

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

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

**30 SEPTEMBER 2013**



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

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (together, the "Group") as at 30 September 2013 and the related interim condensed consolidated statements of income and comprehensive income for the three month and nine month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violation of the Company Law No. 25 of 2012, as amended, or of the articles of association and memorandum of incorporation of the Company during the nine month period ended 30 September 2013 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of investment business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine month period ended 30 September 2013.

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LICENCE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

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BURGAN - INTERNATIONAL ACCOUNTANTS

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2013

		Three months ended 30 September		Nine months ended 30 September	
		2013	2012	2013	2012
Notes		KD	KD	KD	KD
<b>INCOME</b>					
		-	15,623	123	58,302
		10,485	-	93,177	-
		5,057	-	117,158	70,552
		(30,178)	(14,996)	(92,107)	(11,558)
		42,000	(7,799)	211,877	1,690,196
		-	-	69,368	-
		198,545	204,385	540,169	426,914
		4,558	1,794	128,595	110,533
		-	-	-	772,299
		276,765	362,328	946,699	562,560
		-	91,954	152,718	91,954
		-	151,183	-	151,183
		65,512	-	65,512	-
		-	-	-	1,110,365
		50,564	252,737	403,539	538,783
		623,308	1,057,209	2,636,828	5,572,083
<b>EXPENSES</b>					
		-	27,000	(385,410)	(76,338)
	4	-	-	10,575	810,050
		-	-	-	176,342
		482,971	457,208	1,507,428	1,590,579
		(21,676)	(96,259)	(50,951)	(933,477)
		40,405	41,939	110,256	101,112
		308,762	377,118	971,774	1,319,467
		168,491	234,746	594,538	647,503
		978,953	1,041,752	2,758,210	3,635,238
<b>(LOSS) PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>					
		(355,645)	15,457	(121,382)	1,936,845
		1,415	-	-	(11,660)
		3,538	-	-	(47,842)
		1,415	-	-	(19,043)
		(349,277)	15,457	(121,382)	1,858,300
<b>Attributable to:</b>					
		(360,944)	58,317	(225,750)	1,994,345
		11,667	(42,860)	104,368	(136,045)
		(349,277)	15,457	(121,382)	1,858,300
<b>BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	3	(0.56) fils	0.1 fils	(0..35) fils	3.1 fils

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 30 September 2013

	<i>Note</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2013 KD</i>	<i>2012 KD</i>	<i>2013 KD</i>	<i>2012 KD</i>
<b>(Loss) profit for the period</b>		<b>(349,277)</b>	<b>15,457</b>	<b>(121,382)</b>	<b>1,858,300</b>
<b>Other comprehensive income (loss) for the period</b>					
<i>Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods</i>					
Financial assets available-for-sale:					
Unrealised (loss) gain on financial assets available-for-sale		(535)	7,310	1,087	(1,284,901)
Impairment of financial assets available-for-sale	4	-	-	10,575	810,050
Net unrealised (loss) gain on financial assets available-for-sale		(535)	7,310	11,662	(474,851)
Share of other comprehensive income in associates		(73,736)	20,162	52,881	61,781
Exchange differences on translation of foreign operations		(195,777)	2,986	27,415	(474,781)
<b>Other comprehensive (loss) income for the period</b>		<b>(270,048)</b>	<b>30,458</b>	<b>91,958</b>	<b>(887,851)</b>
<b>Total comprehensive (loss) income for the period</b>		<b>(619,325)</b>	<b>45,915</b>	<b>(29,424)</b>	<b>970,449</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		(560,258)	98,009	(115,558)	1,055,992
Non-controlling interests		(59,067)	(52,094)	86,134	(85,543)
		<b>(619,325)</b>	<b>45,915</b>	<b>(29,424)</b>	<b>970,449</b>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2013

