
Gain on settlement of murabaha payable		-	(1,110,365)
Provision and write-off of other assets		-	279,004
Foreign exchange gain		(36,296)	(552,930)
		(216,149)	(738,306)
Changes in operating assets and liabilities:			
Murabaha and ijara receivables		1,135,123	375,965
Other assets		1,660,243	560,763
Other liabilities		(861,195)	9,524,324
		1,718,022	9,722,746
Murabaha and ijara income received		123	20,919
Finance costs paid		(699,931)	(1,130,077)
Net cash flows from operating activities		1,018,214	8,613,588
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial assets available-for-sale		84,742	-
Purchase of financial assets at fair value through profit or loss		(246,521)	-
Purchase of investment properties		(751,084)	(413,062)
Purchase of investment in associates		(1,380,278)	(118,382)
Proceeds from disposal of investment in associates		1,391,925	1,624,309
Dividends received from associates		321,367	319,992
Purchase of property and equipment		(6,266)	(19,681)
Net cash flows (used in) from investing activities		(586,115)	1,393,176
<b>FINANCING ACTIVITIES</b>			
Repayment of murabaha and sukuk payables		(429,308)	(3,701,070)
Purchase of treasury shares		(285,027)	-
Distribution to non-controlling interest		(272,913)	-
Net cash flows used in financing activities		(987,248)	(3,701,070)
<b>NET (DECREASE) INCREASE IN BANK BALANCES AND CASH</b>		(555,149)	6,305,694
Bank balances and cash at 1 January		8,116,741	9,314,660
<b>BANK BALANCES AND CASH AT 31 MARCH</b>		7,561,592	15,620,354

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2013

**1 CORPORATE INFORMATION**

The interim condensed consolidated financial information of First Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (together, the "Group") for the three months period ended 31 March 2013 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 9 May 2013.

The Parent Company is a Kuwaiti closed shareholding company incorporated on 26 July 1997 under the Commercial Companies Law No. 15 of 1960 and amendments thereto and is 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. All activities of the Parent Company are carried out in compliance with the Islamic Sharia.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree). According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Ministry of Industry and Commerce by 26 September 2013 will determine the basis and rules which the company shall adopt to regularise its affairs with the Companies Law as amended.

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

**Basis of preparation**

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2013 has been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* except as noted below.

The annual consolidated financial statements for the year ended 31 December 2012 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by CBK. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for IAS 39 *Financial Instruments: Recognition and Measurement* requirement for a collective impairment provision, which has been replaced by CBK's requirement for a minimum general provision made on all applicable credit facilities that are not provided specifically.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. 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 three months period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

**New standards, interpretations and amendments thereof, adopted by the Group**

During the period, the Group has adopted the following new and amended standards effective for the annual periods beginning on or after 1 January 2012:

*IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2013

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

**New standards, interpretations and amendments thereof, adopted by the Group (continued)**

*IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard did not have any material impact on the interim condensed consolidated financial information of the Group.

*IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard did not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

*IFRS 10 – Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control. Under IFRS 10, control is based on whether an investor has 1) power over the investee 2) exposure or rights to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the returns. The adoption of this standard does not have any material impact on the financial position or performance of the Group.

*IFRS 12 – Disclosure of Involvement with Other Entities*

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide the additional disclosures in the annual consolidated financial statements.

*IFRS 13 – Fair Value measurement*

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The adoption of this standard does not have any material impact on the financial position or performance of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2013

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

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i> <i>31 March</i>	
	<i>2013</i>	<i>2012</i>
Profit for the period attributable to owners of the Parent Company (KD)	<b>135,160</b>	2,049,649
Weighted average number of shares outstanding during the period	<b>650,563,215</b>	651,070,551
Basic and diluted earnings per share attributable to owners of the Parent Company	<b>0.21 fils</b>	3.1 fils

The Parent Company had no outstanding dilutive potential shares.

**4 FINANCIAL ASSETS AVAILABLE-FOR-SALE**

	<i>31 March</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>31 March</i> <i>2012</i> <i>KD</i>
Unquoted equity securities	<b>31,345,888</b>	31,906,889	33,074,637
Quoted equity securities	<b>134,222</b>	198,646	312,262
Sukuk	-	-	23,586,378
Unquoted and managed funds	<b>164,090</b>	160,557	270,156
Real estate portfolios	-	-	352,723
	<b>31,644,200</b>	32,266,092	57,596,156

Unquoted equity securities are carried 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 investments and the Group intends to hold them for the long term. Management has performed a review of its unquoted equity securities and is of the view that no further impairment is required as at 31 March 2013 in respect of these investments.

During the period, the Group has recorded impairment loss of Nil (31 March 2012: KD 810,050) on unquoted equity securities where there has been a significant or prolonged decline in fair value.

