

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

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

30 JUNE 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 30 June 2024, and the related interim condensed consolidated statements of profit or loss, interim condensed consolidated statements of comprehensive income for the three and six months periods then ended, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the interim condensed consolidated financial information which states that, As at 30 June 2024, the Group has accumulated losses of KD 15,723,130 (31 December 2023: KD 18,090,403 and 30 June 2023: KD 18,503,822), as of that date, the Group’s current liabilities exceeded its current assets by KD 30,115,284 (31 December 2023: KD 26,523,137 and 30 June 2023: KD 28,776,472). This is primarily due to total outstanding legal claims of KD 46,669,606 (31 December 2023: 49,470,820 and 30 June 2023: KD 49,470,820), of which the Group is unable to settle certain legally enforceable litigation claims amounting to KD 36,886,734 (31 December 2023: KD 34,335,210 and 30 June 2023: KD 33,333,478) resulted in blocking of certain assets amounting to KD 13,118,931 (31 December 2023: KD 6,925,931 and 30 June 2023: KD 8,393,983), 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. 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 30 June 2024, the Group has a total provision of KD 46,669,606 (31 December 2023: KD 49,470,820 and 30 June 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 30 June 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 six-months period ended 30 June 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 six-months period ended 30 June 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 ALSAMDAN
LICENCE NO. 208- A
EY
AL AIBAN AL OSAIMI & PARTNERS

12 August 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 30 June 2024

	Notes	Three months ended 30 June		Six months ended 30 June	
		2024 KD	2023 KD	2024 KD	2023 KD
INCOME					
Revenue from contracts with customers		216,764	209,999	456,578	409,151
Cost of sales		(97,832)	(102,935)	(206,622)	(205,100)
GROSS PROFIT		118,932	107,064	249,956	204,051
Murabaha income		12,582	18,069	54,974	57,262
Net change in fair value of financial assets at fair value through profit or loss		3,056	(140)	2,982	878
Share of results of associates	5	(176,115)	(21,482)	(135,860)	86,082
Net change in fair value of investment properties	11	(305,988)	-	(305,988)	-
Dividend income		57,370	52,957	57,370	52,957
Rental income		282,154	281,910	564,852	565,243
Management fees		53,079	42,588	106,229	84,641
Net foreign exchange differences		(670)	2,709	(4,487)	4,054
Reversal of provision for legal claims	12	2,800,000	-	2,800,000	-
Other income		1,651	286	2,704	42,958
TOTAL INCOME		2,846,051	483,961	3,392,732	1,098,126
EXPENSES					
Staff costs		(242,489)	(272,688)	(494,391)	(544,170)
Depreciation of property and equipment and right-of-use assets		(68,085)	(67,638)	(136,469)	(134,701)
Amortisation of intangible assets		(14,943)	(14,943)	(29,886)	(29,886)
Finance costs		(36,082)	(45,185)	(74,370)	(90,296)
Other expenses		(197,268)	(250,920)	(317,405)	(383,106)
TOTAL EXPENSES		(558,867)	(651,374)	(1,052,521)	(1,182,159)
PROFIT(LOSS) FOR THE PERIOD		2,287,184	(167,413)	2,340,211	(84,033)
Attributable to:					
Equity holders of the Parent Company		2,370,686	(216,070)	2,367,273	(200,679)
Non-controlling interests		(83,502)	48,657	(27,062)	116,646
		2,287,184	(167,413)	2,340,211	(84,033)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3	5.316 Fils	(0.484) Fils	5.308 Fils	(0.450) Fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2024

	Note	Three months ended 30 June		Six months ended 30 June	
		2024 KD	2023 KD	2024 KD	2023 KD
PROFIT(LOSS) FOR THE PERIOD		2,287,184	(167,413)	2,340,211	(84,033)
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		329,844	1,522,827	1,223,492	(179,580)
Share of other comprehensive loss of associates	5	(100,621)	(184,915)	(100,659)	(68,683)
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods		229,223	1,337,912	1,122,833	(248,263)
<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	(29,209)	19,524	(1,078)	16,356
Exchange differences on translation of foreign operations		(13,328)	8,182	(1,952)	(2,192)
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods		(42,537)	27,706	(3,030)	14,164
Other comprehensive income (loss)		186,686	1,365,618	1,119,803	(234,099)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		2,473,870	1,198,205	3,460,014	(318,132)
Attributable to:					
Equity holders of the Parent Company		2,563,694	1,145,906	3,487,872	(433,036)
Non-controlling interests		(89,824)	52,299	(27,858)	114,904
		2,473,870	1,198,205	3,460,014	(318,132)


The attached notes 1 to 14 form part of this interim condensed consolidated financial information.


