

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

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

**30 SEPTEMBER 2015**



Building a better  
working world

Ernst & Young  
Al Aiban, Al Osaimi & Partners  
P.O. Box 74  
18-21st Floor, Baitak Tower  
Ahmed Al Jaber Street  
Safat Square 13001, Kuwait

Tel: +965 2295 5000  
Fax: +965 2245 6419  
kuwait@kw.ey.com  
ey.com/mena



**BAKER TILLY  
KUWAIT**

Audit, tax and consulting  
P.O.Box 1486 Safat 13015  
Kuwait

T: +965 1 88 77 99  
F: +965 2294 2651

info@bakertillykuwait.com  
www.bakertillykuwait.com

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (together, the "Group") as at 30 September 2015 and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No 25 of 2012, as amended and its executive regulations, or of the Articles of Association and Memorandum of Incorporation of the Parent Company during the nine months period ended 30 September 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 nine months period ended 30 September 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

12 November 2015  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2015

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 KD	2014 KD	2015 KD	2014 KD
<b>INCOME</b>					
Murabaha income		52,688	-	134,299	9,082
Rental income		-	40,000	-	125,276
Realised (loss) gain on sale of financial assets at fair value through profit or loss		(108,812)	-	(213,146)	80,559
Unrealised gain (loss) on financial assets at fair value through profit or loss		33,784	285,857	(25,608)	306,202
Gain on redemption / sale of financial assets available for sale	5	208,028	-	208,817	5,963
Management fees		199,433	196,230	430,833	453,038
Dividends income		-	2,688	173,187	210,193
Share of results of associates	6	73,167	180,757	1,514,101	1,137,694
Gain on disposal of properties under development		-	-	-	50,280
Other income		10,333	48,749	90,839	134,178
Foreign exchange (loss) gain		(1,760)	(4,750)	1,083,531	(5,819)
		<u>466,861</u>	<u>749,531</u>	<u>3,396,853</u>	<u>2,506,646</u>
<b>EXPENSES</b>					
Staff costs		524,299	442,656	1,341,618	1,250,407
Depreciation		35,491	26,704	109,289	105,751
Finance costs /reversal of finance cost		1,263	(305,162)	2,753	301,808
Other expenses and provision	12	384,022	153,871	667,538	486,417
Impairment of financial assets available for sale	5	17,041	1,931	27,502	27,218
		<u>962,116</u>	<u>320,000</u>	<u>2,148,700</u>	<u>2,171,601</u>
<b>(LOSS) PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>					
		<u>(495,255)</u>	<u>429,531</u>	<u>1,248,153</u>	<u>335,045</u>
Contribution to KFAS		3,139	-	-	-
Contribution to NLST		12,532	-	(3,610)	-
Zakat		4,452	-	(801)	-
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<u>(475,132)</u>	<u>429,531</u>	<u>1,243,742</u>	<u>335,045</u>
<b>Attributable to:</b>					
Equity holders of the Parent Company		(372,585)	324,975	1,438,766	287,677
Non-controlling interests		(102,547)	104,556	(195,024)	47,368
		<u>(475,132)</u>	<u>429,531</u>	<u>1,243,742</u>	<u>335,045</u>
<b>BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	3	<u>(0.58) fils</u>	<u>0.50 fils</u>	<u>2.23 fils</u>	<u>0.44 fils</u>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 30 September 2015