		30 September 2013 KD	(Audited) 31 December 2012 KD	30 September 2012 KD
	Notes			
<b>ASSETS</b>				
Bank balances and cash		5,815,938	8,116,741	8,858,100
Financial assets at fair value through profit or loss		2,664,324	1,351,240	1,482,473
Murabaha and ijara receivables		695,798	2,116,007	2,118,610
Financial assets available-for-sale	4	31,405,779	32,266,092	57,139,523
Investment in associates	5	54,659,424	53,000,509	52,531,665
Properties under development		17,735,249	17,383,621	18,408,274
Investment properties		27,900,909	26,816,298	1,333,519
Other assets		2,640,233	4,372,229	2,620,922
Property and equipment		1,152,708	1,198,768	1,155,125
<b>TOTAL ASSETS</b>		<b>144,670,362</b>	<b>146,621,505</b>	<b>145,648,211</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	6	65,107,055	65,107,055	65,107,055
Share premium		18,250,362	18,250,362	18,250,362
Treasury shares	6	(142,918)	(104,693)	-
Statutory reserve		517,892	517,892	216,274
Share options reserve		3,016,890	3,016,890	3,016,890
Treasury shares reserve		1,118,684	1,090,539	1,090,539
Cumulative changes in fair values reserve		146,329	134,667	158,578
Foreign currency translation reserve		654,058	555,528	515,835
Retained earnings		4,232,622	4,458,372	3,844,359
<b>Equity attributable to equity holders of the Parent Company</b>		<b>92,900,974</b>	<b>93,026,612</b>	<b>92,199,892</b>
Non-controlling interests		19,563,721	19,750,500	19,520,436
<b>Total equity</b>		<b>112,464,695</b>	<b>112,777,112</b>	<b>111,720,328</b>
<b>Liabilities</b>				
Murabaha and sukuk payables	7	28,340,855	29,560,317	29,403,617
Other liabilities		3,864,812	4,284,076	4,524,266
<b>Total liabilities</b>		<b>32,205,667</b>	<b>33,844,393</b>	<b>33,927,883</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>144,670,362</b>	<b>146,621,505</b>	<b>145,648,211</b>

Badar Mohammed Al-Qatan  
Chairman

Khalifa Abdulla Al-Ajeel  
Vice Chairman



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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2013

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Share options reserve KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
At 1 January 2013	65,107,055	18,250,362	(104,693)	517,892	3,016,890	1,090,539	134,667	555,528	4,458,372	93,026,612	19,750,500	112,777,112
(Loss) profit for the period	-	-	-	-	-	-	-	-	(225,750)	(225,750)	104,368	(121,382)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	11,662	98,530	-	110,192	(18,234)	91,958
Total comprehensive income (loss) for the period	-	-	-	-	-	-	11,662	98,530	(225,750)	(115,558)	86,134	(29,424)
Purchase of treasury share	-	-	(285,027)	-	-	-	-	-	-	(285,027)	-	(285,027)
Sale of treasury shares	-	-	246,802	-	-	28,145	-	-	-	274,947	-	274,947
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(272,913)	(272,913)
At 30 September 2013	65,107,055	18,250,362	(142,918)	517,892	3,016,890	1,118,684	146,329	654,058	4,232,622	92,900,974	19,563,721	112,464,695
As at 1 January 2012	65,107,055	18,250,362	-	216,274	3,016,890	1,090,539	632,864	979,902	1,850,014	91,143,900	19,873,439	111,017,339
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,994,345	1,994,345	(136,045)	1,858,300
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(474,286)	(464,067)	-	(938,353)	50,502	(887,851)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(474,286)	(464,067)	1,994,345	1,055,992	(85,543)	970,449
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(267,460)	(267,460)
At 30 September 2012	65,107,055	18,250,362	-	216,274	3,016,890	1,090,539	158,578	515,835	3,844,359	92,199,892	19,520,436	111,720,328

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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 September 2013

