

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

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

30 SEPTEMBER 2023



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

Report on the Interim Condensed Consolidated Financial Information

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 (collectively, the “Group”) as at 30 September 2023, and the related interim condensed consolidated statements of profit or loss, interim condensed consolidated statements of comprehensive income for the three-months and nine-months periods then ended, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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 International Accounting Standard 34 “*Interim Financial Reporting*”. 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 IAS 34.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the interim condensed consolidated financial information which states that, As at 30 September 2023, the Group has accumulated losses of KD 18,707,157 (31 December 2022: KD 18,303,143), as of that date, the Group’s current liabilities exceeded its current assets by KD 28,470,782 (31 December 2022: KD 28,069,675). This is primarily due to total outstanding legal claims of KD 49,470,820 (31 December 2022: 50,546,100), of which the Group is unable to settle certain legally enforceable litigation claims amounting to KD 33,684,880 (31 December 2022: KD 32,444,180) resulted in blocking of certain assets amounting to KD 7,703,018 (31 December 2022: 8,259,305), these events and conditions, along with other matters as set forth in Note 11 indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. However, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and the legal claims under execution will be met from renegotiation of the amounts and time of payment with creditors, in-kind settlements or from sale of certain assets at their market values. Our conclusion is not modified in respect of this matter.

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

Report on the Interim Condensed Consolidated Financial Information (continued)

Emphasis of Matters

- i) We draw attention to the Note 11 to the interim condensed consolidated financial information, which describes the material uncertainty related to the final outcome of ongoing litigation claims. As stated in note therein, the Parent Company is the defendant in legal proceedings brought by several parties. The legal actions commenced by the parties against the Parent Company are in various phases of litigation. As at 30 September 2023, the Group has a total provision of KD 49,470,820 (31 December 2022: KD 50,546,100 and 30 September 2022: KD 16,554,947) on the interim condensed consolidated statement of financial position against the litigation claims, reflecting management's best estimate of the most likely outcome of these litigation claims as at the authorisation date of this interim condensed consolidated financial information.

- ii) We draw attention to the Note 4 to the interim condensed consolidated financial information which describes that the contract for construction of a Beach Resort between a subsidiary of an Associate, Taameer Investment Company SAOC ("Taameer") of the Parent Company, at the Governorate of Dhofar, Sultanate of Oman, executed between Ghantoot Transport & Gen. Cont. LLC ("the Contractor") and Taameer has been terminated. The termination occurred due to a dispute between Taameer and the Contractor relating to various matters including inordinate delay in the recommencement of work after a natural disaster at the project site in May 2018. The Contractor has filed a legal suit against Taameer on various grounds relating to the said termination of contract and has requested the court to appoint experts, as a preliminary measure, to file a claim against Taameer. Taameer has filed a claim of OMR 25 million (equivalent to KD 19.7 million) against the Contractor for damages and breach of contract on 10 February 2020. The proceedings of the legal suite are currently on hold and the parties are currently involved in arbitration.

Further, during the year 2019, Taameer has encashed performance bonds amounting to OMR 6.55 million (equivalent to KD 5.2 million) given by the Contractor. The encashment of the bonds is the subject matter of the legal suit with the Contractor, which is also currently in progress.

The ultimate outcome of the above matters cannot be determined presently, and as a result, no provision for any liability that may result has been recognised in the interim condensed consolidated financial information as at 30 September 2023.

Our conclusion is not modified in respect of these matters.

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

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. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine-months period ended 30 September 2023 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 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-months period ended 30 September 2023 that might have had material effect on the business of the Parent Company or on its financial position, except for the Parent Company's violation of the provisions of Article (3-1) of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto. The Company, as a Licensed Person did not maintain their actual Eligible Regulatory Capital in excess of their Risk Based Capital Requirement.



