

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

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

31 MARCH 2024



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 2024, 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-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 31 March 2024, the Group has accumulated losses of KD 18,093,816 (31 December 2023: KD 18,090,403 and 31 March 2023: KD 18,287,752), as of that date, the Group’s current liabilities exceeded its current assets by KD 26,881,618 (31 December 2023: KD 26,523,137). This is primarily due to total outstanding legal claims of KD 49,470,820 (31 December 2023: 49,470,820 and 31 March 2023: KD 27,634,282), of which the Group is unable to settle certain legally enforceable litigation claims amounting to KD 34,682,793 (31 December 2023: KD 34,335,210 and 31 March 2023: KD 32,985,896) resulted in blocking of certain assets amounting to KD 7,484,528 (31 December 2023: 6,925,931 and 31 March 2023: KD 7,268,259), 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. 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 31 March 2024, the Group has a total provision of KD 49,470,820 (31 December 2023: KD 49,470,820 and 31 March 2023: KD 49,470,820) 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 31 March 2024.

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-months period ended 31 March 2024 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 Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the three-months period ended 31 March 2024 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

9 May 2024
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 2024

	Notes	Three months ended 31 March	
		2024 KD	2023 KD
INCOME			
Revenue from contracts with customers		239,814	199,152
Cost of sales		(108,790)	(102,165)
GROSS PROFIT		131,024	96,987
Murabaha income		42,392	39,193
Net change in fair value of financial assets at fair value through profit or loss		(74)	1,019
Share of results of associates	5	40,255	107,564
Rental income		282,698	283,332
Management fees		53,150	42,053
Net foreign exchange differences		(3,817)	1,345
Other income		1,053	42,672
TOTAL INCOME		546,681	614,165
EXPENSES			
Staff costs		(251,902)	(271,482)
Depreciation of property and equipment and right-of-use assets		(68,384)	(67,063)
Amortisation of intangible assets		(14,943)	(14,943)
Finance costs		(38,288)	(45,111)
Other expenses		(120,137)	(132,186)
TOTAL EXPENSES		(493,654)	(530,785)
PROFIT FOR THE PERIOD		53,027	83,380
Attributable to:			
Equity holders of the Parent Company		(3,413)	15,391
Non-controlling interests		56,440	67,989
		53,027	83,380
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3	(0.01) fils	0.03 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 2024

		<i>Three months ended</i>	
		<i>31 March</i>	
Notes	2024	2023	
	KD	KD	
	53,027	83,380	
PROFIT FOR THE PERIOD			
Other comprehensive income (loss)			
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Net gain (loss) on equity instruments at fair value through other comprehensive income	893,648	(1,702,407)	
Share of other comprehensive (loss) income of associates	5 (38)	116,232	
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods			
	893,610	(1,586,175)	
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Share of other comprehensive income (loss) of associates accounted for using the equity method	5 28,131	(3,168)	
Exchange differences on translation of foreign operations	11,376	(10,374)	
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods			
	39,507	(13,542)	
Other comprehensive income (loss)			
	933,117	(1,599,717)	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD			
	986,144	(1,516,337)	
Attributable to:			
Equity holders of the Parent Company	924,178	(1,578,942)	
Non-controlling interests	61,966	62,605	
	986,144	(1,516,337)	

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 2024

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS	<i>Notes</i>		
Cash and cash equivalents	4	6,944,211	7,225,946
Financial assets at fair value through profit or loss	11	169,247	171,825
Other assets		4,445,798	4,293,139
Inventories		375,612	398,106
Financial assets at fair value through other comprehensive income	11	34,140,469	33,246,821
Investment in associates	5	18,576,199	18,515,077
Investment properties	11	11,765,320	11,750,101
Property, plant and equipment		2,258,764	2,326,550
Goodwill and other intangible assets		593,453	608,396
TOTAL ASSETS		79,269,073	78,535,961
LIABILITIES AND EQUITY			
LIABILITIES			
Murabaha payables	6	2,108,743	2,206,780
Other liabilities		1,431,196	1,604,974
Provision for legal claims	12	49,470,820	49,470,820
End of service benefits		1,085,949	1,067,166
TOTAL LIABILITIES		54,096,708	54,349,740
EQUITY			
Share capital	7	44,597,874	44,597,874
Fair value reserve		(5,355,590)	(6,249,200)
Foreign currency translation reserve		1,098,211	1,064,230
Accumulated losses		(18,093,816)	(18,090,403)
Equity attributable to equity holders of the Parent Company		22,246,679	21,322,501
Non-controlling interests		2,925,686	2,863,720
TOTAL EQUITY		25,172,365	24,186,221
TOTAL LIABILITIES AND EQUITY		79,269,073	78,535,961



