

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

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

**31 MARCH 2009**

### Ali Al Hassawi & Partners

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

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C. (Closed) (the “parent company”) and its subsidiaries (the “group”) as at 31 March 2009 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended. The management of the parent company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of review

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

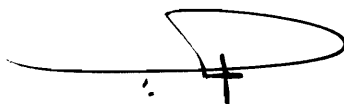
### Conclusion

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

### Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association of the parent company have occurred during the three month period ended 31 March 2009 that might have had a material effect on the business of the parent company or on its financial position.

We further report that, during the course of our review, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the three month period ended 31 March 2009.



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OF ERNST & YOUNG



ALI A. AL-HASAWI  
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First Investment Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 31 March 2009

	Notes	Three months ended 31 March	
		2009 KD	2008 KD
<b>INCOME</b>			
Murabaha, ijara and sukuk income		519,893	290,204
Realised gain on investments carried at fair value through income statement		11,180	4,796,704
Unrealised gain on investments carried at fair value through income statement		11,918	3,055,911
(Loss) Gain on disposal of available for sale investments		(268,584)	1,888,098
Placement and arrangement fees		57,888	194,980
Management fees		259,339	323,636
Dividend income		17,458	41,916
Share of results of associates		(425,968)	533,067
		<u>183,124</u>	<u>11,124,516</u>
<b>EXPENSES</b>			
Impairment of available for sale investments		1,634,609	-
Impairment of other receivable		-	924,359
Provision for Murabaha & Ijara		193,561	-
Staff costs		377,586	589,087
(Gain) loss on foreign exchange		(1,058,345)	1,131,710
Depreciation		28,210	20,521
Finance costs		1,878,551	1,179,246
Other expenses		331,603	224,445
		<u>3,385,775</u>	<u>4,069,368</u>
<b>(LOSS) PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>			
		(3,202,651)	7,055,148
Contribution to KFAS		-	(63,496)
Contribution to NLST		-	(176,378)
Zakat		-	(70,551)
		<u>(3,202,651)</u>	<u>6,744,723</u>
<b>(LOSS) PROFIT FOR THE YEAR</b>			
		<u>(3,202,651)</u>	<u>6,744,723</u>
<b>(LOSS) PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
		(3,200,293)	6,744,723
Non-controlling interests		(2,358)	-
		<u>(3,202,651)</u>	<u>6,744,723</u>
<b>BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>			
	3	<u>(4.93) fils</u>	<u>10.46 fils</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 31 March 2009

	<i>Three months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>
(Loss) profit for the period	(3,202,651)	6,744,723
<b>Other comprehensive income</b>		
Available for sale investments:		
Unrealised loss on available for sale investments	(4,916,303)	(314,296)
Impairment of available for sale investments	<u>1,634,609</u>	<u>-</u>
Net unrealised loss on available for sale investments	(3,281,694)	(314,296)
Share of other comprehensive income of associates	979,419	(425,233)
Exchange difference on translation of foreign operations	<u>5,568,174</u>	<u>(1,454,526)</u>
<b>Other comprehensive income (loss) for the period included directly in equity</b>	<u>3,265,899</u>	<u>(2,194,055)</u>
<b>Total comprehensive income for the period</b>	<u>63,248</u>	<u>4,550,668</u>
Attributable to:		
Shareholders of the parent company	(424,560)	4,550,668
Non-controlling interests	<u>487,808</u>	<u>-</u>
	<u>63,248</u>	<u>4,550,668</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2009