ABDULKARIM A. ALSAMDAN
LICENCE NO. 208- A
EY
AL AIBAN AL OSAIMI & PARTNERS

12 November 2023
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 September 2023

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
INCOME		KD	KD	KD	KD
Revenue from contracts with customers		205,095	172,901	614,246	585,893
Cost of sales		(93,400)	(85,348)	(298,500)	(262,158)
GROSS PROFIT		111,695	87,553	315,746	323,735
Murabaha income		19,671	9,630	76,933	45,869
(Loss) gain on sale of financial assets at fair value through profit or loss		-	(152)	-	129,434
Net change in fair value of financial assets at fair value through profit or loss		5,033	3,688	5,911	6,039
Share of results of associates	4	37,497	300,481	123,579	747,079
Effect of reclassification of an investment in associate to financial assets at fair value through other comprehensive income	4	-	-	-	1,404,075
Dividend income		-	-	52,957	57,911
Rental income		282,768	290,141	848,011	858,316
Management fees		43,052	48,061	127,693	144,854
Net foreign exchange differences		(2,466)	(3,657)	1,588	42,569
Other income		688	584	43,646	63,938
TOTAL INCOME		497,938	736,329	1,596,064	3,823,819
EXPENSES					
Staff costs		(262,888)	(379,519)	(807,058)	(1,003,977)
Depreciation of property and equipment and right-of-use assets		(70,183)	(63,288)	(204,884)	(185,467)
Amortisation of intangible assets		(14,942)	(14,942)	(44,828)	(44,828)
Finance costs		(43,639)	(44,955)	(133,935)	(135,808)
Other expenses		(254,278)	(108,747)	(637,384)	(497,921)
TOTAL EXPENSES		(645,930)	(611,451)	(1,828,089)	(1,868,001)
(LOSS) PROFIT FOR THE PERIOD		(147,992)	124,878	(232,025)	1,955,818
Attributable to:					
Equity holders of the Parent Company		(203,335)	81,593	(404,014)	1,774,356
Non-controlling interests		55,343	43,285	171,989	181,462
		(147,992)	124,878	(232,025)	1,955,818
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3	(0.456) fils	0.183 fils	(0.906) fils	3.979 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 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 KD	2022 KD	2023 KD	2022 KD
(LOSS) PROFIT FOR THE PERIOD		(147,992)	124,878	(232,025)	1,955,818
Other comprehensive loss					
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>					
Net loss on equity instruments at fair value through other comprehensive income		(725,839)	(2,186,352)	(905,419)	(1,303,457)
Share of other comprehensive income of associates	4	99,069	21,210	30,386	33,351
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(626,770)	(2,165,142)	(875,033)	(1,270,106)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income of associates accounted for using the equity method	4	76,550	168,071	92,906	336,255
Exchange differences on translation of foreign operations		34,769	94,792	32,577	127,864
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		111,319	262,863	125,483	464,119
Other comprehensive loss		(515,451)	(1,902,279)	(749,550)	(805,987)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(663,443)	(1,777,401)	(981,575)	1,149,831
Attributable to:					
Equity holders of the Parent Company		(735,294)	(1,852,911)	(1,168,330)	912,912
Non-controlling interests		71,851	75,510	186,755	236,919
		(663,443)	(1,777,401)	(981,575)	1,149,831

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 September 2023

		(Audited)	
	30 September	31 December	30 September
	2023	2022	2022
Notes	KD	KD	KD
ASSETS			
Cash and cash equivalents	7,290,641	7,945,491	8,199,792
Financial assets at fair value through profit or loss	10 174,728	175,086	178,808
Other assets	4,330,663	4,112,328	1,929,459
Inventories	382,455	270,134	317,809
Financial assets at fair value through other comprehensive income	10 35,959,326	36,864,745	29,246,435
Investment in associates	4 18,709,677	19,905,063	20,238,478
Investment properties	10 11,210,109	11,146,911	11,252,243
Property, plant and equipment	2,393,516	2,491,569	2,485,595
Goodwill and other intangible assets	623,339	668,167	683,110
TOTAL ASSETS	81,074,454	83,579,494	74,531,729
LIABILITIES AND EQUITY			
LIABILITIES			
Murabaha payables	5 2,355,855	2,659,638	2,713,332
Other liabilities	1,651,473	1,874,491	2,358,322
Provision for legal claims	11 49,470,820	50,546,100	16,554,947
End of service benefits	1,053,154	988,284	1,004,598
TOTAL LIABILITIES	54,531,302	56,068,513	22,631,199
EQUITY			
Share capital	6 44,597,874	44,597,874	44,597,874
Fair value reserve	(3,531,903)	(2,656,870)	(2,775,276)
Foreign currency translation reserve	1,290,087	1,179,370	1,362,260
(Accumulated losses) retained earnings	(18,707,157)	(18,303,143)	5,992,483
Equity attributable to equity holders of the Parent Company	23,648,901	24,817,231	49,177,341
Non-controlling interests	2,894,251	2,693,750	2,723,189
TOTAL EQUITY	26,543,152	27,510,981	51,900,530
TOTAL LIABILITIES AND EQUITY	81,074,454	83,579,494	74,531,729


Bader Mohammed Al-Qattan
Chairman


Mohammad G. Al-Tayyar
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 September 2023

