

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

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

**30 JUNE 2012**

## **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 2012 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 Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company during the six months period ended 30 June 2012 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 six months period ended 30 June 2012.



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

15 August 2012  
Kuwait



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 30 June 2012

		Three months ended 30 June		Six months ended 30 June	
	Notes	2012 KD	2011 KD	2012 KD	2011 KD
<b>INCOME</b>					
Murabaha and ijara income		15,224	18,381	42,679	36,782
Realised gain (loss) on financial assets at fair value through profit or loss		4,962	8,006	70,552	(837,795)
Unrealised (loss) gain on financial assets at fair value through profit or loss		(32,581)	(70,935)	3,438	1,620,469
Gain (loss) on disposal of investment properties		-	610	-	(93,392)
Gain (loss) on disposal of financial assets available-for-sale		141,245	(8,370)	1,697,995	(38,604)
(Loss) gain on disposal of properties under development		-	(10,392)	-	1,590,472
Unrealised gain on revaluation of investment properties		-	178,440	-	178,440
Management fees		139,734	89,951	222,529	199,013
Dividend income		-	102,098	108,739	146,681
(Loss) gain on disposal of associates	6	-	(7,857)	772,299	(7,857)
Share of results of associates		162,379	119,672	200,232	118,257
Gain on settlement of murabaha payables	8	-	-	1,110,365	-
Other income		232,242	55,211	286,046	114,609
		<u>663,205</u>	<u>474,815</u>	<u>4,514,874</u>	<u>3,027,075</u>
<b>EXPENSES</b>					
Provision/(reversal) against murabaha and ijara receivables – net		-	84,607	(206,000)	219,038
Impairment of financial assets available-for-sale	5	-	205,847	810,050	218,420
Provision and write off of other assets		-	1,659,751	279,004	1,659,751
Staff costs		621,895	300,806	1,133,371	557,649
Foreign exchange (gain) loss		(284,288)	361,641	(837,218)	855,335
Depreciation		22,764	6,903	59,173	19,647
Finance costs		364,681	1,318,355	942,349	2,622,490
Other expenses		150,503	200,509	412,757	327,193
		<u>875,555</u>	<u>4,138,419</u>	<u>2,593,486</u>	<u>6,479,523</u>
<b>(LOSS) PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>					
		(212,350)	(3,663,604)	1,921,388	(3,452,448)
Contribution to KFAS		4,039	-	(13,935)	-
NLST		7,840	-	(51,985)	-
Zakat		2,582	-	(20,794)	-
		<u>(197,889)</u>	<u>(3,663,604)</u>	<u>1,834,674</u>	<u>(3,452,448)</u>
<b>(LOSS) PROFIT FOR THE PERIOD</b>					
<b>Attributable to:</b>					
Owners of the Parent Company		(121,790)	(3,661,846)	1,927,859	(3,856,565)
Non-controlling interests		(76,099)	(1,758)	(93,185)	404,117
		<u>(197,889)</u>	<u>(3,663,604)</u>	<u>1,834,674</u>	<u>(3,452,448)</u>
<b>BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>					
	3	(0.19) fils	(5.62) fils	2.96 fils	(5.92) fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

Period ended 30 June 2012

	<i>Note</i>	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2012 KD</i>	<i>2011 KD</i>	<i>2012 KD</i>	<i>2011 KD</i>
<b>(Loss) profit for the period</b>		<b>(197,889)</b>	<b>(3,663,604)</b>	<b>1,834,674</b>	<b>(3,452,448)</b>
<b>Other comprehensive income</b>					
Financial assets available-for-sale:					
Unrealised gain (loss) on financial assets available-for-sale		<b>23,801</b>	(1,615,308)	<b>(1,292,211)</b>	(1,964,396)
Impairment of financial assets available- for-sale	5	-	205,847	<b>810,050</b>	218,420
Net unrealised gain (loss) on financial assets available-for-sale		<b>23,801</b>	(1,409,461)	<b>(482,161)</b>	(1,745,976)
Share of other comprehensive income (loss) of associates		<b>61,366</b>	(182,914)	<b>41,619</b>	(502,963)
Exchange differences on translation of foreign operations		<b>160,179</b>	(540,562)	<b>(477,767)</b>	(1,384,542)
<b>Other comprehensive income (loss) for the period</b>		<b>245,346</b>	<b>(2,132,937)</b>	<b>(918,309)</b>	<b>(3,633,481)</b>
<b>Total comprehensive income (loss) for the period</b>		<b>47,457</b>	<b>(5,796,541)</b>	<b>916,365</b>	<b>(7,085,929)</b>
<b>Attributable to:</b>					
Owners of the Parent Company		<b>77,389</b>	(5,818,353)	<b>949,814</b>	(7,337,647)
Non-controlling interests		<b>(29,932)</b>	21,812	<b>(33,449)</b>	251,718
		<b>47,457</b>	<b>(5,796,541)</b>	<b>916,365</b>	<b>(7,085,929)</b>