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2024

		30 June 2024 KD	(Audited) 31 December 2023 KD	30 June 2023 KD
ASSETS				
Cash and cash equivalents	4	6,671,370	7,225,946	6,646,487
Financial assets at fair value through profit or loss	11	172,304	171,825	175,964
Other assets		4,614,341	4,293,139	4,249,314
Inventories		334,350	398,106	420,107
Financial assets at fair value through other comprehensive income	11	35,270,313	33,246,821	36,685,165
Investment in associates	5	18,270,254	18,515,077	19,439,491
Investment properties	11	11,468,626	11,750,101	11,164,470
Property, plant and equipment		2,199,189	2,326,550	2,453,758
Goodwill and other intangible assets		578,510	608,396	638,281
TOTAL ASSETS		79,579,257	78,535,961	81,873,037
LIABILITIES AND EQUITY				
LIABILITIES				
Murabaha payables	6	1,968,856	2,206,780	2,441,572
Other liabilities		2,206,251	1,604,974	1,720,240
Provision for legal claims	12	46,669,606	49,470,820	49,470,820
End of service benefits		1,088,309	1,067,166	1,033,810
TOTAL LIABILITIES		51,933,022	54,349,740	54,666,442
EQUITY				
Share capital	7	44,597,874	44,597,874	44,597,874
Fair value reserve		(5,126,367)	(6,249,200)	(2,905,133)
Foreign currency translation reserve		1,061,996	1,064,230	1,195,276
Accumulated losses		(15,723,130)	(18,090,403)	(18,503,822)
Equity attributable to equity holders of the Parent Company		24,810,373	21,322,501	24,384,195
Non-controlling interests		2,835,862	2,863,720	2,822,400
TOTAL EQUITY		27,646,235	24,186,221	27,206,595
TOTAL LIABILITIES AND EQUITY		79,579,257	78,535,961	81,873,037


Bader Mohammed Al-Qattan
 Chairman


Mohammad G. Al-Tayyar
 Chief Executive Officer

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 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
Profit (loss) for the period	-	-	-	2,367,273	2,367,273	(27,062)	2,340,211
Other comprehensive income (loss) for the period	-	1,122,833	(2,234)	-	1,120,599	(796)	1,119,803
Total comprehensive income (loss) for the period	-	1,122,833	(2,234)	2,367,273	3,487,872	(27,858)	3,460,014
At 30 June 2024	44,597,874	(5,126,367)	1,061,996	(15,723,130)	24,810,373	2,835,862	27,646,235
As at 1 January 2023 (Audited)	44,597,874	(2,656,870)	1,179,370	(18,303,143)	24,817,231	2,693,750	27,510,981
(Loss) profit for the period	-	-	-	(200,679)	(200,679)	116,646	(84,033)
Other comprehensive (loss) income for the period	-	(248,263)	15,906	-	(232,357)	(1,742)	(234,099)
Total comprehensive (loss) income for the period	-	(248,263)	15,906	(200,679)	(433,036)	114,904	(318,132)
Net movement in non-controlling interests	-	-	-	-	-	13,746	13,746
At 30 June 2023	44,597,874	(2,905,133)	1,195,276	(18,503,822)	24,384,195	2,822,400	27,206,595

The attached notes 1 to 14 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
(UNAUDITED)