	<i>Attributable to equity holders of the Parent Company</i>						<i>Total equity KD</i>
	<i>Share capital KD</i>	<i>Fair value reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Accumulated losses KD</i>	<i>Sub- total KD</i>	<i>Non- controlling interests KD</i>	
As at 1 January 2023 (Audited)	44,597,874	(2,656,870)	1,179,370	(18,303,143)	24,817,231	2,693,750	27,510,981
Loss for the period	-	-	-	(404,014)	(404,014)	171,989	(232,025)
Other comprehensive (loss) income for the period	-	(875,033)	110,717	-	(764,316)	14,766	(749,550)
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Total comprehensive (loss) income for the period	-	(875,033)	110,717	(404,014)	(1,168,330)	186,755	(981,575)
Net movement in non-controlling interests	-	-	-	-	-	13,746	13,746
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At 30 September 2023	44,597,874	(3,531,903)	1,290,087	(18,707,157)	23,648,901	2,894,251	26,543,152
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 1 January 2022 (Audited)	44,597,874	(1,687,864)	953,598	4,400,821	48,264,429	2,648,073	50,912,502
Profit for the period	-	-	-	1,774,356	1,774,356	181,462	1,955,818
Other comprehensive (loss) income for the period	-	(1,270,106)	408,662	-	(861,444)	55,457	(805,987)
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Total comprehensive (loss) income for the period	-	(1,270,106)	408,662	1,774,356	912,912	236,919	1,149,831
Transfer on derecognition of financial assets at FVOCI	-	182,694	-	(182,694)	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	(161,803)	(161,803)
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At 30 September 2022	44,597,874	(2,775,276)	1,362,260	5,992,483	49,177,341	2,723,189	51,900,530
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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 CASHFLOWS

For the period ended 30 September 2023

	Notes	Nine months ended 30 September	
		2023 KD	2022 KD
OPERATING ACTIVITIES			
(Loss) profit for the period		(232,025)	1,955,818
<i>Adjustments to reconcile (loss) profit for the period to net cash flows:</i>			
Murabaha income		(76,933)	(45,869)
Realised gain on sale of financial assets at fair value through profit or loss		-	(129,434)
Net change in fair value of financial assets at fair value through profit or loss		(5,911)	(6,039)
Share of results of associates	4	(123,579)	(747,079)
Effect of reclassification of an associate to financial assets at fair value through other comprehensive income	4	-	(1,404,075)
Dividend income		(52,957)	(57,911)
Net foreign exchange differences		(1,588)	(42,569)
Depreciation of property and equipment and right-of-use assets		204,884	185,468
Amortisation of intangible assets		44,828	44,828
Finance costs		133,935	135,808
Provision for employees' end of service benefits		78,364	54,380
		(30,982)	(56,674)
<i>Working capital adjustments:</i>			
Other assets		(147,753)	(780,938)
Financial assets at fair value through profit or loss		6,269	132,249
Inventories		(112,321)	(113,417)
Other liabilities		(114,137)	(242,869)
Provision for legal claims		-	(1,222,302)
Cash used in operations		(398,924)	(2,283,951)
Murabaha income received		74,642	46,619
Finance costs paid		(105,881)	(163,327)
Provision for legal claims paid		(1,075,280)	-
Employees' end of service benefits paid		(13,494)	(22,401)
Net cash flows used in operating activities		(1,518,937)	(2,423,060)
INVESTING ACTIVITIES			
Dividend income received		-	4,954
Dividends received from associates	4	499,327	536,833
Proceeds from capital redemption from investment in an associate		942,930	-
Purchase of items of property and equipment		(115,858)	(34,817)
Net cash flows from investing activities		1,326,399	506,970
FINANCING ACTIVITIES			
Repayment of murabaha payables		(321,238)	(237,580)
Dividends paid to equity holders of the Parent Company		(2,708)	(93)
Net movement in non-controlling interests		-	11,371
Payment of principle portion of lease liabilities		(138,366)	(138,366)
Net cash flows used in financing activities		(462,312)	(364,668)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(654,850)	(2,280,758)
Cash and cash equivalents at 1 January		7,945,491	10,480,550
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		7,290,641	8,199,792
Non-cash items excluded from the interim condensed consolidated statement of cash flows			
Disposal of financial assets at fair value through profit or loss		-	173,174
Other assets		(13,746)	-
Net movement in non-controlling interest		13,746	(173,174)

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 and for the period ended 30 September 2023

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of First Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the Nine months ended 30 September 2023 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 12 November 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved in the Annual General Assembly meeting (AGM) of the shareholders held on 31 May 2023.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company is subject to the supervision of Capital Markets Authority (“CMA”).

The Parent Company’s registered office is located at Al Hamra Tower 68th floor, Al Shuhada Street, Kuwait City, Kuwait.

The Parent Company is principally engaged in the provision of investment and financial services in accordance with Islamic Sharī‘a principles as approved by the Group's Fatwa and Sharī‘a Supervisory Board. The principal activities of the Group are described in Note 8.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

As at 30 September 2023, the Group has accumulated losses of KD 18,707,157 (31 December 2022: KD 18,303,143), as of that date, the Group’s current liabilities exceeded its current assets by KD 28,470,782 (31 December 2022: KD 28,069,675). This is primarily due to total outstanding legal claims of KD 49,470,820 (31 December 2022: 50,546,100), of which the Group is unable to settle certain legally enforceable litigation claims amounting to KD 33,684,880 (31 December 2022: KD 32,444,180) resulted in blocking of certain assets amounting to KD 7,703,018 (31 December 2022: 8,259,305) (Note 11).