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2015 KD</i>	<i>2014 KD</i>	<i>2015 KD</i>	<i>2014 KD</i>
<b>(Loss) profit for the period</b>	<b>(475,132)</b>	<b>429,531</b>	<b>1,243,742</b>	<b>335,045</b>
<b>Other comprehensive (loss) income for the period</b>				
<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	(17,183)	(1,154)	(28,596)	(27,325)
Share of other comprehensive (loss) income in associates	(53,292)	190,364	389,075	182,549
Exchange differences on translation of foreign operations	(2,134)	273,636	(907,503)	228,965
Impairment of financial assets available for sale	17,041	1,931	27,502	27,218
<b>Net other comprehensive (loss) income for the period</b>	<b>(55,568)</b>	<b>464,777</b>	<b>(519,522)</b>	<b>411,407</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(530,700)</b>	<b>894,308</b>	<b>724,220</b>	<b>746,452</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	(426,110)	714,800	905,742	638,000
Non-controlling interests	(104,590)	179,508	(181,522)	108,452
	<b>(530,700)</b>	<b>894,308</b>	<b>724,220</b>	<b>746,452</b>


The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

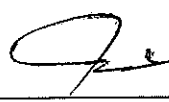
First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2015

		(Audited)	
	Notes	30 September 2015 KD	31 December 2014 KD
			30 September 2014 KD
<b>ASSETS</b>			
Cash and cash equivalents	4	25,060,797	36,920,815
Financial assets at fair value through profit or loss		698,203	671,839
Murabaha and ijara receivables		-	-
Financial assets available for sale	5	28,354,345	27,254,927
Investment in associates	6	47,887,228	46,293,802
Properties under development		2,224,872	2,169,445
Investment properties		32,298,713	29,567,473
Other assets		2,713,469	2,857,090
Property and equipment		885,231	950,540
<b>TOTAL ASSETS</b>		<b>140,122,858</b>	<b>146,685,931</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	65,107,055	65,107,055
Share premium		18,250,362	18,250,362
Treasury shares	7	(1,424,192)	(142,918)
Statutory reserve		984,974	984,974
Share options reserve		3,016,890	3,016,890
Treasury shares reserve		1,118,684	1,118,684
Cumulative changes in fair values reserve		260,241	155,335
Foreign currency translation reserve		914,835	1,552,765
Retained earnings		6,640,851	8,441,438
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>94,869,700</b>	<b>98,484,585</b>
Non-controlling interests		11,799,404	13,865,879
<b>TOTAL EQUITY</b>		<b>106,669,104</b>	<b>112,350,464</b>
<b>LIABILITIES</b>			
Murabaha and sukuk payables	8	27,706,167	27,766,048
Other liabilities		5,747,587	6,569,419
<b>TOTAL LIABILITIES</b>		<b>33,453,754</b>	<b>34,335,467</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>140,122,858</b>	<b>146,685,931</b>

  
Badar Mohammed Al-Qatan  
Chairman

  
Eisa A. S. Alweggian  
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 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	-	-	-	-	-	-	-	-	1,438,766	1,438,766	(195,024)	1,243,742
Other comprehensive income (loss) for the period	-	-	-	-	-	-	104,906	(637,930)	-	(533,024)	13,502	(519,522)
Total comprehensive income for the period	-	-	-	-	-	-	104,906	(637,930)	1,438,766	905,742	(181,522)	724,220
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(3,239,353)	(3,239,353)	-	(3,239,353)
Purchase of treasury shares	-	-	(1,281,274)	-	-	-	-	-	-	(1,281,274)	-	(1,281,274)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,884,953)	(1,884,953)
<b>At 30 September 2015</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>(1,424,192)</b>	<b>984,974</b>	<b>3,016,890</b>	<b>1,118,684</b>	<b>260,241</b>	<b>914,835</b>	<b>6,640,851</b>	<b>94,869,700</b>	<b>11,799,404</b>	<b>106,669,104</b>
At 1 January 2014	65,107,055	18,250,362	(142,918)	539,218	3,016,890	1,118,684	276,030	601,569	4,650,306	93,417,196	19,609,249	113,026,445
Profit for the period	-	-	-	-	-	-	-	-	287,677	287,677	47,368	335,045
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(107)	350,430	-	350,323	61,084	411,407
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(107)	350,430	287,677	638,000	108,452	746,452
Addition to non-controlling interests	-	-	-	-	-	-	-	-	-	-	136,590	136,590
<b>At 30 September 2014</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>(142,918)</b>	<b>539,218</b>	<b>3,016,890</b>	<b>1,118,684</b>	<b>275,923</b>	<b>951,999</b>	<b>4,937,983</b>	<b>94,055,196</b>	<b>19,854,291</b>	<b>113,909,487</b>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 30 September 2015