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

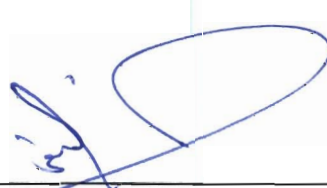


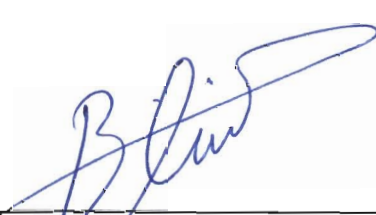
First Investment Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2012

		30 June 2012 KD	(Audited) 31 December 2011 KD	30 June 2011 KD
	Notes			
<b>ASSETS</b>				
Bank balances and cash	4	5,802,097	9,314,660	4,590,029
Financial assets at fair value through profit or loss		1,499,543	1,804,747	24,949,926
Murabaha and ijara receivables		2,198,742	2,383,916	2,670,155
Financial assets available-for-sale	5	57,083,760	65,062,640	86,971,730
Investment in associates	6	50,684,976	55,293,202	48,400,535
Properties under development		18,545,341	17,857,359	27,432,267
Investment properties		6,848,936	6,383,054	3,012,500
Other assets		3,145,526	5,521,857	3,896,271
Property and equipment		1,185,966	1,193,129	53,394
<b>TOTAL ASSETS</b>		<b>146,994,887</b>	<b>164,814,564</b>	<b>201,976,807</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	65,107,055	65,107,055	65,107,055
Share premium		18,250,362	18,250,362	18,250,362
Statutory reserve		216,274	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 value reserve		151,268	632,864	(4,541,549)
Foreign currency translation reserve		483,453	979,902	(1,355,017)
Retained earnings (accumulated losses)		3,777,873	1,850,014	(3,856,565)
<b>Equity attributable to owners of the Parent Company</b>		<b>92,093,714</b>	<b>91,143,900</b>	<b>77,711,715</b>
Non-controlling interests		19,572,530	19,873,439	8,690,747
<b>Total equity</b>		<b>111,666,244</b>	<b>111,017,339</b>	<b>86,402,462</b>
<b>Liabilities</b>				
Murabaha and sukuk payables	8	30,869,275	48,939,220	108,257,758
Other liabilities	9	4,459,368	4,858,005	7,316,587
<b>Total liabilities</b>		<b>35,328,643</b>	<b>53,797,225</b>	<b>115,574,345</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>146,994,887</b>	<b>164,814,564</b>	<b>201,976,807</b>

  
Khalid S. Al-Sanaousi  
Chairman and Managing Director

  
Badar Mohammed Al-Qatan  
Vice Chairman

The attached notes 1 to 12 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)

Period ended 30 June 2012

	Attributable to owners of the Parent Company								Non-controlling interests	Total equity	
	Share capital KD	Share premium KD	Statutory reserve KD	Share options reserve KD	Treasury shares reserve KD	Cumulative changes in fair value reserve KD	Foreign currency translation reserve KD	Retained earnings (accumulated losses) KD			Sub-total KD
As 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)
At 30 June 2012	65,107,055	18,250,362	216,274	3,016,890	1,090,539	151,268	483,453	3,777,873	92,093,714	19,572,530	111,666,244
As at 1 January 2011	65,107,055	21,490,583	7,275,988	3,016,890	1,090,539	(2,735,106)	319,622	(10,516,209)	85,049,362	8,931,900	93,981,262
(Loss) profit for the period	-	-	-	-	-	-	-	(3,856,565)	(3,856,565)	404,117	(3,452,448)
Other comprehensive loss for the period	-	-	-	-	-	(1,806,443)	(1,674,639)	-	(3,481,082)	(152,399)	(3,633,481)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,806,443)	(1,674,639)	(3,856,565)	(7,337,647)	251,718	(7,085,929)
Write-off of accumulated losses (Note 7)	-	(3,240,221)	(7,275,988)	-	-	-	-	10,516,209	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(492,871)	(492,871)
At 30 June 2011	65,107,055	18,250,362	-	3,016,890	1,090,539	(4,541,549)	(1,355,017)	(3,856,565)	77,711,715	8,690,747	86,402,462