Management seeks to obtain the best possible information to assess these risks and implement appropriate measures to respond. The Group has taken and will take a number of measures to monitor and prevent the effects of the legal cases outcome. The measures includes but not limited to the following:

- ▶ The management is taking all the legal actions in various courts to reach the best outcome in favor of the Group.
- ▶ The management appealed various verdicts issued by the Court of Appeal to the Court of Cassation to hold any execution actions against the Group.
- ▶ The management is currently negotiating with various legal debtors to reach out of court agreements through reduced settlements or in-kind settlements of the claims.
- ▶ On 17 April 2023, the Extraordinary General Assembly of the Parent Company approved the Board of Directors recommendation to apply for preventive protection Law No. 71/2020.
- ▶ On 7 September 2023, the Bankruptcy management department of the Ministry of Justice decided to accept to open the preventive protection procedures and stop the execution of the legal claims for a period of three months from the decision date.
- ▶ Management has prepared a detailed cashflow analysis for preventive settlement to assess the liquidity position of the Group and identify liquidity gaps under various scenarios. The management does not expect provision of legal claims to be settled within 12 months of the balance sheet date, and therefore it has concluded that the Group would be able to meet all its obligations due for the next 12 months.
- ▶ The management has made significant judgements to forecast the cash flows over next twelve months from the date the consolidated financial statements are authorized for issue depends on the Group’s ability to implement the mitigating factors within the Group’s control.
- ▶ The management has made significant judgements to forecast the ultimate outcome of the ongoing litigation (Refer to Note 11 for further details).
- ▶ The management do not expect to have any executional action from any legal parties related to blocked assets (Note 11).
- ▶ The Group maintains sufficient cash to meet liquidity need in the event of any unforeseen interruption in cash flow.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

2.1 FUNDAMENTAL ACCOUNTING CONCEPT (continued)

Management acknowledges that uncertainty remains over the Group's ability to meet its legal claims as they fall due. However, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and the legal claims under execution will be met from renegotiation of the amounts and time of payment with creditors, in-kind settlements or from sale of certain assets at their market values.

2.2 Basis of preparation

The interim condensed consolidated financial information for the nine months ended 30 September 2023 has been prepared in accordance with IAS 34 "*Interim Financial Reporting*".

The interim condensed consolidated financial information does 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 2022.

2.3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS 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 Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements, as it does not have assets or liabilities in scope of IAS 12 as at the reporting date.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

3 (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share amounts are calculated by dividing the (loss) profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the (loss) profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted (loss) earnings per share are identical.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	2022	2023	2022
(Loss) profit for the period attributable to the equity holders of the Parent Company (KD)	(203,335)	81,593	(404,014)	1,774,356
Weighted average number of shares outstanding during the period	445,978,742	445,978,742	445,978,742	445,978,742
Basic and diluted (loss) earnings per share (Fils)	(0.456)	0.183	(0.906)	3.979

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

4 INVESTMENT IN ASSOCIATES

	<i>County of incorporation</i>	<i>30 September 2023</i>		<i>(Audited) 31 December 2022</i>		<i>30 September 2022</i>	
		<i>Equity interest %</i>	<i>Carrying amount KD</i>	<i>Equity interest %</i>	<i>Carrying amount KD</i>	<i>Equity interest %</i>	<i>Carrying amount KD</i>
		Arkan Al-Kuwait Real Estate Company K.S.C.P.	Kuwait	28.99%	5,766,234	28.99%	6,051,060
Taameer Investment Company S.A.O.C. ("Taameer")*	Oman	24.82%	4,707,962	24.82%	4,659,252	24.82%	4,962,996
Al-Subeih Medical Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	3,438,885	25%	3,357,563	25%	3,283,444
First Education Company K.S.C. (Closed)	Kuwait	22.19%	2,269,244	22.19%	3,227,004	22.19%	3,248,954
Al Jazeera Al Oula Real Estate W.L.L.	Saudi Arabia	20.90%	2,021,024	20.90%	2,048,633	20.90%	2,070,764
Sons of Yousef Al-Subeih Real Estate Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	506,328	25%	561,551	25%	564,726
			18,709,677		19,905,063		20,238,478

***Legal claim contingency in respect of Taameer**

The contract for construction of a Beach Resort, through a subsidiary of the Associate, Dhofar Beach Resort LLC ("the Subsidiary of Taameer"), at the Governorate of Dhofar, Sultanate of Oman, executed between Ghantoot Transport & Gen. Cont. LLC ("the Contractor") and Taameer has been terminated. The termination occurred due to a dispute between Taameer and the Contractor relating to various matters including inordinate delay in the recommencement of work after a natural disaster at the project site in May 2018. The Contractor has filed a legal suit against Taameer on various grounds relating to the said termination of contract and has requested the court to appoint experts, as a preliminary measure, to file a claim against Taameer. Taameer has filed a claim of OMR 25 million (equivalent to KD 19.7 million) against the Contractor for damages and breach of contract on 10 February 2020. The proceedings of the legal suite are currently on hold and the parties are currently involved in arbitration.