		Nine months ended 30 September	
		2013	2012
	Note	KD	KD
<b>OPERATING ACTIVITIES</b>			
(Loss) Profit for the period		(121,382)	1,858,300
Adjustments for:			
Murabaha and ijara income		(123)	(58,302)
Realised gain on financial assets at fair value through profit or loss		(117,158)	(70,552)
Unrealised loss on financial assets at fair value through profit or loss		92,107	11,558
Gain on disposal of financial assets available-for-sale		(211,877)	(1,690,196)
Unrealised gain on revaluation of investment properties		-	(151,183)
Dividend income		(128,595)	(110,533)
Gain on disposal of associates		-	(772,299)
Share of results of associates		(946,699)	(562,560)
Gain on disposal of investment properties		(152,718)	(91,954)
Gain on disposal of properties under development		(65,512)	-
Gain on settlement of murabaha payable		-	(1,110,365)
Reversal against murabaha and ijara receivables – net		(385,410)	(76,338)
Impairment of financial assets available-for-sale	4	10,575	810,050
Provision and write-off of other assets		-	176,342
Foreign exchange (gain)		(50,951)	(933,477)
Depreciation		110,256	101,112
Finance costs		971,774	1,319,467
		(995,713)	(1,350,930)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(1,288,033)	344,173
Murabaha and ijara receivables		1,135,123	445,664
Other assets		2,074,473	2,583,618
Other liabilities		(1,352,400)	(397,805)
		(426,550)	1,624,720
Murabaha and ijara income received		123	56,945
Finance costs paid		(733,840)	(1,785,839)
Net cash flows used in operating activities		(1,160,267)	(104,174)
<b>INVESTING ACTIVITIES</b>			
Dividend income received		128,595	110,533
Proceeds from disposal of financial assets available-for-sale		1,107,863	970,444
Proceeds from disposal of investment properties		-	6,117,856
Purchase of investment properties		(1,251,720)	(439,336)
Purchase of investment in associates		(1,698,555)	(1,912,169)
Proceeds from disposal of investment in associates		2,013,660	1,830,595
Dividends received from associates		321,367	319,992
Purchase of properties under development		(599,458)	(296,113)
Proceeds from disposal of properties under development		404,363	-
Purchase of property and equipment		(64,196)	(63,108)
Net cash flows from investing activities		361,919	6,638,694
<b>FINANCING ACTIVITIES</b>			
Repayment of murabaha and sukuk payables		(1,219,462)	(6,723,620)
Purchase of treasury shares		(285,027)	-
Sale of treasury shares		274,947	-
Distribution to non-controlling interest		(272,913)	(267,460)
Net cash flows used in financing activities		(1,502,455)	(6,991,080)
<b>NET DECREASE IN BANK BALANCES AND CASH</b>		<b>(2,300,803)</b>	<b>(456,560)</b>
Bank balances and cash at 1 January		8,116,741	9,314,660
<b>BANK BALANCES AND CASH AT 30 SEPTEMBER</b>		<b>5,815,938</b>	<b>8,858,100</b>

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

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

At 30 September 2013

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of First Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (together, the "Group") for the nine months period ended 30 September 2013 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 17 November 2013.

The Parent Company is a Kuwaiti closed shareholding company incorporated on 26 July 1997 under the Commercial Companies Law No. 15 of 1960 and amendments thereto and is regulated by the Capital Market Authority ("CMA") and Central Bank of Kuwait (CBK) as an investment company. The Parent Company's registered office is at Souk Al Safat, Abdullah Mubarak Street, Kuwait City, Kuwait.

The Parent Company is principally engaged in the provision of investment and financial services. All activities of the Parent Company are carried out in compliance with the Islamic Sharia.

The New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

### 2 BASIS OF PRESENTATION

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

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the audited consolidated financial statements for the year ended 31 December 2012. The audited consolidated financial statements for the year ended 31 December 2012 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

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

#### *IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to statement of income at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

#### *IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard did not have any material impact on the interim condensed consolidated financial information of the Group.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 September 2013

**2 BASIS OF PRESENTATION (continued)**

*IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard did not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

*IFRS 10 – Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control. Under IFRS 10, control is based on whether an investor has 1) power over the investee 2) exposure or rights to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the returns. The adoption of this standard does not have any material impact on the financial position or performance of the Group.

*IFRS 12 – Disclosure of Involvement with Other Entities*

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide the additional disclosures in the annual consolidated financial statements.

*IFRS 13 – Fair Value measurement*

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The adoption of this standard does not have any material impact on the financial position or performance of the Group.

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial information prepared in accordance with the International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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

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

At 30 September 2013

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

Basic (loss) earnings per share are calculated by dividing the (loss) profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the (loss) profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Parent Company did not have any diluted shares as at 30 September.

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
(loss) profit for the period attributable to equity holders of the Parent Company (KD)	<u>(360,944)</u>	<u>58,317</u>	<u>(225,750)</u>	<u>1,994,345</u>
Weighted average number of shares outstanding during the period	<u>649,389,703</u>	<u>651,070,551</u>	<u>649,389,703</u>	<u>651,070,551</u>
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company	<u>(0.56) fils</u>	<u>0.1 fils</u>	<u>(0.35) fils</u>	<u>3.1 fils</u>

The Parent Company had no outstanding dilutive potential shares.

### 4 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	<i>30 September 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>30 September 2012 KD</i>
Unquoted equity securities	31,312,022	31,906,889	32,545,959
Quoted equity securities	6,421	198,646	208,705
Sukuk	-	-	23,871,719
Unquoted and managed funds	87,336	160,557	160,417
Real estate portfolios	-	-	352,723
	<u>31,405,779</u>	<u>32,266,092</u>	<u>57,139,523</u>

Unquoted equity securities are carried at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these investments and the Group intends to hold them for the long term. Management has performed a review of its unquoted equity securities and is of the view that no further impairment is required as at 30 September 2013 in respect of these investments.