Bader Mohammed Al-Qattan
Chairman



Mohammad G. 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 2024

	<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 2024 (Audited)	44,597,874	(6,249,200)	1,064,230	(18,090,403)	21,322,501	2,863,720	24,186,221
(Loss) profit for the period	-	-	-	(3,413)	(3,413)	56,440	53,027
Other comprehensive income for the period	-	893,610	33,981	-	927,591	5,526	933,117
Total comprehensive income (loss) for the period	-	893,610	33,981	(3,413)	924,178	61,966	986,144
At 31 March 2024	44,597,874	(5,355,590)	1,098,211	(18,093,816)	22,246,679	2,925,686	25,172,365
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

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 2024

	Notes	Three months ended 31 March	
		2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit for the period		53,027	83,380
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Murabaha income		(42,392)	(39,193)
Net change in fair value of financial assets at fair value through profit or loss		74	(1,019)
Share of results of associates	5	(40,255)	(107,564)
Net foreign exchange differences		3,817	(1,345)
Depreciation of property and equipment and right-of-use assets		68,384	67,063
Amortisation of intangible assets		14,943	14,943
Finance costs		38,288	45,111
Provision for employees' end of service benefits		18,774	29,841
		114,660	91,217
<i>Working capital adjustments:</i>			
Other assets		(161,645)	(277,801)
Financial assets at fair value through profit or loss		2,504	-
Inventories		22,494	(73,325)
Other liabilities		(132,816)	(58,962)
Cash used in operations		(154,803)	(318,871)
Murabaha income received		47,561	45,779
Finance costs paid		(32,943)	(36,406)
Provision for legal claims paid		-	(1,075,280)
Employees' end of service benefits paid		-	(7,003)
Net cash flows used in operating activities		(140,185)	(1,391,781)
INVESTING ACTIVITIES			
Dividends received from associates	5	-	436,827
Proceeds from disposal of investment in an associate		7,226	-
Purchase of property and equipment		(598)	(9,123)
Net cash flows from investing activities		6,628	427,704
FINANCING ACTIVITIES			
Repayment of murabaha payables		(102,028)	(96,693)
Dividends paid to equity holders of the Parent Company		(28)	(1,657)
Payment of principle portion of lease liabilities		(46,122)	(46,122)
Net cash flows used in financing activities		(148,178)	(144,472)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(281,735)	(1,108,549)
Cash and cash equivalents at 1 January		7,225,946	7,945,491
CASH AND CASH EQUIVALENTS AT 31 MARCH		6,944,211	6,836,942
Non-cash items excluded from the interim condensed consolidated statement of cash flows			
Other assets		-	(13,746)
Net movement in non-controlling interest		-	13,746

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 2024

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 2024 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 9 May 2024.

The Annual General Assembly of the shareholders of the Parent Company for the year ended 31 December 2023 has not yet been held and consequently these consolidated financial statements are subject to the approval of the Annual General 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 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 9.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 March 2024, the Group has accumulated losses of KD 18,093,816 (31 December 2023: KD 18,090,403 and 31 March 2023: KD 18,287,752), as of that date, the Group’s current liabilities exceeded its current assets by KD 26,881,618 (31 December 2023: KD 26,523,137). This is primarily due to total outstanding legal claims of KD 49,470,820 (31 December 2023: 49,470,820 and 31 March 2023: KD 49,470,820), of which the Group is unable to settle certain legally enforceable litigation claims amounting to KD 34,682,793 (31 December 2023: KD 34,335,210 and 31 March 2023: KD 32,985,896) resulted in blocking of certain assets amounting to KD 7,484,528 (31 December 2023: 6,925,931 and 31 March 2023: KD 7,268,259) (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 favour 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 and restructuring as per Law No. 71/2020.
- ▶ On 7 September 2023, the Bankruptcy management department of the Ministry of Justice decided to accept to open the preventive settlement procedures and stop the execution of the legal claims for a period of three months from the decision date and renewed later for another 3 months.
- ▶ The Parent Company’s management provided a detailed settlement plan to be the legal debtors in front of the Bankruptcy management department of the Ministry of Justice during the preventive protection period.
- ▶ The Parent Company’s management could not reach an agreement with debtors during the preventive protection period.
- ▶ On 28 April 2024, The Bankruptcy management department of the Ministry of Justice announced the end of the preventive protection period.
- ▶ The Parent Company’s management are planning to apply for the restructuring as per the same Law No. 71/2020.
- ▶ Management has prepared a detailed cashflow analysis to assess the liquidity position of the Group and identify liquidity gaps under various scenarios. The management has concluded that the Group will 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