Further, during the year 2019, Taameer has encashed performance bonds amounting to OMR 6.55 million (equivalent to KD 5.2 million) given by the Contractor. The encashment of the bonds is the subject matter of the legal suit with the Contractor, which is also currently in progress.

Taameer has been advised by its legal counsel that it is only possible, but not probable, that the action against Taameer will succeed. Accordingly, Taameer has not recognised any provision for any liability that may arise in its interim condensed consolidated financial information for the period ended 30 September 2023.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

4 INVESTMENT IN ASSOCIATES (continued)

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

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
At the beginning of the period/year	19,905,063	23,163,402	23,163,402
Capital redemption	(942,930)	-	-
Transfer to financial assets FVOCI*	-	(3,504,776)	(3,504,776)
Share of results	123,579	749,444	747,079
Dividends received from associates	(499,327)	(536,833)	(536,833)
Foreign currency translation adjustment	92,906	194,310	336,255
Share of other comprehensive income	30,386	(160,484)	33,351
At the end of the period/year	18,709,677	19,905,063	20,238,478

*The Group used to exercises significant influence over Burgan Company for Well Drilling K.S.C.P (“BDC”) through its representation on the board of directors of the investee. The Group was considering that significant influence can be achieved through voting rights which gives it the practical ability to influence the relevant activities over the investee company, despite the fact of owning an equity interest of less than 20% shareholding.

On 22 June 2022, the Group’s representatives on the investee’s board of directors resigned as a result the Group lost its significant influence over the investee accordingly reclassified the investment to financial assets at FVOCI. On the date of reclassification, the Group recognised an income of KD 1,404,075 represents the difference between the carrying value amounting to KD 3,504,776 and the fair value amounting to KD 4,908,851.

5 MURABAHA PAYABLES

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
Gross amount	2,879,622	3,284,911	3,437,595
Less: Deferred finance costs	(523,767)	(625,273)	(724,263)
	2,355,855	2,659,638	2,713,332

As at 30 September 2023, murabaha payables amounting to KD 1,997,640 (31 December 2022: KD 2,271,872 and 30 September 2022: KD 2,402,301) are denominated in Omani Riyal, have an effective profit rate of 6.5% (31 December 2022: 6.5% and 30 September 2022: 6.5%) per annum and secured against an investment property with a carrying amount of KD 7,232,769 (31 December 2022: KD 7,169,571 and 30 September 2022: KD 7,274,903).

As at 30 September 2023, murabaha payables amounting to KD 358,215 (31 December 2022: KD 387,766 and 30 September 2022: KD 311,031) are denominated in Kuwaiti Dinars, have an effective profit rate of 3.5 % per annum and secured against property, plant and equipment with a carrying amount of KD 1,179,847 (31 December 2022: KD 1,128,196 and 30 September 2022: KD 1,086,291).

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

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As at and for the period ended 30 September 2023

6 SHARE CAPITAL

At 30 September 2023, the authorised, issued and fully paid-up capital of the Parent Company comprises of 445,978,742 (31 December 2022: 445,978,742 and 30 September 2022: 445,978,742) shares of 100 fils each. All shares are paid in cash.

7 RELATED PARTY DISCLOSURES

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 Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the three and nine months ended at 30 September 2023 and 2022, as well as balances with related parties as at 30 September 2023, 31 December 2022 and 30 September 2022.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Consolidated statement of profit or loss:</i>				
Management fees	21	30	74	1,894
			<i>(Audited)</i>	
			<i>30 September</i>	<i>31 December</i>
			<i>2023</i>	<i>2022</i>
			<i>KD</i>	<i>KD</i>
<i>Consolidated statement of financial position:</i>				
Management fees and other receivables		411	337	311

Key management personnel compensation:

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions related to key management personnel were as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and short-term benefits	31,010	38,584	88,750	113,187
End of service benefits	10,495	3,700	16,098	24,472
	41,505	42,284	104,848	137,659
			<i>Balance outstanding</i>	
			<i>(Audited)</i>	
			<i>30 September</i>	<i>31 December</i>
			<i>2023</i>	<i>2022</i>
			<i>KD</i>	<i>KD</i>
Salaries and short-term benefits	-		5,500	-
End of service benefits	203,575		187,478	225,667
	203,575		192,978	225,667

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 7,727 (31 December 2022: KD 10,279 and 30 September 2022: KD 10,898) 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)

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8 SEGMENT INFORMATION

Management monitors the operating results of its business 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 four operating segments:

- ▶ Real Estate
- ▶ Financial
- ▶ Services
- ▶ Others

The Group does not have any inter-segment transactions.