For the period ended 30 June 2024

		<i>Six months ended</i>	
		<i>30 June</i>	
		2024	2023
	<i>Notes</i>	KD	KD
OPERATING ACTIVITIES			
Profit (loss) for the period		2,340,211	(84,033)
<i>Adjustments to reconcile profit (loss) for the period to net cash flows:</i>			
Murabaha income		(54,974)	(57,262)
Net change in fair value of financial assets at fair value through profit or loss		(2,983)	(878)
Share of results of associates	5	135,860	(86,082)
Net change in fair value of investment properties		305,988	-
Dividend income		(57,370)	(52,957)
Net foreign exchange differences		4,487	(4,054)
Depreciation of property and equipment and right-of-use assets		136,469	134,701
Amortisation of intangible assets		29,886	29,886
Finance costs		74,370	90,296
Reversal of provision for legal claims	12	(2,800,000)	-
Provision for employees' end of service benefits		21,145	52,521
		133,089	22,138
<i>Working capital adjustments:</i>			
Other assets		(279,520)	(71,409)
Financial assets at fair value through profit or loss		2,504	-
Inventories		63,756	(149,973)
Other liabilities		(109,245)	(84,568)
Cash used in operations		(189,416)	(283,812)
Murabaha income received		64,960	62,442
Finance costs paid		(70,396)	(71,703)
Provision for legal claims paid		-	(1,075,280)
Employees' end of service benefits paid		-	(7,003)
Net cash flows used in operating activities		(194,852)	(1,375,356)
INVESTING ACTIVITIES			
Dividends received from associates	5	-	499,327
Proceeds from disposal of investment in an associate		7,226	-
Purchase of property and equipment		(9,108)	(105,918)
Capital expenditure on investment properties		(26,239)	-
Net cash flows (used in) from investing activities		(28,121)	393,409
FINANCING ACTIVITIES			
Repayment of murabaha payables		(237,310)	(223,156)
Dividends paid to equity holders of the Parent Company		(2,049)	(1,657)
Payment of principle portion of lease liabilities		(92,244)	(92,244)
Net cash flows used in financing activities		(331,603)	(317,057)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(554,576)	(1,299,004)
Cash and cash equivalents at 1 January		7,225,946	7,945,491
CASH AND CASH EQUIVALENTS AT 30 JUNE		6,671,370	6,646,487
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
Financial assets at fair value through other comprehensive income		(800,000)	-
Other liabilities		800,000	-

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 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 six months ended 30 June 2024 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 12 August 2024.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved in the Annual General Assembly meeting (AGM) of the shareholders held on 21 May 2024.

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 30 June 2024, the Group has accumulated losses of KD 15,723,130 (31 December 2023: KD 18,090,403 and 30 June 2023: KD 18,503,822), as of that date, the Group’s current liabilities exceeded its current assets by KD 30,115,284 (31 December 2023: KD 26,523,137 and 30 June 2023: KD 28,776,472). This is primarily due to total outstanding legal claims of KD 46,669,606 (31 December 2023: 49,470,820 and 30 June 2023: KD 49,470,820), of which the Group is unable to settle certain legally enforceable litigation claims amounting to KD 36,886,734 (31 December 2023: KD 34,335,210 and 30 June 2023: KD 33,333,478) resulted in blocking of certain assets amounting to KD 13,118,931 (31 December 2023: 6,925,931 and 30 June 2023: KD 8,393,983) (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 or 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.
- ▶ On 19 May 2024, the Bankruptcy management department of the Ministry of Justice refused the preventive settlement and restructuring request.
- ▶ The Parent Company’s management filed an appeal on the restructuring request, and a session scheduled on 17 September 2024 to pronounce the ruling.
- ▶ 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2024

2.1 FUNDAMENTAL ACCOUNTING CONCEPT (continued)

- ▶ 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 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 six months ended 30 June 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 30 June 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 EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share amounts are calculated by dividing the profit (loss) 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 (loss) 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 earnings (loss) per share are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2024	2023	2024	2023
Profit (loss) for the period attributable to the equity holders of the Parent Company (KD)	2,370,686	(216,070)	2,367,273	(200,679)
Weighted average number of shares outstanding during the period	445,978,742	445,978,742	445,978,742	445,978,742
Basic and diluted earnings (loss) per share (Fils)	5.316	(0.484)	5.308	(0.450)

