

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

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

31 MARCH 2023





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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.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 31 March 2023, and the related interim condensed consolidated statements of profit or loss, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three-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 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 31 March 2023, the Group has accumulated losses of KD 18,287,752 (31 December 2022: KD 18,303,143), the Group’s current liabilities exceeded its current assets by KD 27,634,282 (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 32,985,896 resulted in blocking of certain assets amounting to KD 7,268,259 (31 December 2022: 8,259,305), these events and conditions, along with other matters as set forth in Note 12 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 12 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 31 March 2023, the Group has a total provision of KD 49,470,820 (31 December 2022: 50,546,100) 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 5 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 31 March 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 three-month period ended 31 March 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 three-month period ended 31 March 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

15 May 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 31 March 2023

	Notes	Three months ended	
		31 March	
		2023	2022
		KD	KD
INCOME			
Revenue from contracts with customers		199,152	219,171
Cost of sales		(102,165)	(95,980)
GROSS PROFIT		96,987	123,191
Murabaha income		39,193	22,091
Gain on sale of financial assets at fair value through profit or loss		-	74,852
Net change in fair value of financial assets at fair value through profit or loss		1,019	2,652
Share of results of associates	5	107,564	286,173
Dividend income		-	2,906
Rental income		283,332	284,678
Management fees		42,053	48,820
Net foreign exchange differences		1,345	14,279
Other income		42,672	268
TOTAL INCOME		614,165	859,910
EXPENSES			
Staff costs		(271,482)	(310,104)
Depreciation of property and equipment and right-of-use assets		(67,063)	(60,809)
Amortisation of intangible assets		(14,943)	(14,943)
Finance costs		(45,111)	(46,401)
Other expenses		(132,186)	(163,331)
TOTAL EXPENSES		(530,785)	(595,588)
PROFIT FOR THE PERIOD		83,380	264,322
Attributable to:			
Equity holders of the Parent Company		15,391	223,392
Non-controlling interests		67,989	40,930
		83,380	264,322
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3	0.03 fils	0.50 fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2023

	Notes	Three months ended	
		31 March	
		2023	2022
		KD	KD
PROFIT FOR THE PERIOD		83,380	264,322
Other comprehensive (loss) income			
<i>Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:</i>			
Net (loss) gain on equity instruments at fair value through other comprehensive income		(1,702,407)	5,379,816
Share of other comprehensive income of associates	5	116,232	7,314
Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods		(1,586,175)	5,387,130
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>			
Share of other comprehensive (loss) income of associates accounted for using the equity method	5	(3,168)	54,777
Exchange differences on translation of foreign operations		(10,374)	3,357
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods		(13,542)	58,134
Other comprehensive (loss) income		(1,599,717)	5,445,264
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(1,516,337)	5,709,586
Attributable to:			
Equity holders of the Parent Company		(1,578,942)	5,667,081
Non-controlling interests		62,605	42,505
		(1,516,337)	5,709,586

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2023

		(Audited)	
		31 March	31 March
		2023	2022
		KD	KD
	Notes		
ASSETS			
Cash and cash equivalents	4	6,836,942	7,945,491
Financial assets at fair value through profit or loss	11	176,105	175,086
Other assets		4,398,634	4,112,328
Inventories		343,459	270,134
Financial assets at fair value through other comprehensiv income	11	35,162,338	36,864,745
Investment in associates	5	19,688,864	19,905,063
Investment properties	11	11,152,763	11,146,911
Property, plant and equipment		2,424,601	2,491,569
Goodwill and other intangible assets		653,224	668,167
TOTAL ASSETS		80,836,930	83,579,494
LIABILITIES AND EQUITY			
LIABILITIES			
Murabaha payables	6	2,564,721	2,659,638
Other liabilities		1,781,874	1,874,491
Provision for legal claims		49,470,820	50,546,100
End of service benefits		1,011,125	988,284
TOTAL LIABILITIES		54,828,540	56,068,513
EQUITY			
Share capital	7	44,597,874	44,597,874
Fair value reserve		(4,243,045)	(2,656,870)
Foreign currency translation reserve		1,171,212	1,179,370
(Accumulated losses) retained earnings		(18,287,752)	(18,303,143)
Equity attributable to equity holders of the Parent Company		23,238,289	24,817,231
Non-controlling interests		2,770,101	2,693,750
TOTAL EQUITY		26,008,390	27,510,981
TOTAL LIABILITIES AND EQUITY		80,836,930	83,579,494