The attached notes 1 to 12 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 30 June 2012

		Six months ended 30 June	
		2012	2011
Notes		KD	KD
<b>OPERATING ACTIVITIES</b>			
	Profit (loss) for the period	1,834,674	(3,452,448)
	Adjustments for:		
	Depreciation	59,173	19,647
	Finance costs	942,349	2,622,490
	Murabaha and ijara income	(42,679)	(36,782)
	Realised (gain) loss on financial assets at fair value through profit or loss	(70,552)	837,795
	Unrealised gain on financial assets at fair value through profit or loss	(3,438)	(1,620,469)
	(Gain) loss on disposal of financial assets available-for-sale	(1,697,995)	38,604
	Gain on disposal of properties under development	-	(1,590,472)
	Unrealised gain on revaluation of investment properties	-	(178,440)
	Loss on disposal of investment properties	-	93,392
	(Gain) loss on disposal of associates	(772,299)	7,857
	Dividend income	(108,739)	(146,681)
	Share of results of associates	(200,232)	(118,257)
5	Impairment of financial assets available-for-sale	810,050	218,420
	(Reversal )/provision against murabaha and ijara receivables	(206,000)	219,038
	Gain on settlement of murabaha payable	(1,110,365)	-
	Provision and write off of other assets	279,004	1,659,751
	Foreign exchange (gain) loss	(837,218)	855,335
		(1,124,267)	(571,220)
	Changes in operating assets and liabilities:		
	Financial assets at fair value through profit or loss	342,099	(3,713,606)
	Murabaha and ijara receivables	408,965	129,128
	Other assets	2,049,637	1,146,603
	Other liabilities	(33,989)	59,404
		1,642,445	(2,949,691)
	Murabaha and ijara income received	24,888	13,678
	Finance costs paid	(1,432,762)	(3,395,365)
	Net cash flows from (used in) operating activities	234,571	(6,331,378)
<b>INVESTING ACTIVITIES</b>			
	Dividend income received	108,739	83,544
	Purchase of financial assets available-for-sale	-	(277,154)
	Proceeds from disposal of financial assets available-for-sale	943,678	150,659
	Proceeds from disposal of investment properties	-	1,856,801
	Purchase of investment properties	(431,558)	-
	Purchase of investment in associates	(241,682)	(5,568)
	Proceeds from disposal of investment in associates	1,624,309	421,432
	Dividends received from associates	319,992	-
	Purchase of properties under development	(433,180)	-
	Purchase of property and equipment	(52,010)	(928)
	Net cash flows from investing activities	1,838,288	2,228,786
<b>FINANCING ACTIVITIES</b>			
	Additions in murabaha and sukuk payables	-	131,322
	Repayment of murabaha and sukuk payables	(5,317,962)	(492,871)
	Distribution to non-controlling interests	(267,460)	-
	Net cash flows used in financing activities	(5,585,422)	(361,549)
<b>NET DECREASE IN BANK BALANCES AND CASH</b>		(3,512,563)	(4,464,141)
	Bank balances and cash at 1 January	9,314,660	9,054,170
4	<b>BANK BALANCES AND CASH AT 30 JUNE</b>	5,802,097	4,590,029

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



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

At 30 June 2012

**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 2012 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 August 2012.

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 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.

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.

**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 six months ended 30 June 2012 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 2011 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 2011. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six months period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2011.

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

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

Basic and diluted (loss) earnings per share is computed by dividing the (loss) 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 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
(Loss) profit for the period attributable to owners of the Parent Company (KD)	<u>(121,790)</u>	<u>(3,661,846)</u>	<u>1,927,859</u>	<u>(3,856,565)</u>
Weighted average number of shares outstanding during the period	<u>651,070,551</u>	<u>651,070,551</u>	<u>651,070,551</u>	<u>651,070,551</u>
Basic and diluted (loss) earnings per share attributable to owners of the Parent Company	<u>(0.19) fils</u>	<u>(5.62) fils</u>	<u>2.96 fils</u>	<u>(5.92) fils</u>

The Parent Company had no outstanding dilutive potential shares.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2012

## 4 BANK BALANCES AND CASH

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2012</i>	<i>31 December</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash	400	400	400
Bank balances	5,801,697	9,314,260	4,589,629
	<u>5,802,097</u>	<u>9,314,660</u>	<u>4,590,029</u>

Bank balances include KD 2,199,333 as at 31 December 2011 and KD 918,779 as at 30 June 2011, held with portfolio managers, which can only be used for trading in securities listed on the Saudi Stock Exchange (Tadawul).