	Note	Nine months ended 30 September	
		2015 KD	2014 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before KFAS, NLST and Zakat		1,248,153	335,045
Adjustments to reconcile profit for the period to net cash flows:			
Murabaha income		(134,299)	(9,082)
Realised loss (gain) on sale of financial assets at fair value through profit or loss		213,146	(80,559)
Unrealised loss (gain) on financial assets at fair value through profit or loss		25,608	(306,202)
Gain on redemption / sale of financial assets available for sale		(208,817)	(5,963)
Dividends income		(173,187)	(210,193)
Share of results of associates		(1,514,101)	(1,137,694)
Gain on disposal of properties under development		-	(50,280)
Impairment of financial assets available-for-sale		27,502	27,218
Depreciation		109,289	105,751
Provisions for legal case		226,610	-
Foreign exchange (gain) loss		(1,083,531)	5,819
Finance costs		2,753	301,808
		(1,260,874)	(1,024,332)
Changes in operating assets and liabilities:			
Net movement on financial assets at fair value through profit or loss		(264,782)	532,426
Other assets		330,020	1,510,164
Other liabilities		(1,161,449)	122,134
		(2,357,085)	1,140,392
Murabaha income received		128,858	9,082
Finance costs paid		(2,753)	(232,669)
Net cash flows (used in) from operating activities		(2,230,980)	916,805
<b>INVESTING ACTIVITIES</b>			
Dividends income received		34,608	209,315
Purchase of financial assets available for sale		(1,135,869)	-
Proceeds from redemption / sale of financial assets available for sale		218,335	401,149
Purchase of investment properties		(2,853,032)	(330,618)
Proceeds from disposal of investments properties		121,792	-
Additions of investment in associates		(524,388)	-
Dividends received from associates		834,139	331,008
Purchase of properties under development		(31,032)	(1,815,366)
Proceeds from disposal of properties under development		-	446,154
Purchase of property and equipment		(43,980)	(21,899)
Net cash flows used in investing activities		(3,379,427)	(780,257)
<b>FINANCING ACTIVITIES</b>			
Net movement in murabaha and sukuk payables		(59,881)	-
Purchase of treasury shares		(1,281,274)	-
Dividends paid		(3,023,503)	-
(Distribution) addition to non-controlling interests		(1,884,953)	136,590
Net cash flows (used in) from financing activities		(6,249,611)	136,590
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(11,860,018)</b>	<b>273,138</b>
Cash and cash equivalents at 1 January		36,920,815	5,622,420
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	4	<b>25,060,797</b>	<b>5,895,558</b>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

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

As at 30 September 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 nine months period ended 30 September 2015 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 12 November 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 September 2015

### 2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the nine months period ended 30 September 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 nine months period ended 30 September 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 (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted (loss) earnings 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.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	<u>(372,585)</u>	<u>324,975</u>	<u>1,438,766</u>	<u>287,677</u>
Weighted average number of shares outstanding during the period	<u>645,595,844</u>	<u>649,870,551</u>	<u>645,595,844</u>	<u>649,870,551</u>
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company	<u>(0.58) fils</u>	<u>0.50 fils</u>	<u>2.23 fils</u>	<u>0.44 fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 30 September 2015

4 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>
Cash	400	400	400
Bank balances	13,499,029	35,352,260	5,356,665
Cash retained in portfolios	1,636,903	1,568,155	538,493
Deposits with original maturity of less than 3 months	9,924,465	-	-
	<u>25,060,797</u>	<u>36,920,815</u>	<u>5,895,558</u>

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 September</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2014</i> <i>KD</i>
Unquoted equity securities	28,334,527	27,198,658	28,589,848
Quoted equity securities	1,349	4,270	5,049
Managed funds	18,469	51,999	61,175
	<u>28,354,345</u>	<u>27,254,927</u>	<u>28,656,072</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 27,502 (30 September 2014: KD 27,218) on unquoted managed funds where there has been a significant or prolonged decline in fair value.