Bader Mohammed Al-Qattan
Chairman



Mohammad AL-Tayyar
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2023

	<i>Attributable to equity holders of the Parent Company</i>						
	<i>Share capital</i>	<i>Fair value</i>	<i>Foreign</i>	<i>Accumulated</i>	<i>Sub-</i>	<i>Non-</i>	<i>Total</i>
	<i>KD</i>	<i>reserve</i>	<i>currency</i>	<i>losses</i>	<i>total</i>	<i>controlling</i>	<i>equity</i>
	<i>KD</i>	<i>KD</i>	<i>translation</i>	<i>KD</i>	<i>KD</i>	<i>interests</i>	<i>KD</i>
	<i>KD</i>	<i>KD</i>	<i>reserve</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>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
Profit for the period	-	-	-	15,391	15,391	67,989	83,380
Other comprehensive loss for the period	-	(1,586,175)	(8,158)	-	(1,594,333)	(5,384)	(1,599,717)
Total comprehensive (loss) income for the period	-	(1,586,175)	(8,158)	15,391	(1,578,942)	62,605	(1,516,337)
Net movement in non-controlling interests	-	-	-	-	-	13,746	13,746
At 31 March 2023	44,597,874	(4,243,045)	1,171,212	(18,287,752)	23,238,289	2,770,101	26,008,390
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	-	-	-	223,392	223,392	40,930	264,322
Other comprehensive income for the period	-	5,387,130	56,559	-	5,443,689	1,575	5,445,264
Total comprehensive income for the period	-	5,387,130	56,559	223,392	5,667,081	42,505	5,709,586
Net movement in non-controlling interests	-	-	-	-	-	(161,803)	(161,803)
At 31 March 2022	44,597,874	3,699,266	1,010,157	4,624,213	53,931,510	2,528,775	56,460,285

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the period ended 31 March 2023

	Notes	Three months ended 31 March	
		2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit for the period		83,380	264,322
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Murabaha income		(39,193)	(22,091)
Realised gain on sale of financial assets at fair value through profit or loss		-	(74,852)
Net change in fair value of financial assets at fair value through profit or loss		(1,019)	(2,652)
Share of results of associates	5	(107,564)	(286,173)
Dividend income		-	(2,906)
Net foreign exchange differences		(1,345)	(14,279)
Depreciation of property and equipment and right-of-use assets		67,063	60,809
Amortisation of intangible assets		14,943	14,943
Finance costs		45,111	46,401
Provision for employees' end of service benefits		29,841	19,038
		<u>91,217</u>	<u>2,560</u>
<i>Working capital adjustments:</i>			
Other assets		(277,801)	(1,920,595)
Financial assets at fair value through profit or loss		-	(119,318)
Inventories		(73,325)	(94,770)
Other liabilities		(58,962)	(25,215)
		<u>(318,871)</u>	<u>(2,157,338)</u>
Cash used in operations		(318,871)	(2,157,338)
Murabaha income received		45,779	20,947
Finance costs paid		(36,406)	(74,016)
Provision for legal claims paid		(1,075,280)	(63,416)
Employees' end of service benefits paid		(7,003)	-
Net cash flows used in operating activities		<u>(1,391,781)</u>	<u>(2,273,823)</u>
INVESTING ACTIVITIES			
Dividend income received		-	2,906
Dividends received from associates	5	436,827	436,833
Purchase of items of property and equipment		(9,123)	(12,640)
Net cash flows from investing activities		<u>427,704</u>	<u>427,099</u>
FINANCING ACTIVITIES			
Repayment of murabaha payables		(96,693)	(59,724)
Dividends paid to equity holders of the Parent Company		(1,657)	-
Net movement in non-controlling interests		-	10,451
Payment of principle portion of lease liabilities		(46,122)	(46,122)
Net cash flows used in financing activities		<u>(144,472)</u>	<u>(95,395)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(1,108,549)</u>	<u>(1,942,119)</u>
Cash and cash equivalents at 1 January		7,945,491	10,480,550
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	<u>6,836,942</u>	<u>8,538,431</u>
Non-cash items excluded from the interim condensed consolidated statement of cash flows			
Disposal of financial assets at fair value through profit or loss		-	172,254
Other assets		(13,746)	-
Net movement in non-controlling interest		13,746	(172,254)

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 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 three months ended 31 March 2023 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 15 May 2023.