The following tables present revenue and profit information for the Group's operating segments for the nine months ended 30 September 2023 and 2022, respectively:

	<i>Real Estate</i>		<i>Financial</i>		<i>Services</i>		<i>Others</i>		<i>Total</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Income	1,106,513	1,539,255	80,685	241,148	355,671	1,989,239	53,195	54,177	1,596,064	3,823,819
Expenses	(686,500)	(821,794)	(96,965)	(187,026)	(865,193)	(697,732)	(179,431)	(161,449)	(1,828,089)	(1,868,001)
Segment results	420,013	717,461	(16,280)	54,122	(509,522)	1,291,507	(126,236)	(107,272)	(232,025)	1,955,818

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

8 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2023, 31 December 2022 and 30 September 2022, respectively:

	<i>Real Estate</i>			<i>Financial</i>			<i>Services</i>			<i>Others</i>			<i>Total</i>		
	<i>(Audited)</i>			<i>(Audited)</i>			<i>(Audited)</i>			<i>(Audited)</i>			<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment assets	25,335,331	25,164,946	25,617,306	7,655,866	10,437,901	9,715,990	39,787,877	41,250,227	33,366,580	8,295,380	6,726,420	5,831,853	81,074,454	83,579,494	74,531,729
Segment liabilities	(2,758,675)	(3,225,172)	(3,836,413)	(17,975)	(12,173)	(16,742)	(888,573)	(1,001,586)	(916,910)	(50,866,079)	(51,829,582)	(17,861,134)	(54,531,302)	(56,068,513)	(22,631,199)
Other disclosures:															
Total non-current assets*	24,580,983	24,699,807	25,146,075	5,261,424	5,998,694	6,225,633	38,280,737	39,692,882	31,871,615	772,824	685,073	662,539	68,895,968	71,076,456	63,905,862
Additions to non-current assets	760	-	-	1,650	5,956	3,016	113,448	104,462	31,801	-	-	-	115,858	110,418	34,817
Share of results from associates (Note 4)	84,491	454,913	551,422	-	-	-	39,088	294,531	195,657	-	-	-	123,579	749,444	747,079

*Non-current assets for this purpose consist of goodwill and other intangible assets, property and equipment, investment properties, investment in associates and financial assets at FVOCI

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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8 SEGMENT INFORMATION (continued)

Geographic information

	<i>Nine months ended</i>		
	<i>30 September</i>		
	2023	2022	
	KD	KD	
Income			
Kuwait	1,075,338	3,295,413	
Kingdom of Saudi Arabia (KSA)	19,267	19,393	
Sultanate of Oman	501,459	509,013	
	1,596,064	3,823,819	
Segment results			
Kuwait	(543,886)	1,670,692	
Kingdom of Saudi Arabia (KSA)	6,788	14,880	
Sultanate of Oman	305,073	270,246	
	(232,025)	1,955,818	
		<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment assets			
Kuwait	39,864,963	40,892,884	38,814,841
Kingdom of Saudi Arabia (KSA)	28,516,134	29,644,751	22,281,881
Sultanate of Oman	12,113,226	12,007,212	12,396,054
Others	580,131	1,034,647	1,038,953
	81,074,454	83,579,494	74,531,729
Segment liabilities			
Kuwait	(20,407,024)	(20,531,157)	(19,294,455)
Kingdom of Saudi Arabia (KSA)	(31,867,197)	(32,951,311)	(729,235)
Sultanate of Oman	(2,257,081)	(2,586,045)	(2,607,509)
	(54,531,302)	(56,068,513)	(22,631,199)

9 COMMITMENTS AND CONTINGENCIES

As at 30 September 2023, The Group has provided a guarantee to third party amounting to SAR55 million equivalent to KD 4.53 million (31 December 2022: SAR 55 million equivalent to KD 4.49 million and 30 September 2022: SAR 105 million equivalent to KD 8.70 million) for the performance in a contract in the Kingdom of Saudi Arabia. No material liability is expected to arise.

10 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

All assets and liabilities for which fair value is recognized or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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10 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets carried at fair value by valuation technique:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

10.1 Financial instruments

The following table provides the fair value measurement hierarchy of the Group's financial instruments measured at fair value.

