

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

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

**30 JUNE 2013**

**Ali Al Hassawi & Partners**P.O. Box: 22351 Safat 13084 Kuwait  
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www.rodline.com**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 30 June 2013 and the related interim condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six month 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 the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violation of the Company Law No. 25 of 2012, as amended, or of the articles of association and memorandum of incorporation of the Company during the six month period ended 30 June 2012 that might have had a material effect on the business of the 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 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 six month period ended 30 June 2013.

WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERSALI A. AL-HASAWI  
LICENCE NO. 30 A  
RÖDL MIDDLE EAST  
BURGAN - INTENTIONAL ACCOUNTANTS13 August 2013  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2013

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2013	2012	2013	2012
		KD	KD	KD	KD
<b>INCOME</b>					
Murabaha and ijara income		-	15,224	123	42,679
Rental income		22,657	-	82,692	-
Realised gain on financial assets at fair value through profit or loss		84,449	4,962	112,101	70,552
Unrealised (loss) gain on financial assets at fair value through profit or loss		(80,822)	(32,581)	(61,929)	3,438
Gain on disposal of financial assets available-for-sale		116,489	141,245	169,877	1,697,995
Placement and arrangement fees		43,500	-	69,368	-
Management fees		161,780	139,734	341,624	222,529
Dividend income		124,037	-	124,037	108,739
Gain on disposal of associates		-	-	-	772,299
Share of results of associates		280,120	162,379	669,934	200,232
Gain on disposal of investment properties		152,718	-	152,718	-
Gain on settlement of murabaha payables		-	-	-	1,110,365
Other income		192,397	232,242	352,975	286,046
		<u>1,097,325</u>	<u>663,205</u>	<u>2,013,520</u>	<u>4,514,874</u>
<b>EXPENSES</b>					
Reversal against murabaha and ijara receivables – net		(66,739)	-	(385,410)	(206,000)
Impairment of financial assets available-for-sale	4	10,575	-	10,575	810,050
Provision and write off of other assets		-	-	-	279,004
Staff costs		628,551	621,895	1,024,457	1,133,371
Foreign exchange loss (gain)		7,021	(284,288)	(29,275)	(837,218)
Depreciation		33,874	22,764	69,851	59,173
Finance costs		316,335	364,681	663,012	942,349
Other expenses		185,847	150,503	426,047	412,757
		<u>1,115,464</u>	<u>875,555</u>	<u>1,779,257</u>	<u>2,593,486</u>
<b>(LOSS) PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (“KFAS”), NATIONAL LABOUR SUPPORT TAX (“NLST”) AND ZAKAT</b>					
		<u>(18,139)</u>	<u>(212,350)</u>	<u>234,263</u>	<u>1,921,388</u>
Contribution to KFAS		-	4,039	(1,415)	(13,935)
NLST		-	7,840	(3,538)	(51,985)
Zakat		-	2,582	(1,415)	(20,794)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<u>(18,139)</u>	<u>(197,889)</u>	<u>227,895</u>	<u>1,834,674</u>
<b>Attributable to:</b>					
Equity holders of the Parent Company		34	(121,790)	135,194	1,927,859
Non-controlling interests		(18,173)	(76,099)	92,701	(93,185)
		<u>(18,139)</u>	<u>(197,889)</u>	<u>227,895</u>	<u>1,834,674</u>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	3	<u>- fils</u>	<u>(0.19) fils</u>	<u>0.21 fils</u>	<u>2.96 fils</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER  
COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2013