## 5 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2012</i>	<i>31 December</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unquoted equity securities	32,546,930	33,884,881	46,563,988
Quoted equity securities	213,733	6,905,703	16,406,487
Sukuk	23,790,216	23,655,161	23,309,081
Unquoted managed funds	180,158	264,172	692,174
Real estate portfolios	352,723	352,723	-
	<u>57,083,760</u>	<u>65,062,640</u>	<u>86,971,730</u>

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 2012 in respect of these investments.

During the current period, certain quoted equity security with a carrying value of KD 6,593,439 and acquisition cost of KD 6,060,911 has been transferred to a financial institution against settlement of murabaha payables of KD 7,617,661 (Note 8) resulting in a gain of KD 1,556,750 which is recognised in the interim condensed consolidated statement of income.

During the current period, the Group has recorded impairment loss of Nil (30 June 2011: KD 127,129) on quoted equity securities, KD Nil (30 June 2011: KD 91,291) on unquoted managed funds and KD 810,050 (30 June 2011: Nil) on unquoted equity securities where there has been a significant or prolonged decline in fair value.

Sukuk are carried at cost as their fair values cannot be measured reliably. Management is of the opinion that there is no impairment in the value of these sukuk and given the difficulty in arriving at a reliable valuation, it is more appropriate to carry these at cost.

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

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

At 30 June 2012

### 6 INVESTMENT IN ASSOCIATES

	County of incorporation	30 June 2012		(Audited) 31 December 2011		30 June 2011	
		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%	1,551,012	40.00%	1,643,592	40.00%	1,681,009
Arkan Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	29.03%	10,184,712	28.86%	10,265,005	28.87%	10,243,415
Burgan Company for Well Drilling K.S.C. (Closed)	Kuwait	20.46%	24,676,259	20.07%	24,303,578	-	-
First Education Company K.S.C. (Closed)	Kuwait	17.16%	2,482,339	16.49%	2,390,696	16.49%	2,324,638
First Energy Resource Company K.S.C. (Closed)	Kuwait	-	-	-	-	33.21%	6,288,533
First Investment Bank B.S.C. (Closed) ("FIB") (a)	Bahrain	-	-	26.66%	1,619,935	26.66%	8,156,657
First Real Estate Investment Company K.S.C. (Closed) (b)	Kuwait	-	-	19.79%	3,240,414	19.79%	3,128,381
Mashair Al-Ola L.L.C.	Saudi Arabia	-	-	-	-	30.00%	4,454,227
Q80 Valve Industries Factory	Kuwait	-	-	-	-	50.00%	325,534
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	1,276,679	35.29%	1,385,403	35.29%	1,355,118
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	10,513,975	37.40%	10,444,579	37.40%	10,443,023
			<b>50,684,976</b>		<b>55,293,202</b>		<b>48,400,535</b>

a) During the current period, FIB has been liquidated. Accordingly, the Group has received final payment of KD 1,624,309 as its proportionate share in the net assets on its liquidation and recorded a gain of KD 4,374 in the interim condensed consolidated statement of income.

b) During the current period, the Parent Company has transferred its entire stake in First Real Estate Company K.S.C. (Closed) with a carrying value of KD 3,240,286 to a financial institution against settlement of a murabaha payable amounting to KD 3,938,662 (Note 8) and accrued profit amounting to KD 69,549 resulting in a gain of KD 767,925 which is recognised in the interim condensed consolidated statement of income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2012

**7 SHARE CAPITAL AND DIVIDENDS**

At 30 June 2012, the authorised, issued and fully paid up capital of the Parent Company amounted to 651,070,551 (31 December 2011: 651,070,551 and 30 June 2011: 651,070,551) shares of 100 fils each.

On 8 May 2012, the Annual General Assembly of the shareholders of the Parent Company approved no cash dividends or bonus shares for the year ended 31 December 2011.

On 9 May 2011, the Annual General Assembly of the shareholders of the Parent Company approved no cash dividends or bonus shares for the year ended 31 December 2010. It also approved the write-off of accumulated losses of KD 10,516,209 as of 31 December 2010, against statutory reserve of KD 7,275,988 and share premium of KD 3,240,221.

