

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

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

30 JUNE 2015

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 June 2015 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 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 regulations, or of the Articles of Association and Memorandum of Incorporation of the Parent Company during the six months period ended 30 June 2015 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 six months period ended 30 June 2015 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



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2015

| | | Three months ended 30 June | | Six months ended 30 June | |
|--|--|-------------------------------|------------|-----------------------------|-------------|
| | | 2015 KD | 2014 KD | 2015 KD | 2014 KD |
| Notes | | | | | |
| INCOME | | | | | |
| | | 53,770 | 208 | 81,611 | 9,082 |
| | | - | 40,000 | - | 85,276 |
| | | (97,492) | 80,559 | (104,334) | 80,559 |
| | | (76,950) | (236,625) | (59,392) | 20,345 |
| | | - | 837 | 789 | 5,963 |
| | | 129,943 | 136,761 | 231,400 | 256,808 |
| | | 168,841 | 207,505 | 173,187 | 207,505 |
| 6 | | 376,325 | 758,684 | 1,440,934 | 956,937 |
| | | - | - | - | 50,280 |
| | | 40,729 | 75,180 | 80,506 | 85,429 |
| | | 20,347 | (4,462) | 1,085,291 | (1,069) |
| | | 615,513 | 1,058,647 | 2,929,992 | 1,757,115 |
| EXPENSES | | | | | |
| | | 398,742 | 424,089 | 817,319 | 807,751 |
| | | 36,728 | 38,709 | 73,798 | 79,047 |
| | | 1,064 | 305,162 | 1,490 | 606,970 |
| | | 149,300 | 190,012 | 283,516 | 332,546 |
| | | 10,461 | 25,287 | 10,461 | 25,287 |
| | | 596,295 | 983,259 | 1,186,584 | 1,851,601 |
| PROFIT (LOSS) BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT | | | | | |
| | | 19,218 | 75,388 | 1,743,408 | (94,486) |
| | | 2,210 | - | (3,139) | - |
| | | 1,888 | - | (16,142) | - |
| | | 2,201 | - | (5,253) | - |
| PROFIT (LOSS) FOR THE PERIOD | | | | | |
| | | 25,517 | 75,388 | 1,718,874 | (94,486) |
| Attributable to: | | | | | |
| | | 58,232 | 167,564 | 1,811,351 | (37,298) |
| | | (32,715) | (92,176) | (92,477) | (57,188) |
| | | 25,517 | 75,388 | 1,718,874 | (94,486) |
| BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY | | | | | |
| 3 | | 0.09 fils | 0.26 fils | 2.79 fils | (0.06) 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 June 2015

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|---------------|-----------------------------|------------------|
| | 2015 KD | 2014 KD | 2015 KD | 2014 KD |
| Profit (loss) for the period | 25,517 | 75,388 | 1,718,874 | (94,486) |
| Other comprehensive income (loss) for the period | | | | |
| <i>Other comprehensive income (loss) to be reclassified to consolidated statement of income in subsequent periods:</i> | | | | |
| Unrealized loss on financial assets available for sale | (10,335) | (26,920) | (11,413) | (26,171) |
| Share of other comprehensive income (loss) in associates | 206,557 | 3,976 | 442,367 | (7,815) |
| Exchange differences on translation of foreign operations | 15,909 | 16,766 | (905,369) | (44,671) |
| Impairment of financial assets available for sale | 10,461 | 25,287 | 10,461 | 25,287 |
| Net other comprehensive income (loss) for the period | 222,592 | 19,109 | (463,954) | (53,370) |
| Total comprehensive income (loss) for the period | 248,109 | 94,497 | 1,254,920 | (147,856) |
| Attributable to: | | | | |
| Equity holders of the Parent Company | 275,775 | 176,652 | 1,331,852 | (76,800) |
| Non-controlling interests | (27,666) | (82,155) | (76,932) | (71,056) |
| | 248,109 | 94,497 | 1,254,920 | (147,856) |