# First Investment Company K.S.C. (Closed) and its Subsidiaries

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

At 31 March 2013

### 5 INVESTMENT IN ASSOCIATES

	County of incorporation	31 March 2013		(Audited) 31 December 2012		31 March 2012	
		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%	1,658,051	40.00%	1,636,714	40.00%	1,558,208
Arkan Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	29.06%	10,369,882	29.03%	10,513,848	29.03%	10,060,238
Burgan Company for Well Drilling K.S.C. (Closed)	Kuwait	20.46%	25,075,704	20.46%	24,887,963	20.35%	24,482,420
First Education Company K.S.C. (Closed) ("FEDCO") (i)	Kuwait	21.32%	3,255,363	17.16%	2,541,008	16.49%	2,390,696
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	989,574	35.29%	948,857	35.29%	1,381,933
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	11,119,474	37.40%	11,059,452	37.40%	10,464,435
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE") (ii)	Saudi Arabia	10.50%	1,413,963	20.90%	1,412,667	-	-
			<b>53,882,011</b>		<b>53,000,509</b>		<b>50,337,930</b>

- i)
During current period, the Parent Company has acquired additional 4.16% equity interest in FEDCO for a purchase consideration of KD 714,355. The Parent Company settled this purchase consideration partly through transfer of an unquoted available for sale investments amounting KD 600,605 and remaining amount of KD 113,750 will be payable to seller within three month from date of acquisition along with profit amounting to KD 45,825.
- ii)
During current period, the Parent Company settled its developments commitments to JORE amounting KD 1,373,148. Further, the Parent Company has disposed of its 10.40% equity interest in JORE for a consideration of KD 1,391,925 which is equivalent to its carrying value. Accordingly no gain or loss is recorded in interim condensed consolidated statement of profit or loss. The Parent Company still have significant influence over JORE through representation on its board of directors.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2013

**6 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES****(i) Share Capital**

At 31 March 2013, the authorised, issued and fully paid up capital of the Parent Company amounted to 651,070,551 (31 December 2012: 651,070,551 and 31 March 2012: 651,070,551) shares of 100 fils each.

The Board of Directors of the Parent Company has recommended no cash dividends or bonus shares for the year ended 31 December 2012.

On 8 May 2013, the Annual General Assembly of the shareholders of the Parent Company approved no cash dividends or bonus shares for the year ended 31 December 2012.

**(ii) Treasury shares**

	<i>31 March</i> <i>2013</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i>	<i>31 March</i> <i>2012</i>
Number of treasury shares	3,269,100	860,000	-
Percentage of issued shares	0.50%	0.13%	-
Market value (KD)	366,139	104,920	-

**7 MURABAHA AND SUKUK PAYABLES**

	<i>31 March</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>31 March</i> <i>2012</i> <i>KD</i>
Murabaha payables	1,931,009	2,360,317	5,269,960
Sukuk payable (Note 8)	27,200,000	27,200,000	27,200,000
	<u>29,131,009</u>	<u>29,560,317</u>	<u>32,469,960</u>

Sukuk payables are repayable in four semi-annual instalments starting from 31 March 2014. The profit rate of the sukuk payables is 6 months CBK discount rate plus 250 basis points per annum. It also requires, among other things, certain restrictions on the payment of dividends and a requirement to maintain a minimum ratio of total liabilities to total equity of 1.5:1 of the Group.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2013

**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:

		Three months ended 31 March		
Interim condensed consolidated statement of profit or loss	Other related parties KD	Total 2013 KD	Total 2012 KD	
Management fees	4,219	4,219		14,345
Finance costs	334,970	334,970		375,801
Interim condensed consolidated statement of financial position	Other related parties KD	Total 31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
Management fees receivable	29,512	29,512	25,162	18,624
Sukuk payable (Note 7)	27,200,000	27,200,000	27,200,000	27,200,000
Key management personnel compensation		Three months ended 31 March		
		2013 KD	2012 KD	
Salaries and other short term benefits		68,700		63,900
Terminal benefits		9,986		6,133
		78,686		70,033

**Other transactions**

The Group also manages investment portfolios on behalf of related parties amounting to KD 5,687,868 (31 December 2012: KD 5,985,105 and 31 March 2012: KD 46,277,568) which are not reflected in the Group's interim condensed consolidated statement of financial position.

First Investment Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2013

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	
	2013	2012	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD	KD	KD
<b>Three months ended 31 March</b>								
Revenue	535,422	2,090,655	348,969	1,699,290	31,804	61,724	916,195	3,851,669
Expenses	(579,260)	(1,720,176)	(84,533)	479,120	-	(476,875)	(663,793)	(1,717,931)
Results – (Loss) profit	(43,838)	370,479	264,436	2,178,410	31,804	(415,151)	252,402	2,133,738
<b>At 31 March</b>								
Operating assets	53,706,945	54,539,411	72,130,835	84,149,911	19,233,830	19,521,160	145,071,610	158,210,482
Operating liabilities	30,603,896	44,635,026	1,710,490	1,401,153	-	288,056	32,314,386	46,324,235

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2013

**10 COMMITMENTS AND CONTINGENCIES**

**Commitments**

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2013</i>	<i>31 December</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Capital commitments for properties under development	<b>12,096,863</b>	11,941,202	<b>11,793,189</b>
Operating lease rentals due within one year	<b>54,248</b>	72,330	<b>54,248</b>
	<b><u>12,151,111</u></b>	<u>12,013,532</u>	<b><u>11,847,437</u></b>

**Contingencies**

At the reporting date, the Group has provided bank guarantees amounting to KD 1,364,769 (31 December 2012: KD 1,364,769 and 31 March 2012: KD 1,364,769) for which the management anticipates that no material liabilities will arise. These expire within a period of 9 months from the reporting date.