	Note	Three months ended 30 June		Six months ended 30 June	
		2013 KD	2012 KD	2013 KD	2012 KD
<b>(Loss) profit for the period</b>		<b>(18,139)</b>	<b>(197,889)</b>	<b>227,895</b>	<b>1,834,674</b>
<b>Other comprehensive income (loss) for the period</b>					
<i>Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods</i>					
Financial assets available-for-sale:					
Unrealised (loss) gain on financial assets available-for-sale		<b>(4,913)</b>	23,801	<b>1,622</b>	(1,292,211)
Impairment of financial assets available-for-sale	4	<b>10,575</b>	-	<b>10,575</b>	810,050
Net unrealised gain (loss) on financial assets available-for-sale		<b>5,662</b>	23,801	<b>12,197</b>	(482,161)
Share of other comprehensive income in associates		<b>16,271</b>	61,366	<b>126,617</b>	41,619
Exchange differences on translation of foreign operations		<b>48,055</b>	160,179	<b>223,192</b>	(477,767)
<b>Other comprehensive income (loss) for the period</b>		<b>69,988</b>	245,346	<b>362,006</b>	(918,309)
<b>Total comprehensive income for the period</b>		<b>51,849</b>	47,457	<b>589,901</b>	916,365
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>50,525</b>	77,389	<b>444,700</b>	949,814
Non-controlling interests		<b>1,324</b>	(29,932)	<b>145,201</b>	(33,449)
		<b>51,849</b>	47,457	<b>589,901</b>	916,365

The attached notes 1 to 11 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 30 June 2013

		(Audited)	
	30 June	31 December	30 June
	2013	2012	2012
	KD	KD	KD
Notes			
<b>ASSETS</b>			
Bank balances and cash	7,409,980	8,116,741	5,802,097
Financial assets at fair value through profit or loss	1,896,167	1,351,240	1,499,543
Murabaha and ijara receivables	695,798	2,116,007	2,198,742
Financial assets available-for-sale	4 31,925,131	32,266,092	57,083,760
Investment in associates	5 53,556,667	53,000,509	50,684,976
Properties under development	18,023,791	17,383,621	18,545,341
Investment properties	27,561,411	26,816,298	6,848,936
Other assets	2,473,356	4,372,229	3,145,526
Property and equipment	1,149,245	1,198,768	1,185,966
<b>TOTAL ASSETS</b>	<b>144,691,546</b>	<b>146,621,505</b>	<b>146,994,887</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 (202,558)	(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	1,118,401	1,090,539	1,090,539
Cumulative changes in fair values reserve	146,864	134,667	151,268
Foreign currency translation reserve	852,837	555,528	483,453
Retained earnings	4,593,566	4,458,372	3,777,873
<b>Equity attributable to equity holders of the Parent Company</b>	<b>93,401,309</b>	<b>93,026,612</b>	<b>92,093,714</b>
Non-controlling interests	19,622,788	19,750,500	19,572,530
<b>Total equity</b>	<b>113,024,097</b>	<b>112,777,112</b>	<b>111,666,244</b>
<b>Liabilities</b>			
Murabaha and sukuk payables	7 28,646,481	29,560,317	30,869,275
Other liabilities	3,020,968	4,284,076	4,459,368
<b>Total liabilities</b>	<b>31,667,449</b>	<b>33,844,393</b>	<b>35,328,643</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>144,691,546</b>	<b>146,621,505</b>	<b>146,994,887</b>

Khalid S. Al-Sanaousi  
Chairman

Badar Mohammed Al-Qatan  
Vice Chairman

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2013

*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 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
Profit for the period	-	-	-	-	-	-	-	-	135,194	135,194	92,701	227,895
Other comprehensive income for the period	-	-	-	-	-	-	12,197	297,309	-	309,506	52,500	362,006
Total comprehensive income for the period	-	-	-	-	-	-	12,197	297,309	135,194	444,700	145,201	589,901
Purchase of treasury share	-	-	(285,027)	-	-	-	-	-	-	(285,027)	-	(285,027)
Sale of treasury shares	-	-	187,162	-	-	27,862	-	-	-	215,024	-	215,024
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(272,913)	(272,913)
<b>At 30 June 2013</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>(202,558)</b>	<b>517,892</b>	<b>3,016,890</b>	<b>1,118,401</b>	<b>146,864</b>	<b>852,837</b>	<b>4,593,566</b>	<b>93,401,309</b>	<b>19,622,788</b>	<b>113,024,097</b>
At 1 January 2012	65,107,055	18,250,362	-	216,274	3,016,890	1,090,539	632,864	979,902	1,850,014	91,143,900	19,873,439	111,017,339
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,927,859	1,927,859	(93,185)	1,834,674
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(481,596)	(496,449)	-	(978,045)	59,736	(918,309)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(481,596)	(496,449)	1,927,859	949,814	(33,449)	916,365
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(267,460)	(267,460)
<b>At 30 June 2012</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>-</b>	<b>216,274</b>	<b>3,016,890</b>	<b>1,090,539</b>	<b>151,268</b>	<b>483,453</b>	<b>3,777,873</b>	<b>92,093,714</b>	<b>19,572,530</b>	<b>111,666,244</b>