2.1 FUNDAMENTAL ACCOUNTING CONCEPT (continued)

- ▶ The management has made significant judgements to forecast the ultimate outcome of the ongoing litigation (Refer to Note 12 for further details).
- ▶ The Group maintains sufficient cash to meet liquidity need in the event of any unforeseen interruption in cash flow.

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 2024 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 2023.

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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's 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 2024

2.3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial information.

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>31 March</i>	
	<i>2024</i>	<i>2023</i>
(Loss) profit for the period attributable to the equity holders of the Parent Company (KD)	(3,413)	15,391
Weighted average number of shares outstanding during the period	445,978,742	445,978,742
Basic and diluted (loss) earnings per share (Fils)	(0.01)	0.03

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

As at 31 March 2024, certain bank balances amounting to KD 290,477 (31 December 2023: KD 290,899 and 31 March 2023: KD 359,562) 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 2024

5 INVESTMENT IN ASSOCIATES

	<i>County of incorporation</i>	<i>31 March 2024</i>		<i>(Audited) 31 December 2023</i>		<i>31 March 2023</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	28.95%	5,654,153	28.99%	5,667,343
Taameer Investment Company S.A.O.C. ("Taameer")*	Oman	24.82%	4,524,865	24.82%	4,512,738	24.82%	4,650,979
Al-Subeih Medical Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	3,453,132	25%	3,455,386	25%	3,419,454
Al Jazeera Al Oula Real Estate W.L.L.	Saudi Arabia	20.90%	2,269,742	20.90%	2,135,906	20.90%	2,046,202
First Education Company K.S.C. (Closed)	Kuwait	22.19%	2,248,868	22.19%	2,290,405	22.19%	3,314,601
Sons of Yousef Al-Subeih Real Estate Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	425,439	25%	453,299	25%	536,950
			18,576,199		18,515,077		19,688,864

*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 31 March 2024.

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 2024

5 INVESTMENT IN ASSOCIATES (continued)

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

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
At the beginning of the period/year	18,515,077	19,905,063	19,905,063
Disposal	(7,226)	(942,933)	-
Dividends received from associates	-	(499,327)	(436,827)
Share of results	40,255	134,584	107,564
Foreign currency translation adjustment	28,131	(110,406)	(3,168)
Share of other comprehensive income	(38)	28,096	116,232
	<hr/> 18,576,199 <hr/>	<hr/> 18,515,077 <hr/>	<hr/> 19,688,864 <hr/>

6 MURABAHA PAYABLES

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
Gross amount	2,598,468	2,678,947	3,154,020
Less: Deferred finance costs	(489,725)	(472,167)	(589,299)
	<hr/> 2,108,743 <hr/>	<hr/> 2,206,780 <hr/>	<hr/> 2,564,721 <hr/>

As at 31 March 2024, murabaha payables amounting to KD 1,785,228 (31 December 2023: KD 1,883,265 and 31 March 2023: KD 2,176,955) are denominated in Omani Riyal, have an effective profit rate of 6.5% (31 December 2023: 6.5% and 31 March 2023: 6.5%) per annum and secured against an investment property with a carrying amount of KD 7,195,320 (31 December 2023: KD 7,180,101 and 31 March 2023: KD 7,175,423).

As at 31 March 2024, murabaha payables amounting to KD 323,515 (31 December 2023: KD 323,515 and 31 March 2023: KD 387,766) are denominated in Kuwaiti Dinars, have an effective profit rate of 3.5 % (31 December 2023: 3.5% and 31 March 2023: 3.5%) per annum and secured against property, plant and equipment with a carrying amount of KD 1,135,075 (31 December 2023: KD 1,145,651 and 31 March 2023: KD 1,107,908).