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 June 2015

| | | 30 June 2015 KD | (Audited) 31 December 2014 KD | 30 June 2014 KD |
|--|-------|-----------------------|--|-----------------------|
| | Notes | | | |
| ASSETS | | | | |
| Cash and cash equivalents | 4 | 30,112,591 | 36,920,815 | 6,946,618 |
| Financial assets at fair value through profit or loss | | 1,921,200 | 671,839 | 1,305,300 |
| Murabaha and ijara receivables | | - | - | 612,628 |
| Financial assets available for sale | 5 | 27,243,342 | 27,254,927 | 28,655,856 |
| Investment in associates | 6 | 47,859,852 | 46,293,802 | 55,781,984 |
| Properties under development | | 2,193,605 | 2,169,445 | 17,687,859 |
| Investment properties | | 29,527,774 | 29,567,473 | 29,462,279 |
| Other assets | | 2,525,717 | 2,857,090 | 2,276,234 |
| Property and equipment | | 913,325 | 950,540 | 1,075,676 |
| TOTAL ASSETS | | 142,297,406 | 146,685,931 | 143,804,434 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | 7 | 65,107,055 | 65,107,055 | 65,107,055 |
| Share premium | | 18,250,362 | 18,250,362 | 18,250,362 |
| Treasury shares | 7 | (619,760) | (142,918) | (142,918) |
| Statutory reserve | | 984,974 | 984,974 | 539,218 |
| 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 | | 260,382 | 155,335 | 275,146 |
| Foreign currency translation reserve | | 968,219 | 1,552,765 | 562,951 |
| Retained earnings | | 7,013,436 | 8,441,438 | 4,613,008 |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | 96,100,242 | 98,484,585 | 93,340,396 |
| Non-controlling interests | | 11,903,994 | 13,865,879 | 19,580,535 |
| TOTAL EQUITY | | 108,004,236 | 112,350,464 | 112,920,931 |
| LIABILITIES | | | | |
| Murabaha and sukuk payables | 8 | 28,196,595 | 27,766,048 | 27,200,000 |
| Other liabilities | | 6,096,575 | 6,569,419 | 3,683,503 |
| TOTAL LIABILITIES | | 34,293,170 | 34,335,467 | 30,883,503 |
| TOTAL EQUITY AND LIABILITIES | | 142,297,406 | 146,685,931 | 143,804,434 |

Hamad S.H. Al-Humidi
Vice 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 June 2015

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 2015 | 65,107,055 | 18,250,362 | (142,918) | 984,974 | 3,016,890 | 1,118,684 | 155,335 | 1,552,765 | 8,441,438 | 98,484,585 | 13,865,879 | 112,350,464 |
| Profit for the period | - | - | - | - | - | - | - | - | 1,811,351 | 1,811,351 | (92,477) | 1,718,874 |
| Other comprehensive income (loss) for the period | - | - | - | - | - | - | 105,047 | (584,546) | - | (479,499) | 15,545 | (463,954) |
| Total comprehensive income (loss) for the period | - | - | - | - | - | - | 105,047 | (584,546) | 1,811,351 | 1,331,852 | (76,932) | 1,254,920 |
| Dividend paid (Note 7) | - | - | - | - | - | - | - | - | (3,239,353) | (3,239,353) | - | (3,239,353) |
| Purchase of treasury shares | - | - | (476,842) | - | - | - | - | - | - | (476,842) | - | (476,842) |
| Distribution to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (1,884,953) | (1,884,953) |
| At 30 June 2015 | 65,107,055 | 18,250,362 | (619,760) | 984,974 | 3,016,890 | 1,118,684 | 260,382 | 968,219 | 7,013,436 | 96,100,242 | 11,903,994 | 108,004,236 |
| 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 |
| Loss for the period | - | - | - | - | - | - | - | - | (37,298) | (37,298) | (57,188) | (94,486) |
| Other comprehensive loss for the period | - | - | - | - | - | - | (884) | (38,618) | - | (39,502) | (13,868) | (53,370) |
| Total comprehensive loss for the period | - | - | - | - | - | - | (884) | (38,618) | (37,298) | (76,800) | (71,056) | (147,856) |
| Addition to non-controlling interests | - | - | - | - | - | - | - | - | - | - | 42,342 | 42,342 |
| At 30 June 2014 | 65,107,055 | 18,250,362 | (142,918) | 539,218 | 3,016,890 | 1,118,684 | 275,146 | 562,951 | 4,613,008 | 93,340,396 | 19,580,535 | 112,920,931 |