During the period ended 30 September 2015, the Group has received final liquidation payment amounting to KD 208,028 from liquidation of its investment in unquoted equity securities which has been sold in prior year. Accordingly, the Group has recognised this amount as realised gain on liquidation of financial assets available for sale in the interim condensed consolidated statement of income.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

6 INVESTMENT IN ASSOCIATES

	<i>(Audited)</i>					
	30 September 2015		31 December 2014		30 September 2014	
County of incorporation	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	40.00%	1,146,247	40.00%	1,283,999	40.00%	1,355,799
Arkan Al-Kuwait Real Estate Company K.S.C.P.	29.06%	11,984,105	29.06%	11,648,058	29.06%	11,682,328
Burgan Company for Well Drilling K.S.C.P.	20.46%	15,739,072	20.46%	15,467,232	20.46%	25,450,660
First Education Company K.S.C. (Closed) ("FEDCO")	21.39%	3,711,945	21.32%	3,545,081	21.32%	3,601,650
Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (Under liquidation)	35.29%	67,050	35.29%	69,599	35.29%	343,397
Taameer Investment Company (O.L.L.C.)	37.40%	12,260,994	37.40%	11,903,956	37.40%	11,377,172
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE")	20.90%	2,977,815	20.90%	2,375,877	20.90%	2,342,100
		<u>47,887,228</u>		<u>46,293,802</u>		<u>56,153,106</u>

Shares of investment in associate with carrying value of KD 15,358,814 (31 December 2014: KD 15,002,823 and 30 September 2014: KD 19,425,869) 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 September 2015

6 INVESTMENT IN ASSOCIATES (continued)

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

	30 September 2015	(Audited) 31 December 2014	30 September 2014
At the beginning of the period/year	46,293,802	55,164,535	55,164,535
Additions	524,388	-	-
Redemption	-	(272,110)	(664)
Dividends received	(834,139)	(331,008)	(331,008)
Impairment	-	(10,101,113)	-
Foreign currency translation adjustment	283,077	338,314	182,549
Cumulative change in fair value	105,999	(119,812)	-
Share of results	1,514,101	1,614,996	1,137,694
At the end of the period/year	<u>47,887,228</u>	<u>46,293,802</u>	<u>56,153,106</u>

7 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES

(i) Share capital

At 30 September 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 September 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 September 2015	(Audited) 31 December 2014	30 September 2014
Number of treasury shares	20,406,297	1,200,000	1,200,000
Percentage of issued shares	3.13%	0.18%	0.18%
Cost of treasury shares in KD	1,424,192	142,918	142,918
Market value (KD)	1,387,628	124,800	139,200

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

As on 30 September 2015, the treasury shares have not been collateralized by the Group.

8 MURABAHA AND SUKUK PAYABLES

	30 September 2015 KD	(Audited) 31 December 2014 KD	30 September 2014 KD
Murabaha payables	27,706,167	27,766,048	-
Sukuk payable	-	-	27,200,000
	<u>27,706,167</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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

**8 MURABAHA AND SUKUK PAYABLES (continued)**

Murabaha payables amounting to KD 27,579,331 (31 December 2014: KD 27,579,331 and 30 September 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).