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 30 June 2024, certain bank balances amounting to KD 289,211 (31 December 2023: KD 290,899 and 30 June 2023: KD 341,008) 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)

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5 INVESTMENT IN ASSOCIATES

	County of incorporation	30 June 2024		(Audited) 31 December 2023		30 June 2023	
		Equity interest %	Carrying amount KD	Equity interest %	Carrying amount KD	Equity interest %	Carrying amount KD
Arkan Al-Kuwait Real Estate Company K.S.C.P.	Kuwait	28.95%	5,565,612	28.99%	5,667,343	28.99%	5,734,396
Taameer Investment Company S.A.O.C. ("Taameer")*	Oman	24.82%	4,488,953	24.82%	4,512,738	24.82%	4,641,796
Al-Subeih Medical Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	3,367,750	25%	3,455,386	25%	3,390,342
Al Jazeera Al Oula Real Estate W.L.L.	Saudi Arabia	20.90%	2,227,567	20.90%	2,135,906	20.90%	2,026,021
First Education Company K.S.C. (Closed)	Kuwait	22.19%	2,222,733	22.19%	2,290,405	22.19%	3,137,106
Sons of Yousef Al-Subeih Real Estate Company (Khalid Hamad Al-Subeih & Partners) W.L.L.	Kuwait	25%	397,639	25%	453,299	25%	509,830
			<u>18,270,254</u>		<u>18,515,077</u>		<u>19,439,491</u>

*Legal claim contingency in respect of Taameer

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

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

Taameer has been advised by its legal counsel that it is only possible, but not probable, that the action against Taameer will succeed. Accordingly, Taameer has not recognised any provision for any liability that may arise in its interim condensed consolidated financial information for the period ended 30 June 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 30 June 2024

5 INVESTMENT IN ASSOCIATES (continued)

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

	<i>30 June</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 June</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)	(499,327)
Share of results	(135,860)	134,584	86,082
Foreign currency translation adjustment	(1,078)	(110,406)	16,356
Share of other comprehensive (loss) income	(100,659)	28,096	(68,683)
	<hr/> 18,270,254 <hr/>	<hr/> 18,515,077 <hr/>	<hr/> 19,439,491 <hr/>

6 MURABAHA PAYABLES

	<i>30 June</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 June</i> <i>2023</i> <i>KD</i>
Gross amount	2,421,628	2,678,947	2,996,433
Less: Deferred finance costs	(452,772)	(472,167)	(554,861)
	<hr/> 1,968,856 <hr/>	<hr/> 2,206,780 <hr/>	<hr/> 2,441,572 <hr/>

As at 30 June 2024, murabaha payables amounting to KD 1,679,010 (31 December 2023: KD 1,883,265 and 30 June 2023: KD 2,083,357) are denominated in Omani Riyal, have an effective profit rate of 6.5% (31 December 2023: 6.5% and 30 June 2023: 6.5%) per annum and secured against an investment property with a carrying amount of KD 6,898,626 (31 December 2023: KD 7,180,101 and 30 June 2023: KD 7,187,130). Subsequent to the date of preparation of the consolidated financial statements for the period ended 30 June 2024, the entire Murabaha was settled in Omani Rials. (Note 14).

As at 30 June 2024, murabaha payables amounting to KD 289,846 (31 December 2023: KD 323,515 and 30 June 2023: KD 358,215) are denominated in Kuwaiti Dinars, have an effective profit rate of 3.5% (31 December 2023: 3.5% and 30 June 2023: 3.5%) per annum and secured against property, plant and equipment with a carrying amount of KD 1,120,290 (31 December 2023: KD 1,145,651 and 30 June 2023: KD 1,196,751).