		(Audited)	
	31 March	31 December	31 March
	2009	2008	2008
	KD	KD	KD
Notes			
<b>ASSETS</b>			
Bank balances and cash	576,100	1,169,965	3,737,239
Investments carried at fair value through income statement	4 25,587,821	25,623,898	46,312,148
Murabaha and ijara receivables	15,031,369	14,791,755	13,256,960
Other assets	5 9,422,415	8,679,319	15,884,171
Available for sale investments	6 110,658,685	112,416,871	99,942,302
Investment in associates	7 56,788,053	56,234,602	43,802,340
Properties under development	8 33,291,097	31,488,260	-
Furniture and equipment	127,182	148,360	90,880
<b>TOTAL ASSETS</b>	<b>251,482,722</b>	<b>250,553,030</b>	<b>223,026,040</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	9 65,107,055	65,107,055	64,644,055
Share premium	32,909,612	32,909,612	32,446,612
Treasury shares	10 (351,724)	-	-
Statutory reserve	7,275,988	7,275,988	6,945,122
General reserve	7,046,396	7,046,396	6,384,300
Share options reserve	3,016,890	3,016,890	2,137,190
Treasury shares reserve	1,118,012	1,122,297	1,139,277
Cumulative changes in fair value	(1,549,154)	1,732,540	13,913,387
Foreign currency translation reserve	4,284,774	(1,772,653)	(5,966,103)
Retained earnings	1,233,585	4,433,878	8,944,949
	120,091,434	120,872,003	130,588,789
Non-controlling interests	9,215,864	8,728,056	31,500
<b>Total equity</b>	<b>129,307,298</b>	<b>129,600,059</b>	<b>130,620,289</b>
<b>Liabilities</b>			
Murabaha payables	11 111,259,386	109,966,555	65,055,628
Other liabilities	12 10,916,038	10,986,416	27,350,123
<b>Total liabilities</b>	<b>122,175,424</b>	<b>120,952,971</b>	<b>92,405,751</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>251,482,722</b>	<b>250,553,030</b>	<b>223,026,040</b>



Dr. Mohammed A. Al-Alloush  
Chairman



Khalid S. Al-Sanaousi  
Managing Director and Chief Executive Officer

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

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period ended 31 March 2009

	<i>Three months ended 31 March</i>	
	<b>2009</b>	<b>2008</b>
	<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>		
(Loss) profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat	<b>(3,202,651)</b>	7,055,148
Adjustments to reconcile (loss) profit before contribution to KFAS, NLST and Zakat to net cash flows:		
<b>Non-cash:</b>		
Realised gain on investments at fair value through income statement	<b>(11,180)</b>	(4,796,704)
Unrealised gain on investments at fair value through income statement	<b>(11,918)</b>	(3,055,911)
Loss (gain) on disposal of available for sale investments	<b>268,584</b>	(1,888,098)
Dividend income	<b>(17,458)</b>	(41,916)
Share of results of associates	<b>425,968</b>	(533,067)
Impairment of other receivables	<b>-</b>	924,359
Impairment of available for sale investments	<b>1,634,609</b>	-
(Gain) loss on foreign exchange	<b>(1,058,345)</b>	1,131,710
Depreciation	<b>28,210</b>	20,521
Finance cost	<b>1,878,551</b>	1,179,246
Murabaha, ijara and sukuk income	<b>(519,893)</b>	(290,204)
<b>Working capital adjustments:</b>		
Investments carried at fair value through income statement	<b>1,328,945</b>	10,243,603
Murabaha and ijara receivables	<b>22,617</b>	(570,633)
Other assets	<b>(736,627)</b>	(9,037,990)
Other liabilities	<b>(606,371)</b>	(599,629)
Cash flows used in operating activities	<b>(576,959)</b>	(259,565)
Murabaha, ijara and sukuk income received	<b>456,587</b>	290,204
Finance cost paid	<b>(1,330,753)</b>	(944,076)
Net cash used in operating activities	<b>(1,451,125)</b>	(913,437)
<b>INVESTING ACTIVITIES</b>		
Dividends income received	<b>17,458</b>	41,916
Purchase of available for sale investments	<b>(36,475)</b>	(561,986)
Proceeds from disposal of available for sale investments	<b>1,749,779</b>	4,331,184
Purchase of investments in associates	<b>-</b>	(3,048,294)
Dividend received from associate	<b>-</b>	353,218
Purchase of properties under development	<b>(60,506)</b>	-
Purchase of furniture and equipments	<b>(7,032)</b>	(8,013)
Net cash from investing activities	<b>1,663,224</b>	1,108,025
<b>FINANCING ACTIVITIES</b>		
Movement in murabaha payables	<b>(449,955)</b>	(1,118,824)
Purchase and sale of treasury shares, net	<b>(356,009)</b>	4,004,607
Net cash (used in) from financing activities	<b>(805,964)</b>	2,885,783
<b>(DECREASE) INCREASE IN BANK BALANCES AND CASH</b>	<b>(593,865)</b>	3,080,371
Bank balances and cash at 1 January	<b>1,169,965</b>	656,868
<b>BANK BALANCES AND CASH AT 31 MARCH</b>	<b>576,100</b>	3,737,239