	<i>Fair value measurement using</i>			<i>Total KD</i>
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	
Financial assets at FVTPL:				
30 September 2023				
Unquoted funds	-	174,728	-	174,728
<hr/>				
31 December 2022 (Audited)				
Unquoted funds	-	175,086	-	175,086
<hr/>				
30 September 2022				
Unquoted funds	-	178,808	-	178,808
<hr/>				
Financial assets at FVOCI:				
30 September 2023				
Quoted equity securities	9,155,840	-	-	9,155,840
Unquoted equity securities	-	-	26,803,486	26,803,486
	9,155,840	-	26,803,486	35,959,326
<hr/>				
31 December 2022 (Audited)				
Quoted equity securities	9,982,041	-	-	9,982,041
Unquoted equity securities	-	-	26,882,704	26,882,704
	9,982,041	-	26,882,704	36,864,745
<hr/>				
30 September 2022				
Quoted equity securities	9,852,497	-	-	9,852,497
Unquoted equity securities	-	-	19,393,938	19,393,938
	9,852,497	-	19,393,938	29,246,435
<hr/>				

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

10 FAIR VALUE MEASUREMENT (continued)

10.1 Financial instruments

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
As at 1 January	26,882,704	19,270,567	19,270,567
Remeasurement recognised in OCI	(79,218)	315,495	123,371
Purchases / (sales), net	-	7,296,642	-
At the end of the period/ year	26,803,486	26,882,704	19,393,938

Description of significant unobservable inputs to valuation

Set out below are the significant unobservable inputs to valuation as at 30 September 2023:

	<i>Valuation techniques</i>	<i>Significant unobservable inputs</i>	<i>Range (weighted average)</i>	<i>Sensitivity of the input to fair value</i>
Unquoted equity securities	Market multiple approach	Sector PBV Multiple	0.34-1.55 (1.36)	10% increase (decrease) in the Sector PBV multiple would result in an increase (decrease) in fair value by KD 84,174.
		DLOM *	20% - 40%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 147,501.
	Adjusted NAV	DLOM *	5% - 80%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 1,192,673

* Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

10.2 Non-financial instruments

The Group's investment properties are measured using significant unobservable inputs (level 3). Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
As at 1 January	11,146,911	11,057,963	11,057,963
Exchange differences	63,198	88,948	194,280
At the end of the period/ year	11,210,109	11,146,911	11,252,243

<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Changes in valuation assumptions</i>	<i>Impact on profit</i>
Income capitalisation approach	Average rent per sqm	KD 1.21 – 7.53	+/- 5%	560,505
	Yield rate	10.14%-10.39%	+/- 50 bp	522,562

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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11 LEGAL CLAIMS

- a) During the years ended 31 December 2006 and 31 December 2007, the Parent Company has entered into agreements to purchase shares in Al Muttahed for Investment and Real Estate Development Company S.S.C.C (the investee company) from existing shareholders (the sellers).

During the year ended 31 December 2007, the Parent Company noted that the sellers have not fulfilled their commitment of transferring certain assets to the investee company as part of their share of increase in the capital of the investee company. Accordingly, the Parent Company filed a lawsuit against the sellers claiming for a temporary compensation. On the other hand, the sellers filed a counterclaim against the Parent Company demanding for a compensation for the breach of the sale contract. However, both the original and counterclaim were dismissed. The First Instance dismissed the sellers' lawsuit on the basis of the sellers' breach of the contract by cancelling the registration of 3 million shares out of 4 million shares of the investee company, agreed to be sold, and this was upheld by the Court of Appeal and the Court of Cassation on April 11, 2016.

Despite the decision from the Court of Cassation, the sellers filed another lawsuit against the Parent Company demanding the payment of KD 13,814,991 related to the purchase consideration.

On 17 January 2017, the Court of First Instance has ruled in favour of the Parent Company rejecting the claim filed by the sellers based on the earlier verdict that was adjudicated by the Court of Cassation on 11 April 2016. The sellers further appealed against the ruling of the Court of First Instance and a verdict was issued on 21 September 2017, accepting the appeal and cancelling the earlier verdict issued by the Court of First Instance and referring the case to the Capital Market Court.

On 9 January 2018, a verdict was issued dismissing the case of the sellers on inadmissibility ground for the being previously adjudicated. However, the Sellers appealed the previous verdict before the Court of Appeal. On 4 July 2019, the Court of Appeal issued a ruling to refer the case to the Department of Expert at the Ministry of Justice.

On 14 November 2022, the Court have ruled against the Parent Company to pay the seller the consideration amounting to KD 13,814,991 plus an interest of 7% starting from 30 January 2013. The Parent Company appealed on the ruling to the Court of Cassation, due to the contradiction of the ruling with previous rulings and other legal matters, the Court of Cassation did not decide on the appeal filed by the Parent Company.