7 SHARE CAPITAL

At 30 June 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 30 June 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 30 June 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 six months ended at 30 June 2024 and 2023, as well as balances with related parties as at 30 June 2024, 31 December 2023 and 30 June 2023.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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>Consolidated statement of profit or loss:</i>				
Management fees	15	26	32	53
		<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
		<i>2024</i>	<i>31 December</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Consolidated statement of financial position:</i>				
Management fees and other receivables		462	430	390

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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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>
Salaries and short-term benefits	38,050	28,870	74,166	57,740
End of service benefits	1,102	2,817	4,762	5,603
	39,152	31,687	78,928	63,343
		<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
		<i>2024</i>	<i>31 December</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and short-term benefits		-	5,000	-
End of service benefits		253,723	206,534	193,081
		253,723	211,534	193,081

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 4,929 (31 December 2023: KD 7,247 and 30 June 2023: KD 8,417) 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 30 June 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 six months ended 30 June 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	251,944	738,663	50,615	64,243	3,032,803	242,263	57,370	52,957	3,392,732	1,098,126
Expenses	(393,298)	(455,896)	(54,104)	(61,005)	(505,484)	(552,487)	(99,635)	(112,771)	(1,052,521)	(1,182,159)
Segment results	(141,354)	282,767	(3,489)	3,238	2,527,319	(310,224)	(42,265)	(59,814)	2,340,211	(84,033)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2024

9 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2024, 31 December 2023 and 30 June 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>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</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	25,079,551	25,330,132	26,296,849	5,273,036	9,859,309	5,868,915	40,056,692	37,800,754	40,944,040	9,169,978	5,545,766	8,763,233	79,579,257	78,535,961	81,873,037
Segment liabilities	(2,260,066)	(2,682,752)	(2,886,966)	(7,717)	(14,724)	(6,229)	(795,935)	(854,067)	(942,853)	(48,869,304)	(50,798,197)	(50,830,394)	(51,933,022)	(54,349,740)	(54,666,442)
Other disclosures:															
Total non-current assets*	24,449,845	24,821,078	24,549,450	4,342,560	4,869,247	5,749,495	38,400,298	36,249,051	39,420,583	3,597,291	3,455,565	661,637	70,789,994	69,394,941	70,381,165
Additions to non-current assets	-	870	650	60	1,650	-	9,048	118,982	105,268	-	-	-	9,108	121,502	105,918
Share of results from associates (Note 5)	(114,743)	(84,084)	48,319	-	-	-	(21,117)	218,668	37,763	-	-	-	(135,860)	134,584	86,082

*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.

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9 SEGMENT INFORMATION (continued)

Geographic information

	<i>Six months ended</i>		
	<i>30 June</i>		
	2024	2023	
	KD	KD	
Income			
Kuwait	3,256,396	755,935	
Kingdom of Saudi Arabia (KSA)	103,979	25,129	
Sultanate of Oman	32,357	317,062	
	3,392,732	1,098,126	
Segment results			
Kuwait	2,315,521	(276,996)	
Kingdom of Saudi Arabia (KSA)	103,979	12,668	
Sultanate of Oman	(79,289)	180,295	
	2,340,211	(84,033)	
		<i>(Audited)</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment assets			
Kuwait	38,959,654	39,478,481	39,297,414
Kingdom of Saudi Arabia (KSA)	27,923,021	26,605,564	30,118,800
Sultanate of Oman	11,526,814	11,872,304	11,980,534
Others	1,169,768	579,612	476,289
	79,579,257	78,535,961	81,873,037
Segment liabilities			
Kuwait	(18,175,244)	(20,326,582)	(20,457,147)
Kingdom of Saudi Arabia (KSA)	(31,799,805)	(31,802,701)	(31,866,107)
Sultanate of Oman	(1,957,973)	(2,220,457)	(2,343,188)
	(51,933,022)	(54,349,740)	(54,666,442)

10 COMMITMENTS AND CONTINGENCIES

As at 30 June 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 30 June 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:

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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:				
30 June 2024				
Unquoted funds	-	172,304	-	172,304
31 December 2023 (Audited)				
Unquoted funds	-	171,825	-	171,825
30 June 2023				
Unquoted funds	-	175,964	-	175,964
Financial assets at FVOCI:				
30 June 2024				
Quoted equity securities	9,186,427	-	-	9,186,427
Unquoted equity securities	-	-	26,083,886	26,083,886
	9,186,427	-	26,083,886	35,270,313
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
30 June 2023				
Quoted equity securities	9,965,680	-	-	9,965,680
Unquoted equity securities	-	-	26,719,485	26,719,485
	9,965,680	-	26,719,485	36,685,165