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

period ended 31 March 2009

	Attributable to equity holders of the parent company										Non-controlling interests	Total Equity	
	Share capital	Share premium	Treasury shares	Statutory reserve	General reserve	Share options reserve	Treasury shares reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained earnings			Sub total
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
Balance at 1 January 2009	65,107,055	32,909,612	-	7,275,988	7,046,396	3,016,890	1,122,297	1,732,540	(1,772,653)	4,433,878	120,872,003	8,728,056	129,600,059
for the period	-	-	-	-	-	-	-	-	-	(3,200,293)	(3,200,293)	(2,358)	(3,202,651)
or comprehensive income for the period	-	-	-	-	-	-	-	(3,281,694)	6,057,427	-	2,775,733	490,166	3,265,899
<b>Inter comprehensive income for the period</b>	-	-	-	-	-	-	-	<b>(3,281,694)</b>	<b>6,057,427</b>	<b>(3,200,293)</b>	<b>(424,560)</b>	<b>487,808</b>	<b>63,248</b>
of share based payment	-	-	-	-	-	-	-	-	-	-	-	-	-
of treasury shares	-	-	(618,922)	-	-	-	-	-	-	-	(618,922)	-	(618,922)
of treasury shares	-	-	267,198	-	-	-	(4,285)	-	-	-	262,913	-	262,913
of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
as shares issued (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	-
tends paid (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2009</b>	<b>65,107,055</b>	<b>32,909,612</b>	<b>(351,724)</b>	<b>7,275,988</b>	<b>7,046,396</b>	<b>3,016,890</b>	<b>1,118,012</b>	<b>(1,549,154)</b>	<b>4,284,774</b>	<b>1,233,585</b>	<b>120,091,434</b>	<b>9,215,864</b>	<b>129,307,298</b>
Balance at 1 January 2008	58,767,323	32,446,612	(3,865,269)	6,945,122	6,384,300	2,137,190	999,939	14,227,683	(4,086,344)	25,707,155	139,663,711	31,500	139,695,211
for the period	-	-	-	-	-	-	-	-	-	6,744,723	6,744,723	-	6,744,723
or comprehensive loss for the period	-	-	-	-	-	-	-	(314,296)	(1,879,759)	-	(2,194,055)	-	(2,194,055)
<b>Inter comprehensive income for the period</b>	-	-	3,865,269	-	-	-	-	<b>(314,296)</b>	<b>(1,879,759)</b>	<b>6,744,723</b>	<b>4,550,668</b>	-	<b>4,550,668</b>
of treasury share transactions, net	-	-	3,865,269	-	-	-	-	-	-	-	3,865,269	-	3,865,269
of disposal of treasury shares	-	-	-	-	-	-	139,338	-	-	-	139,338	-	139,338
of shares issued (Note 9)	5,876,732	-	-	-	-	-	-	-	-	(5,876,732)	-	-	-
tends (Note 9)	-	-	-	-	-	-	-	-	-	(17,630,197)	(17,630,197)	-	(17,630,197)
<b>Balance at 31 March 2008</b>	<b>64,644,055</b>	<b>32,446,612</b>	-	<b>6,945,122</b>	<b>6,384,300</b>	<b>2,137,190</b>	<b>1,139,277</b>	<b>13,913,387</b>	<b>(5,966,103)</b>	<b>8,944,949</b>	<b>130,588,789</b>	<b>31,500</b>	<b>130,620,289</b>

attached notes 1 to 17 form part of this interim condensed consolidated financial information.

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

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

At 31 March 2009

### 1 ACTIVITIES

The interim condensed consolidated financial information of First Investment Company K.S.C. (Closed) (“the parent company”) and its Subsidiaries (“the group”) for the three months ended 31 March 2009 was authorised for issue in accordance with a resolution of the board of directors on 14 May 2009.

The parent company is a Kuwaiti closed shareholding company incorporated on 26 July 1997 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company is registered with the Central Bank of Kuwait as an investment company and is listed on the Kuwait Stock Exchange.

The parent company’s registered office is at Souk Al Safat, Abdullah Mubarak Street, Kuwait City.

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

### 2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the group is prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, except as noted below.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2008. The annual consolidated financial statements for the year ended 31 December 2008 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the (IAS) 39 requirement for a collective impairment provision, which has been replaced by the Central Bank of Kuwait’s requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait, and should be read in conjunction with the group’s annual consolidated financial statements for the year ended 31 December 2008. In addition, results for the three months ended 31 March 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

The interim condensed consolidated financial information incorporate the financial information of the parent company for the period ended 31 March 2009, and subsidiaries for the year ended 31 December 2008 using consistent accounting policies. However, there have been no significant events or transactions between the reporting dates of the subsidiaries and 31 March 2009 (the reporting date of the parent ccompany).