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2015

| | <i>Notes</i> | <i>Six months ended 30 June</i> | |
|---|--------------|---------------------------------|------------------|
| | | <i>2015</i> | <i>2014</i> |
| | | <i>KD</i> | <i>KD</i> |
| OPERATING ACTIVITIES | | | |
| Profit (loss) for the period before KFAS, NLST and Zakat | | 1,743,408 | (94,486) |
| Adjustments to reconcile profit (loss) for the period to net cash flows: | | | |
| Murabaha income | | (81,611) | (9,082) |
| Realised loss (gain) on sale of financial assets at fair value through profit or loss | | 104,334 | (80,559) |
| Unrealised loss (gain) on financial assets at fair value through profit or loss | | 59,392 | (20,345) |
| Gain on sale of financial assets available for sale | | (789) | (5,963) |
| Dividends income | | (173,187) | (207,505) |
| Share of results of associates | | (1,440,934) | (956,937) |
| Gain on disposal of properties under development | | - | (50,280) |
| Impairment of financial assets available-for-sale | | 10,461 | 25,287 |
| Foreign exchange (gain) loss | | (1,085,291) | 1,069 |
| Depreciation | | 73,798 | 79,047 |
| Finance costs | | 1,490 | 606,970 |
| | | (788,929) | (712,784) |
| Changes in operating assets and liabilities: | | | |
| Net movement on financial assets at fair value through profit or loss | | (1,413,087) | 1,377,122 |
| Other assets | | 523,194 | 1,204,778 |
| Other liabilities | | (801,137) | (493,441) |
| | | (2,479,959) | 1,375,675 |
| Murabaha income received | | 73,126 | 9,082 |
| Finance costs paid | | (1,305) | (232,669) |
| Net cash flows (used in) from operating activities | | (2,408,138) | 1,152,088 |
| INVESTING ACTIVITIES | | | |
| Dividends income received | | 34,608 | 134,868 |
| Proceeds from sale of financial assets available for sale | | 2,616 | 401,150 |
| Purchase of investment properties | | (82,093) | (330,618) |
| Proceeds from disposal of investments properties | | 121,792 | - |
| Addition of investment in associates | | (516,888) | - |
| Dividends received from associates | | 834,139 | 331,008 |
| Purchase of properties under development | | - | (823,293) |
| Proceeds from disposal of properties under development | | - | 436,533 |
| Purchase of property and equipment | | (36,583) | (19,880) |
| Net cash flows from investing activities | | 357,591 | 129,768 |
| FINANCING ACTIVITIES | | | |
| Net movement in murabaha and sukuk payables | | 430,547 | - |
| purchase of treasury shares | | (476,842) | - |
| Dividends paid | 7 | (2,826,429) | - |
| (Distribution) addition to non-controlling interests | | (1,884,953) | 42,342 |
| Net cash flows (used in) from financing activities | | (4,757,677) | 42,342 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (6,808,224) | 1,324,198 |
| Cash and cash equivalents at 1 January | | 36,920,815 | 5,622,420 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 4 | 30,112,591 | 6,946,618 |

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 June 2015

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 six months period ended 30 June 2015 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 9 August 2015.

The consolidated financial statements for the year ended 31 December 2014 were approved by the Parent Company's shareholders during the Annual General Meeting held on 21 May 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 investment and financial services and all activities are carried out in compliance with the Memorandum of Incorporation, 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 transactions 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the six months period ended 30 June 2015 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting". 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 2014.

The annual audited consolidated financial statements for the year ended 31 December 2014 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 that are not provided specifically.

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 2014. 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 six months period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Amendments to International Financial Reporting Standards (IFRSs) which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

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

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group.