The attached notes 1 to 11 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)

For the period ended 30 June 2013

	Note	Six months ended 30 June	
		2013 KD	2012 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		227,895	1,834,674
Adjustments for:			
Murabaha and ijara income		(123)	(42,679)
Realised gain on financial assets at fair value through profit or loss		(112,101)	(70,552)
Unrealised loss (gain) on financial assets at fair value through profit or loss		61,929	(3,438)
Gain on disposal of financial assets available-for-sale		(169,877)	(1,697,995)
Dividend income		(124,037)	(108,739)
Gain on disposal of associates		-	(772,299)
Share of results of associates		(669,934)	(200,232)
Gain on disposal of investment properties		(152,718)	-
Gain on settlement of murabaha payable		-	(1,110,365)
Reversal against murabaha and ijara receivables – net		(385,410)	(206,000)
Impairment of financial assets available-for-sale	4	10,575	810,050
Provision and write-off of other assets		-	279,004
Foreign exchange gain (loss)		(29,275)	(837,218)
Depreciation		69,851	59,173
Finance costs		663,012	942,349
		(610,213)	(1,124,267)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(494,754)	342,099
Murabaha and ijara receivables		1,135,123	408,965
Other assets		2,261,726	2,049,637
Other liabilities		(1,308,896)	(33,989)
		982,986	1,642,445
Murabaha and ijara income received		123	24,888
Finance costs paid		(730,974)	(1,432,762)
Net cash flows from operating activities		252,135	234,571
<b>INVESTING ACTIVITIES</b>			
Dividend income received		124,037	108,739
Proceeds from disposal of financial assets available-for-sale		547,863	943,678
Purchase of investment properties		(908,220)	(431,558)
Purchase of investment in associates		(1,380,278)	(241,682)
Proceeds from disposal of investment in associates		2,013,660	1,624,309
Dividends received from associates		321,367	319,992
Purchase of properties under development		(400,245)	(433,180)
Purchase of property and equipment		(20,328)	(52,010)
Net cash flows from investing activities		297,856	1,838,288
<b>FINANCING ACTIVITIES</b>			
Repayment of murabaha and sukuk payables		(913,836)	(5,317,962)
Purchase of treasury shares		(97,865)	-
Gain from sale of treasury shares		27,862	-
Distribution to non-controlling interest		(272,913)	(267,460)
Net cash flows used in financing activities		(1,256,752)	(5,585,422)
<b>NET DECREASE IN BANK BALANCES AND CASH</b>		<b>(706,761)</b>	<b>(3,512,563)</b>
Bank balances and cash at 1 January		8,116,741	9,314,660
<b>BANK BALANCES AND CASH AT 30 JUNE</b>		<b>7,409,980</b>	<b>5,802,097</b>

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

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

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

At 30 June 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 six months period ended 30 June 2013 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 13 August 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 Commerce and Industry 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 PRESENTATION

The interim condensed consolidated financial information of the Group is prepared in accordance with IAS 34, "Interim Financial Reporting" except as noted below:

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the audited consolidated financial statements for the year ended 31 December 2012. The audited 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 the 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 collateral) that are not provided specifically.

During the period, the Group has adopted the following new and amended standards effective for the annual periods beginning on or after 1 January 2013:

#### *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 statement of income at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

#### *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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2013

**2 BASIS OF PRESENTATION (continued)**

*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.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial information. The Group has provided these disclosures in Note 11. The other disclosures will be made in the annual consolidated financial statements.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial information prepared in accordance with the International Financial Reporting Standards, 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 period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2013

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

Basic earnings 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 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 June.