The Annual General Assembly of the shareholders of the Parent Company for the year ended 31 December 2022 has not yet been held and consequently these consolidated financial statements are subject to the approval of the this Assembly.

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 Shari’a principles as approved by the Group’s Fatwa and Shari’a Supervisory Board. The principal activities of the Group are described in Note 9.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 March 2023, the Group has accumulated losses of 18,287,752 (31 December 2022: KD 18,303,143), as of that date, the Group’s current liabilities exceeded its current assets by KD 27,634,282 (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 32,985,896 resulted in blocking of certain assets amounting to KD 7,268,259 (31 December 2022: 8,259,305) (Note 12).

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.
- ▶ 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 12 for further details).
- ▶ The management do not expect to have any executional action from any legal parties related to blocked assets (Note 12).
- ▶ 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 31 March 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 Three months ended 31 March 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 31 March 2023

3 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the 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 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 EPS are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	2023	2022
Profit for the period attributable to the equity holders of the Parent Company (KD)	15,391	223,392
Weighted average number of shares outstanding during the period	445,978,742	445,978,742
Basic earnings per share (fils)	0.03	0.50

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.

4 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	2023	2022	2022
	KD	KD	KD
Cash on hand	3,781	3,818	7,813
Cash at banks	4,745,748	1,721,324	2,211,730
Murabaha deposits with original maturity of three months or less	1,256,000	4,981,213	4,988,818
Cash held in portfolios	831,413	1,239,136	1,330,070
Cash and cash equivalents	6,836,942	7,945,491	8,538,431

Murabaha deposits represent murabaha contracts with Islamic banks with an original maturity of three months or less. Murabaha deposits yield an effective rate of return ranging from 3.75 % to 3.90 % (31 December 2022: 3% and 4.125% and 31 March 2022: 1.2 % to 1.55 %) per annum.

As at 31 March 2023, certain bank balances amounting to KD 359,562 (31 December 2022: KD 361,532 and 31 March 2022: KD 433,766) are restricted for the purpose of distribution to certain shareholders of First Energy Resource Company K.S.C. (Closed), a local subsidiary under liquidation, who did not collect their share of the distribution.

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 31 March 2023

5 INVESTMENT IN ASSOCIATES

	<i>County of incorporation</i>	<i>31 March 2023</i>		<i>(Audited) 31 December 2022</i>		<i>31 March 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%	5,720,678	28.99%	6,051,060	28.99%	5,562,907
Burgan Company for Well Drilling K.S.C.P (“BDC”)	Kuwait	-	-	-	-	14.66%	3,504,776
Taameer Investment Company S.A.O.C. (“Taameer”) ¹	Oman	24.82%	4,650,979	24.82%	4,659,252	24.82%	4,770,844
First Education Company K.S.C. (Closed)	Kuwait	22.19%	3,314,601	22.19%	3,227,004	22.19%	3,255,657
Al-Subeih Medical Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	3,419,454	25%	3,357,563	25%	3,273,904
Al Jazeera Al Oula Real Estate W.L.L.	Saudi Arabia	20.90%	2,046,202	20.90%	2,048,633	20.90%	2,135,292
Sons of Yousef Al-Subeih Real Estate Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	536,950	25%	561,551	25%	571,453
			19,688,864		19,905,063		23,074,833

¹ 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 Tameer 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 31 March 2023.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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5 INVESTMENT IN ASSOCIATES (continued)

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

	31 March	<i>(Audited)</i> 31 December	31 March
	2023	2022	2022
	KD	KD	KD
At the beginning of the period/year	19,905,063	23,163,402	23,163,402
Transfer to financial assets FVOCI	-	(3,504,776)	-
Share of results	107,564	749,444	286,173
Dividends received from associates	(436,827)	(536,833)	(436,833)
Foreign currency translation adjustment	(3,168)	194,310	54,777
Share of other comprehensive income	116,232	(160,484)	7,314
	19,688,864	19,905,063	23,074,833

6 MURABAHA PAYABLES

	31 March	<i>(Audited)</i> 31 December	31 March
	2023	2022	2022
	KD	KD	KD
Gross amount	3,154,020	3,284,911	3,711,599
Less: Deferred finance costs	(589,299)	(625,273)	(872,645)
	2,564,721	2,659,638	2,838,954

As at 31 March 2023, murabaha payables amounting to KD 2,176,955 (31 December 2022: KD 2,271,872 and 31 March 2022: KD 2,527,923) are denominated in Omani Riyal, have an effective profit rate of 6.5% (31 December 2022: 6.5% and 31 March 2022: 6.5 %) per annum and secured against an investment property with a carrying amount of KD 7,175,423 (31 December 2022: KD 7,169,571 and 31 March 2022: KD 7,113,394).