During the period, the group has adopted IAS 1 ‘Presentation of Financial Statements’ (Revised) effective for the annual periods beginning on or after 1 January 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The group has elected to present two statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2009

**3 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE**

Basic and diluted (loss) earnings per share are computed by dividing the profit for the period by the weighted average number of shares outstanding during the period after adjusting for treasury shares as follows:

	<i>Three months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
(Loss) profit attributable to equity holders of the parent company (KD)	<u>(3,200,293)</u>	<u>6,744,723</u>
Total weighted average number of shares outstanding during the period	<u>651,070,551</u>	<u>646,440,551</u>
Less: weighted average number of treasury shares	<u>(1,357,556)</u>	<u>(1,425,165)</u>
Weighted average number of shares outstanding during the period	<u>649,712,995</u>	<u>645,015,386</u>
Basic and diluted (loss) earnings per share attributable to the equity holders of the parent company (Fils)	<u>(4.93)</u>	<u>10.46</u>

**4 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT**

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2009</i>	<i>2008</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Held for trading:			
Quoted equity securities	-	1,317,680	22,928,304
Managed funds	998,087	986,254	1,836,094
Designated:			
Real estate portfolio	24,393,176	23,123,406	21,351,192
Unquoted equity securities	196,558	196,558	196,558
	<u>25,587,821</u>	<u>25,623,898</u>	<u>46,312,148</u>

Managed funds are primarily invested in quoted securities and money market instruments. Certain managed funds are registered in the name of nominees, as nominees for the parent company.

**5 OTHER ASSETS**

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2009</i>	<i>2008</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Receivable on sale of investments / real estate portfolio	-	-	8,901,505
Due from related parties (Note 13)	3,319,503	3,319,503	4,229,228
Advance paid for participation in a company under Formation	-	-	2,062,630
Other assets	3,007,352	3,488,128	395,467
Management fees receivable	13,045	92,641	295,341
Advance paid for the acquisition of real estate portfolio	3,082,515	1,779,047	-
	<u>9,422,415</u>	<u>8,679,319</u>	<u>15,884,171</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2009

6 AVAILABLE FOR SALE INVESTMENTS

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2009</i>	<i>31 December</i>	<i>2009</i>
	<i>KD</i>	<i>2008</i>	<i>KD</i>
		<i>KD</i>	<i>KD</i>
Unquoted equity securities	44,304,278	42,487,429	41,655,828
Quoted equity securities	35,668,671	40,848,415	27,586,215
Sukuk	24,740,400	23,423,880	22,549,380
Real estate portfolio	5,102,854	4,831,313	6,947,266
Unquoted funds	826,485	809,837	1,187,616
Managed funds	15,997	15,997	15,997
	<u>110,658,685</u>	<u>112,416,871</u>	<u>99,942,302</u>

Certain unquoted equity investments amounting to KD 36,475 (31 December 2008: KD 3,160,000 and 31 March 2008: KD 3,069,480) are carried at cost as the acquisition price of these investments is deemed to be the fair value as these securities relates to either recently formed or acquired companies.

Certain unquoted investments amounting to KD 13,220,730 (31 December 2008: KD 9,742,225 and 31 March 2008: KD 6,974,021) are carried at cost because fair value cannot be reliably measured. Management is in process of updating its impairment review of these investments.

Available for sale investments include investments amounting to KD 31,047,073 (31 December 2008: KD 29,585,204 and 31 March 2008: KD 31,612,327) whose fair values are determined using recent market transactions and valuation techniques that are not based on observable market prices or rates.

Certain investments in quoted equity securities amounting to KD 8,121,358 (31 December 2008: KD 9,862,561 and 31 March 2008: KD 11,848,065) are registered in the name of nominees, as nominees for the parent company.

Sukuk are carried at cost as their fair values cannot be measured reliably. Management is of the opinion that there has been no impairment in value of these investments and, given the difficulty in arriving at a reliable and small range of valuations, believe it is more appropriate to carry these at cost. Subsequent to the period end 31 March 2009, management has entered into an agreement with the issuer of the sukuks. Terms of the agreement provide for two alternatives at the discretion of the issuer being sale of sukuks for cash or settlement against possession of property by 21 August 2009.