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

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As at and for the period ended 30 June 2024

11 FAIR VALUE MEASUREMENT (continued)

11.1 Financial instruments (continued)

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

	<i>30 June</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 June</i> <i>2023</i> <i>KD</i>
As at 1 January	24,798,606	26,882,704	26,882,704
Addition during the period	800,000	-	-
Remeasurement recognised in OCI	485,280	(2,084,098)	(163,219)
At the end of the period/ year	26,083,886	24,798,606	26,719,485

Description of significant unobservable inputs to valuation

Set out below are the significant unobservable inputs to valuation as at 30 June 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	0.27-1.13 (1.00)	10% increase (decrease) in the Sector PBV multiple would result in an increase (decrease) in fair value by KD 395,848.
		DLOM *	20% - 40%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 145,937.
	Adjusted NAV	DLOM *	5% - 80%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 1,158,257

* 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>30 June</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 June</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	(305,988)	592,660	-
Addition	26,239	-	-
Exchange differences	(1,726)	10,530	17,559
At the end of the period/ year	11,468,626	11,750,101	11,164,470

<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%	573,431
	Yield rate	9.04%-9.96%	+/- 50 bp	555,850

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. The Parent Company also filed a petition for reconsideration, the petition was ruled inadmissible and was appealed to the Court of Cassation. 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 to the Court of Cassation, as well as petition for reconsideration of the ruling on the basis of several errors in the appeal verdict which includes violation of previous rulings, 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 two petitions for reconsideration, a ruling was issued declaring the petitions inadmissible, and it was appealed to the Court of Cassation. The Parent Company also filed a constitutional appeal regarding the unconstitutionality of Article 112 of Law 7/2010 to allow petitions for reconsideration and appeal of capital market rulings, the Company also filed annulment lawsuit that has not been adjudicated yet.

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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 issued 9 cassation rulings in favor of our company stating 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.

During the period, the Group signed a legal settlement agreement with one of the portfolio clients resulted in receiving certain financial assets from the customer classified as fair value through other comprehensive income for a total amount of KD 800,000 which not yet paid to the customer as at reporting date. The settlement agreement resulted in a reversal of provision for legal claims amounting to KD 2,800,000.

For the above legal claims, as at 30 June 2024, the provision in the interim condensed consolidated statement of financial position amounting to KD 46,669,606 (31 December 2023: KD 49,470,820 and 30 June 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 appealed by cassation 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 36,886,734 (31 December 2023: KD 34,335,210 and 30 June 2023: KD 33,333,478). 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 and the possibility of cancelling these rulings from 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>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances	3,164	3,112	3,220
Other assets	166,921	109,548	110,983
Financial assets at fair value through other comprehensive income	11,677,391	4,866,017	5,518,915
Investment in subsidiaries*	1,271,455	1,947,254	2,760,865
	13,118,931	6,925,931	8,393,983

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2024

12 LEGAL CLAIMS (continued)

*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 15,990,147 (31 December 2023: KD 20,745,314 and 30 June 2023: KD 17,673,229) and total liabilities amounting to KD 13,745,816 (31 December 2023: KD 17,801,229 and 30 June 2023: KD 14,912,364 included as part of the interim condensed consolidated statement of financial position after eliminating intercompany liabilities of KD 13,401,942 (31 December 2023: KD 17,453,369 and 30 June 2023: KD 13,529,953).

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.

	30 June 2024	<i>(Audited)</i> 31 December 2023	30 June 2023
Available (eligible) regulatory capital (KD)	20,170,088	15,731,461	18,207,842
Required regulatory capital (KD)	20,323,370	20,068,914	24,972,239
Capital adequacy ratio (%)	99.25%	78.39%	72.91%

As at 30 June 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.

14 EVENTS AFTER THE REPORTING PERIOD

On 4 August 2024, First Logistics Company (FIC subsidiary in the Sultanate of Oman) has disposed its investment property for an amount of OMR 8,650,000 equals to KD 6,898,626. Additionally, First Logistics Company has settled the Murabaha creditors amounting to OMR 2,103,298 equals to KD 1,677,441 as of July 31, 2024.