**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	Nine months ended 30 September	
	2015 KD	2014 KD
Management fees	10,973	11,645
Finance costs	-	301,808

Interim condensed consolidated statement of financial position	30 September	(Audited) 31 December	30 September
	2015 KD	2014 KD	2014 KD
Management fees and other receivables	66,404	41,158	34,369
Murabaha and sukuk payables (Note 8)	-	27,579,331	27,200,000

**Key management personnel compensation**

	Nine months ended 30 September	
	2015 KD	2014 KD
Salaries and other short term benefits	172,361	165,012
Terminal benefits	34,742	19,503
	<u>207,103</u>	<u>184,515</u>

**Other transactions**

The Group also manages investment portfolios on behalf of related parties amounting to KD 4,905,780 (31 December 2014: KD 6,908,304 and 30 September 2014: KD 6,921,225) which are not reflected in the Group's interim condensed consolidated statement of financial position.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 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 KD	2014 KD	2015 KD	2014 KD	2015 KD	2014 KD	2015 KD	2014 KD
<b>Nine months ended 30 September</b>								
Income	1,796,190	1,687,511	1,203,373	756,271	397,290	62,864	3,396,853	2,506,646
Expenses	(1,750,726)	(1,870,069)	(370,472)	(280,133)	(27,502)	(21,399)	(2,148,700)	(2,171,601)
Results -- Profit (loss) before contribution to KFAS, NLST and ZAKAT	45,464	(182,558)	832,901	476,138	369,788	41,465	1,248,153	335,045
<b>As at 30 September</b>								
Total assets	59,053,161	52,851,148	62,553,239	75,087,906	18,516,458	17,168,821	140,122,858	145,107,875
Total liabilities	29,240,779	28,548,358	4,027,677	2,650,030	185,298	-	33,453,754	31,198,388

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

**11 COMMITMENTS AND CONTINGENCIES**

**Commitments**

	<i>30 September 2015 KD</i>	<i>(Audited) 31 December 2014 KD</i>	<i>30 September 2014 KD</i>
Capital commitments for properties under development	-	-	12,230,773
Operating lease rentals due within one year	18,082	72,330	18,082
	<u>18,082</u>	<u>72,330</u>	<u>12,248,855</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 September 2014: KD 1,364,769) for which the management anticipates that no material liabilities will arise.

**12 OTHER EXPENSES AND PROVISIONS**

During the period, the court of appeal / the stock market has ruled in favor of a client of the Parent Company, which grants the client 13,994,092 shares deposited in his opened investment portfolio in addition to the dividends accrued on these shares along with the legal interest as of 28 February 2008. According to this ruling the Parent Company provided for a provision amounting to KD 226,610 included in other expenses and provisions in the interim condensed consolidated statement of income. The Parent Company has appealed against the above mentioned ruling in the court of cassation which is still under consideration.

**13 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 28,334,527 (31 December 2014: KD 27,198,658 and 30 September 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 September 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 KD</i>
<b>30 September 2015</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	338,840	-	338,840
- Managed funds and portfolios	-	161,805	161,805
<i>Financial assets available for sale:</i>			
- Equity securities	1,349	-	1,349
- Managed funds and portfolios	-	18,469	18,469
	<u>340,189</u>	<u>180,274</u>	<u>520,463</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

13 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 KD
<i>30 September 2014</i>			
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	960,568	-	960,568
- Managed funds and portfolios	-	1,150,602	1,150,602
<i>Financial assets available for sale:</i>			
- Equity securities	5,049	-	5,049
- Managed funds and portfolios	-	61,175	61,175
	<u>965,617</u>	<u>1,211,777</u>	<u>2,177,394</u>

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

	<i>At 1 January 2015 KD</i>	<i>Loss recorded in the consolidated statement of income KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 30 September 2015 KD</i>
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	186,224	(13,341)	-	(11,078)	161,805
Financial assets available for sale					
- Managed funds and portfolios	51,999	(27,502)	1,662	(7,690)	18,469
	<i>At 1 January 2014 KD</i>	<i>Gain (loss) recorded in the consolidated statement of income KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 31 December 2014 KD</i>
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



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

13 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 September 2014 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	566,964	267,334	-	316,304	1,150,602
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	87,108	(27,218)	1,285	-	61,175