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	<b>34</b>	(121,790)	<b>135,194</b>	1,927.859
Weighted average number of shares outstanding during the period	<b>649,457,233</b>	651,070,551	<b>650,007,168</b>	651,070,551
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	<b>- fils</b>	(0.19) fils	<b>0.21 fils</b>	2.96 fils

The Parent Company had no outstanding dilutive potential shares.

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

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2013</i>	<i>31 December</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unquoted equity securities	<b>31,830,020</b>	31,906.889	32,546,930
Quoted equity securities	<b>6,958</b>	198.646	213,733
Sukuk	-	-	23,790,216
Unquoted and managed funds	<b>88,153</b>	160,557	180,158
Real estate portfolios	-	-	352,723
	<b>31,925,131</b>	32,266.092	57,083,760

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 30 June 2013 in respect of these investments.

During the period, the Group has recorded impairment loss of KD 10,575 (30 June 2012: Nil) on unquoted and managed fund and Nil (30 June 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 30 June 2013

5 INVESTMENT IN ASSOCIATES

	County of incorporation	30 June 2013		(Audited) 31 December 2012		30 June 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%	1,587,122	40.00%	1,636,714	40.00%	1,551,012
Arkan Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	29.06%	10,542,411	29.03%	10,513,848	29.03%	10,184,712
Burgan Company for Well Drilling K.S.C. (Closed)	Kuwait	20.46%	25,188,863	20.46%	24,887,963	20.35%	24,676,259
First Education Company K.S.C. (Closed) ("FEDCO") (i)	Kuwait	21.32%	3,293,232	17.16%	2,541,008	16.49%	2,482,339
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	362,725	35.29%	948,857	35.29%	1,276,679
Tameer Investment Company (O.L.L.C.)	Oman	37.40%	11,165,446	37.40%	11,059,452	37.40%	10,513,975
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE") (ii)	Saudi Arabia	10.50%	1,416,868	20.90%	1,412,667	-	-
			<b>53,556,667</b>		<b>53,000,509</b>		<b>50,684,976</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 income. The Parent Company still have significant influence over JORE through representation on its board of directors.

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At 30 June 2013

**6 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES**

**(i) Share Capital**

At 30 June 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 30 June 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>30 June</i> <i>2013</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i>	<i>30 June</i> <i>2012</i>
Number of treasury shares	1,700,000	860,000	-
Percentage of issued shares	0.26%	0.13%	-
Market value (KD)	193,800	104,920	-

**7 MURABAHA AND SUKUK PAYABLES**

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Murabaha payables	1,446,481	2,360,317	3,669,275
Sukuk payable (Note 8)	27,200,000	27,200,000	27,200,000
	<u>28,646,481</u>	<u>29,560,317</u>	<u>30,869,275</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.

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

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At 30 June 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:

<b>Interim condensed consolidated statement of income</b>	<i>Six months ended</i> <i>30 June</i>	
	<b>2013</b> <b>KD</b>	<b>2012</b> <b>KD</b>
Management fees	<b>8,874</b>	25,312
Finance costs	<b>640,132</b>	714,869

  

<b>Interim condensed consolidated statement of financial position</b>	<i>(Audited)</i>		
	<b>30 June</b> <b>2013</b> <b>KD</b>	<b>31 December</b> <b>2012</b> <b>KD</b>	<b>30 June</b> <b>2012</b> <b>KD</b>
Management fees receivable	<b>33,107</b>	25,162	15,293
Sukuk payable (Note 7)	<b>27,200,000</b>	27,200,000	27,200,000

  

<b>Key management personnel compensation</b>	<i>Six months ended</i> <i>30 June</i>	
	<b>2013</b> <b>KD</b>	<b>2012</b> <b>KD</b>
Salaries and other short term benefits	<b>128,436</b>	129,400
Terminal benefits	<b>315,972</b>	111,806
	<b>444,408</b>	241,206

During the current period, the management of the Parent Company has paid a total amount of KD 110,000 to the previous chief executive officer as a compensation for his efforts with the Group which has been recorded in the interim condensed consolidated statement of income.