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|--------------------|-----------------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Profit (loss) for the period attributable to equity holders of the Parent Company (KD) | <u>58,232</u> | <u>167,564</u> | <u>1,811,351</u> | <u>(37,298)</u> |
| Weighted average number of shares outstanding during the period | <u>648,491,103</u> | <u>649,870,551</u> | <u>648,491,103</u> | <u>649,870,551</u> |
| Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company | <u>0.09 fils</u> | <u>0.26 fils</u> | <u>2.79 fils</u> | <u>(0.06) fils</u> |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2015

4 CASH AND CASH EQUIVALENTS

| | <i>30 June 2015 KD</i> | <i>(Audited) 31 December 2014 KD</i> | <i>30 June 2014 KD</i> |
|---|--------------------------------|--|--------------------------------|
| Cash | 400 | 400 | 400 |
| Bank balances | 10,840,871 | 35,352,260 | 5,762,766 |
| Cash retained in portfolios | 1,510,820 | 1,568,155 | 1,183,452 |
| Deposits with original maturity of less than 3 months | 17,760,500 | - | - |
| | <u>30,112,591</u> | <u>36,920,815</u> | <u>6,946,618</u> |

Deposits with carrying amount of KD 550,000 (31 December 2014: Nil and 30 June 2014: Nil) is pledged as collateral against Murabaha payables (Note 8).

5 FINANCIAL ASSETS AVAILABLE FOR SALE

| | <i>30 June 2015 KD</i> | <i>(Audited) 31 December 2014 KD</i> | <i>30 June 2014 KD</i> |
|----------------------------|--------------------------------|--|--------------------------------|
| Unquoted equity securities | 27,198,658 | 27,198,658 | 28,589,848 |
| Quoted equity securities | 1,490 | 4,270 | 4,270 |
| Managed funds | 43,194 | 51,999 | 61,738 |
| | <u>27,243,342</u> | <u>27,254,927</u> | <u>28,655,856</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.

During the period, the Group has recorded an impairment loss in the consolidated statement of income of KD 10,461 (30 June 2014: KD 25,287) on unquoted managed funds where there has been a 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 June 2015

6 INVESTMENT IN ASSOCIATES

| | County of incorporation | 30 June 2015 | | (Audited) 31 December 2014 | | 30 June 2014 | |
|---|----------------------------|-------------------------------|-------------------|-------------------------------|-------------------|-------------------------------|-------------------|
| | | 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% | 1,225,403 | 40.00% | 1,283,999 | 40.00% | 1,401,031 |
| Arkan Al-Kuwait Real Estate Company K.S.C.P. | Kuwait | 29.06% | 11,914,764 | 29.06% | 11,648,058 | 29.06% | 11,350,080 |
| Burgan Company for Well Drilling K.S.C.P. | Kuwait | 20.46% | 15,670,864 | 20.46% | 15,467,232 | 20.46% | 25,522,962 |
| First Education Company K.S.C. (Closed) ("FEDCO") | Kuwait | 21.32% | 3,753,967 | 21.32% | 3,545,081 | 21.32% | 3,611,659 |
| Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (Under liquidation) | Bahrain | 35.29% | 66,990 | 35.29% | 69,599 | 35.29% | 370,221 |
| Taameer Investment Company (O.L.L.C.) | Oman | 37.40% | 12,250,800 | 37.40% | 11,903,956 | 37.40% | 11,234,437 |
| Al Jazeera Al Oula Real Estate (W.L.L) ("JOIRE") | Saudi Arabia | 20.90% | 2,977,064 | 20.90% | 2,375,877 | 20.90% | 2,291,594 |
| | | | <u>47,859,852</u> | | <u>46,293,802</u> | | <u>55,781,984</u> |

Shares of investment in associate with carrying value of KD 15,280,019 (31 December 2014: KD 15,002,823 and 30 June 2014: KD 19,224,186) are pledged as collateral against Murabaha payables (Note 8).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

6 INVESTMENT IN ASSOCIATES (continued)

The movement in the carrying value of investment in associates is as follows:

| | 30 June 2015 | (Audited) 31 December 2014 | 30 June 2014 |
|---|-------------------|----------------------------------|-------------------|
| At the beginning of the period/year | 46,293,802 | 55,164,535 | 55,164,535 |
| Additions | 516,888 | - | - |
| Redemption | - | (272,110) | (665) |
| Dividends received | (834,139) | (331,008) | (331,008) |
| Impairment | - | (10,101,113) | - |
| Foreign currency translation adjustment | 336,368 | 338,314 | (7,815) |
| Cumulative change in fair value | 105,999 | (119,812) | - |
| Share of results | 1,440,934 | 1,614,996 | 956,937 |
| At the end of the period/year | <u>47,859,852</u> | <u>46,293,802</u> | <u>55,781,984</u> |

7 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES

(i) Share Capital

At 30 June 2015, the authorised, issued and fully paid up capital of the Parent Company comprises of 651,070,551(31 December 2014: 651,070,551 and 30 June 2014: 651,070,551) shares of 100 fils each. All shares are paid in cash.