**8 MURABAHA AND SUKUK PAYABLES**

	<i>30 June 2012 KD</i>	<i>(Audited) 31 December 2011 KD</i>	<i>30 June 2011 KD</i>
Murabaha payables	3,669,275	21,672,220	66,160,758
Sukuk payable (Note 10)	27,200,000	27,267,000	42,097,000
	<u>30,869,275</u>	<u>48,939,220</u>	<u>108,257,758</u>

During the current period, the management of the Parent Company has settled its murabaha payables amounting to KD 12,666,688 with certain banks and financial institutions by transfer of certain assets (which includes financial assets available-for-sale (Note 5) and investment in associates (Note 6)) resulting in total gain on transfer of assets of KD 2,324,675 which has been recognised in the interim condensed consolidated financial information. On settlement of murabaha payables the Parent Company received a discount of KD 1,110,365 which has been recognised in the interim condensed consolidated statement of income.

As of 30 June 2012, the Group has overdue murabaha obligations which amounted to KD 300,000.

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.

**9 OTHER LIABILITIES**

	<i>30 June 2012 KD</i>	<i>(Audited) 31 December 2011 KD</i>	<i>30 June 2011 KD</i>
Other payables	2,544,546	2,307,431	4,734,001
Accrued expenses	1,914,822	2,550,574	2,582,586
	<u>4,459,368</u>	<u>4,858,005</u>	<u>7,316,587</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2012

**10 RELATED PARTY TRANSACTIONS**

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

	<i>Other related parties KD</i>	<i>Six months ended 30 June</i>	
		<i><b>Total 2012 KD</b></i>	<i><b>Total 2011 KD</b></i>
<b>Interim condensed consolidated income statement</b>			
Management fees	25,312	25,312	71,635
Finance costs	714,869	714,869	1,089,720
Provision for other assets	-	-	1,659,751

	<i>Other related parties KD</i>	<i><b>Total 30 June 2012 KD</b></i>	<i>(Audited) 31 December</i>	
			<i><b>2011 KD</b></i>	<i><b>30 June 2011 KD</b></i>
<b>Interim condensed consolidated statement of financial position</b>				
Due from related parties	-	-	-	3,319,503
Provision for due from related parties	-	-	-	3,319,503
Management fees receivable	15,293	15,293	13,429	22,502
Murabaha payables	-	-	-	4,900,000
Sukuk payable (Note 8)	27,200,000	27,200,000	27,267,000	42,097,000

**Key management personnel compensation**

	<i>Six months ended 30 June</i>	
	<i><b>2012 KD</b></i>	<i><b>2011 KD</b></i>
Salaries and other short term benefits	129,400	111,800
Terminal benefits	111,806	48,245
	<b>241,206</b>	<b>160,045</b>

**Other transactions**

The Group also manages portfolios on behalf of related parties amounting to KD 43,420,334 (31 December 2011: KD 65,372,152 and 30 June 2011: KD 40,478,584) 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 30 June 2012

### 11 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	
	2012	2011	2012	2011	2012	2011	2012	2011
	KD	KD	KD	KD	KD	KD	KD	KD
<b>Six months ended 30 June</b>								
Revenue	2,574,649	529,409	1,853,219	2,588,994	87,006	(91,328)	4,514,874	3,027,075
Expenses	(2,804,189)	(4,515,091)	680,519	(1,873,141)	(469,816)	(91,291)	(2,593,486)	(6,479,523)
Results -- Profit (loss)	(229,540)	(3,985,682)	2,533,738	715,853	(382,810)	(182,619)	1,921,388	(3,452,448)
<b>At 30 June</b>								
Operating assets	54,699,039	47,759,321	73,904,784	113,209,866	18,391,064	41,007,620	146,994,887	201,976,807
Operating liabilities	33,578,978	101,390,120	1,459,089	8,999,550	290,576	5,184,675	35,328,643	115,574,345

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2012

**12 COMMITMENTS AND CONTINGENCIES**

**Commitments**

	<i>30 June 2012 KD</i>	<i>(Audited) 31 December 2011 KD</i>	<i>30 June 2011 KD</i>
Uncalled capital of financial assets available-for-sale	-	-	250,000
Capital commitments for properties under development	<b>11,895,108</b>	11,827,581	11,654,541
Operating lease rentals due within one year	<b>36,165</b>	72,330	36,165
	<u><b>11,931,273</b></u>	<u>11,899,911</u>	<u>11,940,706</u>

**Contingencies**

At the reporting date, the Group had bank guarantees amounting to KD 1,364,769 (31 December 2011: KD 1,364,769 and 30 June 2011: 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.