7 SHARE CAPITAL

At 31 March 2024, the authorised, issued and fully paid-up capital of the Parent Company comprises of 445,978,742 (31 December 2023: 445,978,742 and 31 March 2023: 445,978,742) shares of 100 fils each. All shares are paid in cash.

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 2024

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 months ended at 31 March 2024 and 2023, as well as balances with related parties as at 31 March 2024, 31 December 2023 and 31 March 2023.

	<i>Three months ended</i>		
	<i>31 March</i>		
	2024	2023	
	KD	KD	
<i>Consolidated statement of profit or loss:</i>			
Management fees	17	27	
	<i>(Audited)</i>		
	31 March	31 December	31 March
	2024	2023	2023
	KD	KD	KD
<i>Consolidated statement of financial position:</i>			
Management fees and other receivables	447	430	364

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>		
	2024	2023	
	KD	KD	
Salaries and short-term benefits	36,116	28,870	
End of service benefits	3,660	2,786	
	39,776	31,656	
	<i>(Audited)</i>		
	31 March	31 December	31 March
	2024	2023	2023
	KD	KD	KD
Salaries and short-term benefits	-	5,000	5,500
End of service benefits	252,621	206,534	190,264
	252,621	211,534	195,764

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 6,098 (31 December 2023: KD 7,247 and 31 March 2023: KD 8,929) 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 2024

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 2024 and 2023, respectively:

	<i>Real Estate</i>		<i>Financial</i>		<i>Services</i>		<i>Others</i>		<i>Total</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</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	270,762	417,155	39,516	46,609	236,403	150,401	-	-	546,681	614,165
Expenses	(189,724)	(223,228)	(24,655)	(28,871)	(234,856)	(225,476)	(44,419)	(53,210)	(493,654)	(530,785)
Segment results	81,038	193,927	14,861	17,738	1,547	(75,075)	(44,419)	(53,210)	53,027	83,380

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 2024

9 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2024, 31 December 2023 and 31 March 2023, 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>2024</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2023</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	26,261,456	25,330,132	25,068,994	5,272,302	9,859,309	4,622,666	38,509,780	37,800,754	41,123,072	9,225,535	5,545,766	10,022,198	79,269,073	78,535,961	80,836,930
Segment liabilities	(2,442,365)	(2,682,752)	(3,057,384)	(10,873)	(14,724)	(6,684)	(820,321)	(854,067)	(975,710)	(50,823,149)	(50,798,197)	(50,788,762)	(54,096,708)	(54,349,740)	(54,828,540)
Other disclosures:															
Total non-current assets*	25,120,658	24,821,078	24,481,028	4,704,367	4,869,247	4,550,249	36,902,636	36,249,051	39,551,061	3,545,722	3,455,565	3,248,860	70,273,383	69,394,941	71,831,198
Additions to non-current assets	-	870	-	60	1,650	-	538	118,982	9,123	-	-	-	598	121,502	9,123
Share of results from associates (Note 5)	(64,071)	(84,084)	54,355	-	-	-	104,326	218,668	53,209	-	-	-	40,255	134,584	107,564

*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 and certain other assets due more than one year.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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9 SEGMENT INFORMATION (continued)

Geographic information

	<i>Three months ended</i>		
	<i>31 March</i>		
	2024	2023	
	KD	KD	
Income			
Kuwait	244,285	401,202	
Kingdom of Saudi Arabia (KSA)	131,437	49,450	
Sultanate of Oman	170,959	163,513	
	546,681	614,165	
Segment results			
Kuwait	(191,171)	(52,306)	
Kingdom of Saudi Arabia (KSA)	130,942	36,699	
Sultanate of Oman	113,256	98,987	
	53,027	83,380	
		<i>(Audited)</i>	
	31 March	31 December	31 March
	2024	2023	2023
	KD	KD	KD
Segment assets			
Kuwait	38,728,423	39,478,481	38,592,329
Kingdom of Saudi Arabia (KSA)	27,569,153	26,605,564	29,826,081
Sultanate of Oman	11,889,703	11,872,304	11,997,636
Others	1,081,794	579,612	420,884
	79,269,073	78,535,961	80,836,930
Segment liabilities			
Kuwait	(20,201,052)	(20,326,582)	(20,491,725)
Kingdom of Saudi Arabia (KSA)	(31,803,196)	(31,802,701)	(31,871,293)
Sultanate of Oman	(2,092,460)	(2,220,457)	(2,465,522)
	(54,096,708)	(54,349,740)	(54,828,540)