As at 31 March 2023, murabaha payables amounting to KD 387,766 (31 December 2022: KD 387,766 and 31 March 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 1,107,908 (31 December 2022: KD 1,128,196 and 31 March 2022: KD 1,087,298).

7 SHARE CAPITAL

At 31 March 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 31 March 2022: 445,978,742) shares of 100 fils each. All shares are paid in cash.

8 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-month ended at 31 March 2023 and 2022, as well as balances with related parties as at 31 March 2023, 31 December 2022 and 31 March 2022.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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8 RELATED PARTY DISCLOSURES (continued)

	<i>Three months ended</i>		
	<i>31 March</i>		
	2023	2022	
	KD	KD	
<i>interim condensed consolidated statement of profit or loss:</i>			
Management fees	27	1,836	
		<i>(Audited)</i>	
	31 March	31 December	31 March
	2023	2022	2022
	KD	KD	KD
<i>interim condensed consolidated statement of financial position:</i>			
Management fees and other receivables	364	337	252

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>31 March</i>		
	2023	2022	
	KD	KD	
Salaries and short-term benefits	28,870	37,095	
End of service benefits	2,786	3,406	
	31,656	40,501	
		<i>Balance outstanding</i>	
		<i>(Audited)</i>	
	31 March	31 December	31 March
	2023	2022	2022
	KD	KD	KD
Salaries and short-term benefits	5,500	5,500	23,650
End of service benefits	190,264	187,478	204,601
Board committees' remuneration	-	-	63,000
	195,764	192,978	291,251

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 8,929 (31 December 2022: KD 10,279 and 31 March 2022: KD 12,883) which are not reflected in the Group's interim condensed consolidated statement of financial position.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2023

9 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 Three months ended 31 March 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	417,155	398,943	46,609	122,381	150,401	337,370	-	1,216	614,165	859,910
Expenses	(223,228)	(277,845)	(28,871)	(56,294)	(225,476)	(213,220)	(53,210)	(48,229)	(530,785)	(595,588)
Segment results	193,927	121,098	17,738	66,087	(75,075)	124,150	(53,210)	(47,013)	83,380	264,322

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 31 March 2023

9 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2023, 31 December 2022 and 31 March 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>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</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	25,068,994	25,164,946	25,265,095	4,622,666	10,437,901	12,110,954	41,123,072	41,250,227	32,352,773	10,022,198	6,726,420	10,956,629	80,836,930	83,579,494	80,685,451
Segment liabilities	(3,057,384)	(3,225,172)	(4,084,726)	(6,684)	(12,173)	(7,554)	(975,710)	(1,001,586)	(1,010,677)	(50,788,762)	(51,829,582)	(19,122,209)	(54,828,540)	(56,068,513)	(24,225,166)
Other disclosures:															
Total non-current assets ¹	24,306,043	24,699,807	24,724,289	4,549,129	5,998,694	11,772,427	39,551,061	39,692,882	30,902,577	675,558	685,073	1,089,237	69,081,791	71,076,456	68,488,530
Additions to non-current assets	-	-	-	-	5,956	1,546	9,123	104,462	11,094	-	-	-	9,123	110,418	12,640
Share of results from associates (Note 5)	54,355	454,913	72,258	-	-	-	53,209	294,531	213,915	-	-	-	107,564	749,444	286,173

¹ 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

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9 SEGMENT INFORMATION (continued)

Geographic information

	<i>Three months ended</i>		
	<i>31 March</i>		
	2023	2022	
	KD	KD	
Income			
Kuwait	401,202	609,818	
Kingdom of Saudi Arabia (KSA)	49,450	70,605	
Sultanate of Oman	163,513	179,487	
	614,165	859,910	
Segment results			
Kuwait	(52,306)	113,297	
Kingdom of Saudi Arabia (KSA)	36,699	68,569	
Sultanate of Oman	98,987	82,456	
	83,380	264,322	
		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment assets			
Kuwait	38,592,329	40,892,884	45,625,518
Kingdom of Saudi Arabia (KSA)	29,826,081	29,644,751	22,176,003
Sultanate of Oman	11,997,636	12,007,212	12,044,553
Others	420,884	1,034,647	839,377
	80,836,930	83,579,494	80,685,451
Segment liabilities			
Kuwait	(20,491,725)	(20,531,157)	(20,723,333)
Kingdom of Saudi Arabia (KSA)	(31,871,293)	(32,951,311)	(729,413)
Sultanate of Oman	(2,465,522)	(2,586,045)	(2,772,420)
	(54,828,540)	(56,068,513)	(24,225,166)