(ii) Dividends

The Annual General Meeting of the shareholders held on 21 May 2015 approved the payment of cash dividend of 5 fils per share amounting to KD 3,239,353 for the year ended 31 December 2014 (2013: Nil).

(iii) Treasury shares

| | 30 June 2015 | (Audited) 31 December 2014 | 30 June 2014 |
|-------------------------------|-----------------|----------------------------------|-----------------|
| Number of treasury shares | 7,680,000 | 1,200,000 | 1,200,000 |
| Percentage of issued shares | 1.18% | 0.18% | 0.18% |
| Cost of treasury shares in KD | 619,760 | 142,918 | 142,918 |
| Market value (KD) | 529,920 | 124,800 | 97,200 |

The balance in the treasury share reserve account is not available for distribution.

8 MURABAHA AND SUKUK PAYABLES

| | 30 June 2015 KD | (Audited) 31 December 2014 KD | 30 June 2014 KD |
|-------------------|-----------------------|--|-----------------------|
| Murabaha payables | 28,196,595 | 27,766,048 | - |
| Sukuk payable | - | - | 27,200,000 |
| | <u>28,196,595</u> | <u>27,766,048</u> | <u>27,200,000</u> |

During last year, the Parent Company signed settlement agreement with the Sukuk holder to swap the Sukuk payable 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, meanwhile the Sukuk payable has been transferred to Murabaha payable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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8 MURABAHA AND SUKUK PAYABLES (continued)

Murabaha payables amounting to KD 28,079,331 (31 December 2014: KD 27,579,331 and 30 June 2014: KD 27,200,000) are secured against the following:

- 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 6).
- Bank deposits with amount of KD 550,000 (Note 4).

9 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:

| Interim condensed consolidated statement of income | Six months ended 30 June | |
|---|-----------------------------|------------|
| | 2015 KD | 2014 KD |
| Management fees | 7,522 | 7,559 |
| Finance costs | - | 606,970 |

| Interim condensed consolidated statement of financial position | 30 June 2015 KD | (Audited) 31 December 2014 KD | 30 June 2014 KD |
|---|-----------------------|--|-----------------------|
| | | | |
| Management fees and other receivables | 59,019 | 41,158 | 32,761 |
| Murabaha and sukuk payables (Note 8) | - | 27,579,331 | 27,200,000 |

Key management personnel compensation

| | Six months ended 30 June | |
|--|-----------------------------|---------------|
| | 2015 KD | 2014 KD |
| Salaries and other short term benefits | 113,940 | 86,600 |
| Terminal benefits | 14,033 | 12,371 |
| | <u>127,973</u> | <u>98,971</u> |

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 4,912,437 (31 December 2014:KD 6,908,304 and 30 June 2014: KD 6,640,554) 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 June 2015

10 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 | |
|---|------------|-------------|--------------|------------|------------|------------|-------------|-------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | KD | KD | KD | KD | KD | KD | KD | KD |
| Six months ended 30 June | | | | | | | | |
| Income | 1,474,141 | 1,181,495 | 1,268,818 | 535,737 | 187,033 | 39,883 | 2,929,992 | 1,757,115 |
| Expenses | (988,636) | (1,633,051) | (187,487) | (194,332) | (10,461) | (24,218) | (1,186,584) | (1,851,601) |
| Results – Profit (loss) before contribution to KFAS, NLST and ZAKAT | 485,505 | (451,556) | 1,081,331 | 341,405 | 176,572 | 15,665 | 1,743,408 | (94,486) |
| As at 30 June | | | | | | | | |
| Total assets | 61,482,716 | 52,663,760 | 62,270,678 | 74,116,967 | 18,544,012 | 17,023,707 | 142,297,406 | 143,804,434 |
| Total liabilities | 29,930,705 | 28,880,650 | 4,177,199 | 2,002,853 | 185,266 | - | 34,293,170 | 30,883,503 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 30 June 2015