**Other transactions**

The Group also manages investment portfolios on behalf of related parties amounting to KD 6,352,510 (31 December 2012: KD 5,985,105 and 30 June 2012: KD 43,420,334) which are not reflected in the Group's interim condensed consolidated statement of financial position.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 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>Six months ended 30 June</b>								
Income	1,066,465	2,574,649	624,222	1,853,219	322,833	87,006	2,013,520	4,514,874
Expenses	(1,636,259)	(2,804,189)	(132,423)	680,519	(10,575)	(469,816)	(1,779,257)	(2,593,486)
Results – (Loss) profit	(569,794)	(229,540)	491,799	2,533,738	312,258	(382,810)	234,263	1,921,388
<b>At 30 June</b>								
Operating assets	53,827,871	54,699,039	72,277,474	73,904,784	18,586,201	18,391,064	144,691,546	146,994,887
Operating liabilities	30,069,011	33,578,978	1,598,438	1,459,089	-	290,576	31,667,449	35,328,643

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2013

10 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Capital commitments for properties under development	12,121,715	11,941,202	11,895,108
Operating lease rentals due within one year	36,165	72,330	36,165
	<u>12,157,880</u>	<u>12,013,532</u>	<u>11,931,273</u>

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 30 June 2012: 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 31,830,020 (31 December 2012: KD 31,906,889 and 30 June 2012: KD 56,337,145) and certain financial assets at fair value through profit or loss carried at cost amounting to KD 321,265 (31 December 2012: KD 321,265 and 30 June 2012: 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</i> <i>KD</i>	<i>Level: 3</i> <i>KD</i>	<i>Total fair value</i> <i>KD</i>
<b>30 June 2013</b>			
<b>Financial assets at fair value</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	515,683	-	515,683
- Managed funds and portfolios	-	1,059,219	1,059,219
<i>Financial assets available for sale:</i>			
- Equity securities	6,958	-	6,958
- Managed funds and portfolios	-	88,153	88,153
	<u>522,641</u>	<u>1,147,372</u>	<u>1,670,013</u>

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11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 December 2012	Level: 1 KD	Level: 3 KD	Total fair value KD
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	-	-	-
- Managed funds and portfolios	-	1,029,975	1,029,975
<i>Financial assets available for sale:</i>			
- Equity securities	198,646	-	198,646
- Managed funds and portfolios	-	160,557	160,557
	<u>198,646</u>	<u>1,190,532</u>	<u>1,389,178</u>
 30 June 2012			
<i>Financial assets at fair value profit or loss:</i>			
- Equity securities	-	-	-
- Managed funds and portfolios	-	1,178,278	1,178,278
<i>Financial assets available for sale:</i>			
- Equity securities	213,734	-	213,734
- Managed funds and portfolios	-	532,881	532,881
	<u>213,734</u>	<u>1,711,159</u>	<u>1,924,893</u>

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

	At 1 January 2013 KD	Loss recorded in the consolidated statement of income KD	Gain / (loss) recorded in equity KD	Net purchases, sales, transfers and settlements KD	At 30 June 2013 KD
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,029,975	32,470	-	(3,226)	1,059,219
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	160,557	(28,244)	9,468	(53,628)	88,153
	At 1 January 2012 KD	Gain / (loss) recorded in the consolidated statement of income KD	Gain / (loss) recorded in equity KD	Net purchases, sales, transfers and settlements KD	At 31 December 2012 KD
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,449,562	(71,950)	-	(347,637)	1,029,975
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	616,895	(25,379)	34,975	(465,934)	160,557



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At 30 June 2013

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>At 1 January 2012 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 June 2012 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,449,562	73,990	-	(345,274)	1,178,278
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	616,895	(17,580)	22,635	(89,069)	532,881