10 COMMITMENTS AND CONTINGENCIES

As at 31 March 2023, The Group has provided a guarantee to third party amounting to SAR 55 million equivalent to KD 4.50 million (31 December 2022: SAR 55 million equivalent to KD 4.49 million and 31 March 2022: SAR 105 million equivalent to KD 8.42 million) for the performance in a contract in the Kingdom of Saudi Arabia. No material liability is expected to arise.

11 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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11 FAIR VALUE MEASUREMENT (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.

11.1 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:				
31 March 2023				
Unquoted funds	-	176,105	-	176,105
31 December 2022				
Unquoted funds	-	175,086	-	175,086
31 March 2022				
Quoted equity securities	195,225	-	-	195,225
Unquoted funds	-	175,273	-	175,273
	195,225	175,273	-	370,498
Financial assets at FVOCI:				
31 March 2023				
Quoted equity securities	8,747,766	-	-	8,747,766
Unquoted equity securities	-	-	26,414,572	26,414,572
	8,747,766	-	26,414,572	35,162,338
31 December 2022				
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
31 March 2022				
Quoted equity securities	11,751,530	-	-	11,751,530
Unquoted equity securities	-	-	19,270,567	19,270,567
	11,751,530	-	19,270,567	31,022,097

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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11 FAIR VALUE MEASUREMENT (continued)

11.1 Financial instruments

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

	<i>31 March</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>31 March</i> <i>2022</i> <i>KD</i>
As at 1 January	26,882,704	19,270,567	19,270,567
Remeasurement recognised in OCI	(468,132)	315,495	-
Purchases / (sales), net	-	7,296,642	-
At the end of the period/ year	26,414,572	26,882,704	19,270,567

Description of significant unobservable inputs to valuation

Set out below are the significant unobservable inputs to valuation as at 31 March 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	0.34-1.04 (0.92)	10% increase (decrease) in the Sector PBV multiple would result in an increase (decrease) in fair value by KD 723,181.
		DLOM *	20% - 40%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 136,890
	Adjusted NAV	DLOM *	5% - 80%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 1,183,838

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

11.2 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>31 March</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>31 March</i> <i>2022</i> <i>KD</i>
As at 1 January	11,146,911	11,057,963	11,057,963
Exchange differences	5,852	88,948	32,771
At the end of the period/ year	11,152,763	11,146,911	11,090,734

<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 1.20 – 7.50	+/- 5%	557,636
	Yield rate	10.14%-10.33%	+/- 50 bp	519,882

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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12 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.

As at 31 March 2023, the provision in the interim condensed consolidated statement of financial position amounting to KD 23,652,400 (31 December 2022: KD 23,413,950 and 31 March 2022: KD Nil).

- 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' 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.

As at 31 March 2023, the provision in the interim condensed consolidated statement of financial position amounting to KD 8,385,530 (31 December 2022: 8,280,217 and 31 March 2022: KD Nil).

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

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12 LEGAL CLAIMS (continued)

- 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.

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.

As at 31 March 2023, the provision in the interim condensed consolidated statement of financial position amounting to KD 17,432,890 (31 December 2022: KD 17,776,402 and 31 March 2022: KD 17,713,833).

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 32,985,896 (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>31 March</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>
Bank balances	2,488	2,488
Other assets	52,957	57,922
Financial assets at fair value through other comprehensive income	5,486,572	5,868,151
Investment in subsidiaries*	1,726,242	2,330,744
As at 31 December	7,268,259	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 16,595,273 (31 December 2022: KD 21,849,286) and total liabilities amounting to KD 14,869,031 (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 13,480,185 (31 December 2022: KD 18,141,131).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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13 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.

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.

	31 March 2023	<i>(Audited)</i> 31 December 2022	31 March 2022
Available (eligible) regulatory capital (KD)	18,122,864	19,009,790	45,386,924
Required regulatory capital (KD)	25,017,841	25,258,770	22,848,706
Capital adequacy ratio (%)	72%	75%	198.64%

As at 31 March 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.

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