11 COMMITMENTS AND CONTINGENCIES**Commitments**

| | <i>30 June 2015 KD</i> | <i>(Audited) 31 December 2014 KD</i> | <i>30 June 2014 KD</i> |
|--|--------------------------------|--|--------------------------------|
| Capital commitments for properties under development | - | - | 11,967,024 |
| Operating lease rentals due within one year | 36,165 | 72,330 | 36,165 |
| | <u>36,165</u> | <u>72,330</u> | <u>12,003,189</u> |

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 596,868 (31 December 2014: KD 596,868 and 30 June 2014: KD 1,364,769) for which the management anticipates that no material liabilities will arise.

12 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 27,198,658 (31 December 2014: KD 27,198,658 and 30 June 2014: KD 28,589,848) and certain financial assets at fair value through profit or loss carried at cost amounting to KD 197,558 (31 December 2014: KD 197,558 and 30 June 2014: 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 June 2015 | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | |
| - Equity securities | 1,561,079 | - | 1,561,079 |
| - Managed funds and portfolios | - | 162,563 | 162,563 |
| <i>Financial assets available for sale:</i> | | | |
| - Equity securities | 1,490 | - | 1,490 |
| - Managed funds and portfolios | - | 43,194 | 43,194 |
| | <u>1,562,569</u> | <u>205,757</u> | <u>1,768,326</u> |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 30 June 2015

12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

| | Level 1 KD | Level 3 KD | Total KD |
|--|----------------|----------------|------------------------|
| <i>31 December 2014</i> | | | |
| Financial assets at fair value through profit or loss | | | |
| - Equity securities | 288,057 | - | 288,057 |
| - Managed funds and portfolios | - | 186,224 | 186,224 |
| Financial assets available-for-sale | | | |
| - Equity securities | 4,270 | - | 4,270 |
| - Managed funds and portfolios | - | 51,999 | 51,999 |
| | <u>292,327</u> | <u>238,223</u> | <u>530,550</u> |
| | Level: 1 KD | Level: 3 KD | Total fair value KD |
| <i>30 June 2014</i> | | | |
| Financial assets at fair value | | | |
| Financial assets at fair value through profit or loss: | | | |
| - Equity securities | 672,848 | - | 672,848 |
| - Managed funds and portfolios | | 311,187 | 311,187 |
| Financial assets available for sale: | | | |
| - Equity securities | 4,270 | - | 4,270 |
| - Managed funds and portfolios | - | 61,738 | 61,738 |
| | <u>677,118</u> | <u>372,925</u> | <u>1,050,043</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 2015 KD | Loss recorded in the consolidated statement of income KD | Gain recorded in other comprehensive income KD | Net purchases, sales, transfers and settlements KD | At 30 June 2015 KD |
|--|----------------------------|--|--|---|---------------------------------|
| Financial assets at fair value through profit or loss | | | | | |
| - Managed funds and portfolios | 186,224 | (12,898) | - | (10,763) | 162,563 |
| Financial assets available for sale | | | | | |
| - Managed funds and portfolios | 51,999 | (10,461) | 1,656 | - | 43,194 |
| | At 1 January 2014 KD | Gain (loss) recorded in the consolidated statement of income KD | Gain recorded in other comprehensive income KD | Net purchases, sales, transfers and settlements KD | At 31 December 2014 KD |
| Financial assets at fair value through profit or loss | | | | | |
| - Managed funds and portfolios | 566,964 | 212,332 | - | (593,072) | 186,224 |
| Financial assets available-for-sale | | | | | |
| - Managed funds and portfolios | 87,108 | (37,402) | 2,293 | - | 51,999 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2015

12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

| | <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 June 2014 KD</i> |
|--|---|--|---|---|---------------------------------------|
| <i>Financial assets at fair value through profit or loss</i> | | | | | |
| - Managed funds and portfolios | 566,964 | 60,625 | - | (316,402) | 311,187 |
| <i>Financial assets available-for- sale</i> | | | | | |
| - Managed funds and portfolios | 87,108 | (25,287) | (83) | - | 61,738 |