10 COMMITMENTS AND CONTINGENCIES

As at 31 March 2024, The Group has provided a guarantee to third party amounting to SAR Nil million equivalent to KD Nil million (31 December 2023: SAR Nil million equivalent to KD Nil million and 31 March 2023: SAR 55 million equivalent to KD 4.50 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:

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 2024

11 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.

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 2024				
Unquoted funds	-	169,247	-	169,247
31 December 2023 (Audited)				
Unquoted funds	-	171,825	-	171,825
31 March 2023				
Unquoted funds	-	176,105	-	176,105
Financial assets at FVOCI:				
31 March 2024				
Quoted equity securities	9,001,622	-	-	9,001,622
Unquoted equity securities	-	-	25,138,847	25,138,847
	9,001,622	-	25,138,847	34,140,469
31 December 2023 (Audited)				
Quoted equity securities	8,448,215	-	-	8,448,215
Unquoted equity securities	-	-	24,798,606	24,798,606
	8,448,215	-	24,798,606	33,246,821
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

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 2024

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>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
As at 1 January	24,798,606	26,882,704	26,882,704
Remeasurement recognised in OCI	340,241	(2,084,098)	(468,132)
At the end of the period/ year	25,138,847	24,798,606	26,414,572

Description of significant unobservable inputs to valuation

Set out below are the significant unobservable inputs to valuation as at 31 March 2024:

	<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	0.27-1.34 (1.19)	10% increase (decrease) in the Sector PBV multiple would result in an increase (decrease) in fair value by KD 263,220.
		DLOM *	20% - 40%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 155,920.
	Adjusted NAV	DLOM *	5% - 80%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 1,101,022

* 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>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
As at 1 January	11,750,101	11,146,911	11,146,911
Net change in fair value of investment property	-	592,660	-
Exchange differences	15,219	10,530	5,852
At the end of the period/ year	11,765,320	11,750,101	11,152,763

<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 – 7.53	+/- 5%	588,266
	Yield rate	10%-10.33%	+/- 50 bp	582,167

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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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. The Parent Company also filed a petition for reconsideration in addition to filling an annulment lawsuit on the appeal, which has not adjudicated yet.

- 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 the judgment awarded the opponent two thousand double his requests. and 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. The Parent Company also filed annulment lawsuit that has not been adjudicated yet.

- 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.

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

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12 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 31 March 2024, the provision in the interim condensed consolidated statement of financial position amounting to KD 49,470,820 (31 December 2023: KD 49,470,820 and 31 March 2023: KD 49,470,820).

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 34,682,793 (31 December 2023: KD 34,335,210 and 31 March 2023: KD 32,985,896). 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, other legal reasons and pending a decision, whether from the Court of Cassation or in petitions for reconsideration, or in nullity lawsuits.

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>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances	3,160	3,112	2,488
Other assets	109,553	109,548	52,957
Financial assets at fair value through other comprehensive income	5,603,155	4,866,017	5,486,572
Investment in subsidiaries*	1,768,660	1,947,254	1,726,242
	7,484,528	6,925,931	7,268,259

*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 16,665,484 (31 December 2023: KD 20,745,314 and 31 March 2023: KD 16,595,273) and total liabilities amounting to KD 13,885,183 (31 December 2023: KD 17,801,229 and 31 March 2023: KD 13,895,824) included as part of the interim condensed consolidated statement of financial position after eliminating intercompany liabilities of KD 13,540,643 (31 December 2023: KD 17,453,369 and 31 March 2023: KD 13,480,185).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

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 2024	<i>(Audited)</i> 31 December 2023	31 March 2023
Available (eligible) regulatory capital (KD)	16,939,255	15,731,461	18,122,864
Required regulatory capital (KD)	20,282,147	20,068,914	25,017,841
Capital adequacy ratio (%)	84%	78%	72%

As at 31 March 2024, 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.