During the period, the Group has recorded impairment loss of KD 10,575 (30 September 2012: Nil) on unquoted and managed fund and nil (30 September 2012: KD 810,050) on unquoted equity securities where there has been a significant or prolonged decline in fair value.

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

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

At 30 September 2013

### 5 INVESTMENT IN ASSOCIATES

	County of incorporation	30 September 2013		(Audited) 31 December 2012		30 September 2012	
		Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	Saudi Arabia	40.00%	1,506,138	40.00%	1,636,714	40.00%	1,525,338
Arkan Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	29.06%	10,737,654	29.03%	10,513,848	29.03%	10,471,789
Burgan Company for Well Drilling K.S.C. (Closed)	Kuwait	20.46%	25,298,003	20.46%	24,887,963	20.46%	24,749,711
First Education Company K.S.C. (Closed) ("FEDCO") (i)	Kuwait	21.32%	3,269,720	17.16%	2,541,008	17.16%	2,494,667
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	365,834	35.29%	948,857	35.29%	1,075,546
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	11,179,713	37.40%	11,059,452	37.40%	10,802,578
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE")	Saudi Arabia	20.90%	2,302,362	20.90%	1,412,667	20.90%	1,412,036
			<u>54,659,424</u>		<u>53,000,509</u>		<u>52,531,665</u>

- i) During current period, the Parent Company has acquired additional 4.16% equity interest in FEDCO for a purchase consideration of KD 714,355. The Parent Company settled this purchase consideration partly through transfer of an unquoted available for sale investments amounting KD 600,605 and remaining amount of KD 113,750 will be payable to seller within three month from date of acquisition along with profit amounting to KD 45,825.

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

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

At 30 September 2013

### 6 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES

#### (i) Share Capital

At 30 September 2013, the authorised, issued and fully paid up capital of the Parent Company amounted to 651,070,551 (31 December 2012: 651,070,551 and 30 September 2012: 651,070,551) shares of 100 fils each.

The Board of Directors of the Parent Company has recommended no cash dividends or bonus shares for the year ended 31 December 2012.

On 8 May 2013, the Annual General Assembly of the shareholders of the Parent Company approved no cash dividends or bonus shares for the year ended 31 December 2012.

#### (ii) Treasury shares

	<i>30 September 2013</i>	<i>(Audited) 31 December 2012</i>	<i>30 September 2012</i>
Number of treasury shares	1,200,000	860,000	-
Percentage of issued shares	0.18%	0.13%	-
Market value (KD)	124,800	104,920	-

### 7 MURABAHA AND SUKUK PAYABLES

	<i>30 September 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>30 September 2012 KD</i>
Murabaha payables	1,140,855	2,360,317	2,203,617
Sukuk payable (Note 8)	27,200,000	27,200,000	27,200,000
	<u>28,340,855</u>	<u>29,560,317</u>	<u>29,403,617</u>

Sukuk payables are repayable in four semi-annual instalments starting from 31 March 2014. The profit rate of the sukuk payables is 6 months CBK discount rate plus 250 basis points per annum. It also requires, among other things, certain restrictions on the payment of dividends and a requirement to maintain a minimum ratio of total liabilities to total equity of 1.5:1 of the Group.



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

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

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### 8 RELATED PARTY TRANSACTIONS

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

	<i>Nine months ended 30 September</i>	
<b>Interim condensed consolidated statement of income</b>	<b>2013 KD</b>	<b>2012 KD</b>
Management fees	12,947	33,364
Gain on disposal of investment properties	-	91,954
Finance costs	945,293	1,057,664

	<i>(Audited)</i>		
<b>Interim condensed consolidated statement of financial position</b>	<b>30 September 2013 KD</b>	<b>31 December 2012 KD</b>	<b>30 September 2012 KD</b>
Management fees and other receivables	62,405	25,162	17,119
Sukuk payable (Note 7)	27,200,000	27,200,000	27,200,000

### Key management personnel compensation

	<i>Nine months ended 30 September</i>	
	<b>2013 KD</b>	<b>2012 KD</b>
Salaries and other short term benefits	160,236	198,100
Terminal benefits	319,980	122,014
	<b>480,216</b>	<b>320,114</b>

During the current period, the management of the Parent Company has paid a total amount of KD 300,000 to the previous chief executive officer against some privileges stated in his contract which were not exercised and for his efforts with the Group, this amount has been recorded in the interim condensed consolidated statement of income.

### Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 6,759,746 (31 December 2012: KD 5,985,105 and 30 September 2012: KD 46,037,858) which are not reflected in the Group's interim condensed consolidated statement of financial position.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2013

9 SEGMENT INFORMATION

Management monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. For management purposes, the Group is organised into three major geographical segments:

- Kuwait
- Saudi Arabia
- Others

The Group does not have any inter-segment transactions.

	Kuwait		Saudi Arabia		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD	KD	KD
<b>Nine months ended 30 September</b>								
Income	1,432,376	3,178,229	819,411	2,141,117	385,041	252,737	2,636,828	5,572,083
Expenses	(2,557,467)	(3,879,082)	(190,168)	713,660	(10,575)	(469,816)	(2,758,210)	(3,635,238)
Results – (Loss) profit before contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labour Support Tax (NLST) and ZAKAT	(1,125,091)	(700,853)	629,243	2,854,777	374,466	(217,079)	(121,382)	1,936,845
<b>At 30 September</b>								
Operating assets	52,463,420	54,505,934	73,397,808	70,747,791	18,809,134	20,394,486	144,670,362	145,648,211
Operating liabilities	29,873,570	32,035,640	2,332,097	1,600,660	-	291,583	32,205,667	33,927,883

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

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

At 30 September 2013

### 10 COMMITMENTS AND CONTINGENCIES

#### Commitments

	30 September 2013 KD	(Audited) 31 December 2012 KD	30 September 2012 KD
Capital commitments for properties under development	11,961,648	11,941,202	11,935,860
Operating lease rentals due within one year	18,083	72,330	18,083
	<u>11,979,731</u>	<u>12,013,532</u>	<u>11,953,943</u>

#### Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 1,364,769 (31 December 2012: KD 1,364,769 and 30 September 2012: KD 1,364,769) for which the management anticipates that no material liabilities will arise. These expire within a period of 6 months from the reporting date.

### 11 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 31,312,022 (31 December 2012: KD 31,906,889 and 30 September 2012: KD 32,545,959) and certain financial assets at fair value through profit or loss carried at cost amounting to KD 321,265 (31 December 2012: KD 321,265 and 30 September 2012: KD 321,265), are not materially different from their carrying values.

#### Determination of fair value and fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted prices in active market for the same instrument

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data ; and

Level 3: valuation techniques for which any significant input is not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level: 1 KD	Level: 3 KD	Total fair value KD
<b>30 September 2013</b>			
<b>Financial assets at fair value</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	918,976	-	918,976
- Managed funds and portfolios	-	1,424,082	1,424,082
<i>Financial assets available for sale:</i>			
- Equity securities	6,421	-	6,421
- Managed funds and portfolios	-	87,336	87,336
	<u>925,397</u>	<u>1,511,418</u>	<u>2,436,815</u>

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

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

At 30 September 2013

### 11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 December 2012	Level: 1 KD	Level: 3 KD	Total fair value KD
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	-	-	-
- Managed funds and portfolios	-	1,029,975	1,029,975
<i>Financial assets available for sale:</i>			
- Equity securities	198,646	-	198,646
- Managed funds and portfolios	-	160,557	160,557
	<u>198,646</u>	<u>1,190,532</u>	<u>1,389,178</u>
30 September 2012			
<i>Financial assets at fair value profit or loss:</i>			
- Equity securities	-	-	-
- Managed funds and portfolios	-	1,161,208	1,161,208
<i>Financial assets available for sale:</i>			
- Equity securities	208,704	-	208,704
- Managed funds and portfolios	-	513,140	513,140
	<u>208,704</u>	<u>1,674,348</u>	<u>1,883,052</u>

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

	At 1 January 2013 KD	Gain/ (loss) recorded in the consolidated statement of income KD	Gain / (loss) recorded in equity KD	Net purchases, sales, transfers and settlements KD	At 30 September 2013 KD
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,029,975	24,543	-	369,564	1,424,082
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	160,557	(28,244)	9,468	(54,445)	87,336
	At 1 January 2012 KD	Gain / (loss) recorded in the consolidated statement of income KD	Gain / (loss) recorded in equity KD	Net purchases, sales, transfers and settlements KD	At 31 December 2012 KD
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,449,562	(71,950)	-	(347,637)	1,029,975
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	616,895	(25,379)	34,975	(465,934)	160,557



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 September 2013

**11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

	<i>At 1 January 2012 KD</i>	<i>Gain / (loss) recorded in the consolidated statement of income KD</i>	<i>Gain / (loss) recorded in equity KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 30 September 2012 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,449,562	58,993	-	(347,347)	1,161,208
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	616,895	(25,379)	34,973	(113,349)	513,140