- b) During the year ended 31 December 2017, the aforementioned sellers filed another lawsuit against the Parent Company calling for a compensation for KD 5,001 against the seizure of certain securities held under investment portfolio. After deliberation by the Court and Department of Expert on the lawsuit, on 24 December 2019, the ruling of the court of first instance was issued dismissing the case of the sellers on inadmissibility ground for being previously adjudicated by virtue of final verdicts issued by the Court of Cassation. The sellers were not satisfied by the verdict and appealed for it. The Parent Company defence is that the sellers mortgaged the investment portfolio to certain bank, and that the sellers did not request to receive the investment portfolio in the first place and appealed the forgery of the sellers 's alleged warning.

On 14 November 2022, the Court have ruled against the Parent Company to pay the compensation amounting to KD 6,101,424 plus an interest of 7% starting from 26 November 2017. The Parent Company filed three appeals, as well as petition for reconsideration of the ruling on the basis of several errors in the appeal verdict which includes that the opponent have only requested KD 5,001 as a temporary compensation and that he had pledged the portfolio to one of the banks, also because he did not request to receive the portfolio and other legal reasons, these appeals were not yet decided.

- c) The Parent Company is the defendant in legal proceedings brought by several portfolio clients ("clients") in respect of certain investment transactions executed in a fiduciary capacity by the Parent Company in prior years. The legal actions commenced by the clients against the Parent Company are in various phases of litigation.

Some unfavourable appeal judgments were issued against the Parent Company in respect of legal claims filed by certain clients. However, the Parent Company filed an appeal to the Court of Cassation on the basis of several errors in the appeal verdicts in the application and interpretation of the law and flawed reasoning and other legal reasons.

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11 LEGAL CLAIMS (continued)

Recently, the Court of Cassation started to accept certain appeals, and ruled that the Capital Markets Court did not have jurisdiction to hear those disputes filed by the clients and transferred those cases to the commercial court.

For the above legal claims, as at 30 September 2023, the provision in the interim condensed consolidated statement of financial position amounting to KD 49,470,820 (31 December 2022: KD 50,546,100 and 30 September 2022: KD 16,554,947).

The recognised provision in the interim condensed consolidated statement of financial position as at the reporting date reflects the management's best estimate of the most likely outcome of the Group's liability as of that date in respect of the legal claims for which first instance and appeal verdicts have been issued, and the outcome of these claims is not expected to exceed the amount provided for. Notwithstanding the facts therein, the underlying verdicts are not final and are still subject to review by the Court of Cassation despite some verdicts being executed and therefore an estimate of the financial effect of such events cannot be made at the end of the reporting period with a reasonable degree of certainty.

Based on the verdicts issued against the Parent Company in points a and b in favour of aforementioned sellers and point c in favour of several portfolio clients, the total unsettled verdicts which became legally enforceable as at the date of issuance this interim condensed consolidated statement of financial information amounting to KD 33,684,880 (31 December 2022: KD 32,444,180). The Parent Company did not settle the underlying judgements due to the size of the claims, appeals on the ruling to the Court of Cassation, contradiction of the ruling with previous rulings, several errors in the appeal verdicts in the application and interpretation of the law and flawed reasoning and other legal reasons.

The aforementioned sellers and several portfolio clients were able to block certain assets through the Execution Department of the Ministry of Justice. As at the date of issuance of the carrying value of the blocked assets recorded in the interim condensed consolidated statement of financial information are as follow:

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>
Bank balances	3,113	2,488
Other assets	110,966	57,922
Financial assets at fair value through other comprehensive income	5,204,970	5,868,151
Investment in subsidiaries*	2,383,969	2,330,744
As at 31 December	7,703,018	8,259,305

*Investment in subsidiaries represent the Parent Company's ownership in Al Marwa Holding Company K.S.C. (Closed) and First Energy Resource Company K.S.C. (Closed). The carrying value of those subsidiaries represents the net value between the total assets amounting to KD 18,518,831 (31 December 2022: KD 21,849,286) and total liabilities amounting to KD 15,124,464 (31 December 2022: KD 19,518,542) included as part of the interim condensed consolidated statement of financial position after eliminating intercompany liabilities of KD 14,779,442 (31 December 2022: KD 18,141,131).

12 CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that the Parent Company complies with externally imposed capital requirements and that the Group maintains strong and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Capital Markets Authority in supervising the Parent Company.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

12 CAPITAL MANAGEMENT (continued)

The Group's regulatory capital and capital adequacy ratios are calculated in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

	<i>30 September 2023</i>	<i>(Audited) 31 December 2022</i>	<i>30 September 2022</i>
Available (eligible) regulatory capital (KD)	17,908,369	19,009,790	45,555,822
Required regulatory capital (KD)	24,403,351	25,258,770	23,700,760
Capital adequacy ratio (%)	73%	75%	192%

As at 30 September 2023, the Parent Company as a Licensed Person did not maintain its minimum Eligible Regulatory Capital in excess of its risk-based capital and therefore violated the provisions of the requirement set forth in Article (3-1) of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.