Investments in designated real estate portfolio are registered in the name of nominees, as nominees for the parent company.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2009

7 INVESTMENT IN ASSOCIATES

	County of incorporation	Percentage of ownership	31 March 2009 KD	Percentage of ownership	(Audited) 31 December 2008 KD	Percentage of ownership	31 March 2008 KD
First Arabian Equity 2000 Fund	Bahrain	48.30%	745,315	48.24%	819,671	48.08%	1,238,505
First Real Estate Investment Company K.S.C.(Closed)	Kuwait	19.79%	3,986,670	19.79%	3,986,670	19.79%	2,729,471
First Education Company K.S.C.(Closed)	Kuwait	16.49%	2,713,874	16.49%	2,873,843	16.49%	2,722,665
Mashair Al-Ola L.L.C.	Saudi Arabia	30.00%	4,727,743	30.00%	4,476,164	30.00%	4,300,846
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	12,987,594	37.40%	12,785,014	27.02%	5,808,763
First Energy Resource Company K.S.C.(Closed)	Kuwait	33.21%	7,818,247	33.21%	8,125,394	33.29%	8,323,250
Arkan Al-Kuwait Real Estate Company K.S.C.(Closed)	Kuwait	28.83%	11,161,994	28.83%	11,038,201	22.48%	8,514,194
First Investment Bank B.S.C.(Closed)	Bahrain	26.66%	9,049,421	26.66%	8,573,380	24.63%	6,698,106
First Gulf Equity Fund	Bahrain	20.31%	423,794	20.26%	480,999	26.24%	638,958
Sahab Al-Khalij Real Estate Company B.S.C.(Closed)	Bahrain	35.29%	2,568,573	35.29%	2,459,799	35.29%	2,238,082
Q80 Valve Industries Factory	Kuwait	50.00%	475,000	50.00%	475,000	50.00%	475,000
Asian Petroleum Facilities Maintenance Company W.L.L.	Kuwait	50.00%	129,828	50.00%	140,467	50.00%	114,500
			<b>56,788,053</b>		<b>56,234,602</b>		<b>43,802,340</b>

Share of results of associates amounting to a (loss) gain of KD 252,238 (31 March 2008: KD 165,614) is based on management accounts. In the opinion of the management of the parent company, the profit reported in the management accounts will not be materially different if these management accounts had been reviewed by the auditors of the respective entities.

Share of results of associates derived are one, two or three months in arrears respectively. In the opinion of the management, there were no significant events or transactions between the date of accounts of associates, used for equity accounting, and 31 March 2009. In addition, the management does not expect any material differences in the figures in case reviewed interim condensed financial information would have been available as at 31 March 2009 in respect of the associates.

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

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

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### 8 PROPERTIES UNDER DEVELOPMENT

The properties under development consist of:

	<i>31 March 2009</i>	<i>(Audited) 31 December 2008</i>	<i>31 March 2008</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Land	<b>32,287,000</b>	30,624,145	-
Construction costs incurred to date	<b>1,004,097</b>	864,115	-
	<b><u>33,291,097</u></b>	<u>31,488,260</u>	<u>-</u>

### 9 SHARE CAPITAL AND DIVIDENDS

At 31 March 2009, issued and fully paid up capital of the parent company amounted to 651,070,551 shares (31 December 2008: 651,070,551 and 31 March 2008: 646,440,551 shares) of 100 fils each.

The Annual General Assembly of the shareholders of the parent company held on 12 May 2009 approved no cash dividends or bonus shares for the year ended 31 December 2008.

### 10 TREASURY SHARES

The details of treasury shares are as follows:

	<i>31 March 2009</i>	<i>31 December 2008 (Audited)</i>	<i>31 March 2008</i>
Number of shares	<b>1,640,000</b>	-	-
Percentage holding	<b>0.252%</b>	-	-
Carrying cost (KD)	<b>351,724</b>	-	-
Market value (KD)	<b>295,200</b>	-	-

### 11 MURABAHA PAYABLES

Murabaha payables represent murabaha contracts with local financial institutions maturing within 6 months from the statement of financial position date. The average effective cost attributable to these contracts ranges from 6.25 % to 15.98 % per annum (31 December 2008: 3.00 % to 13.25 % and 31 March 2008: 4.05 % to 8.00 %).

Included in murabaha payables are murabaha contracts amounting to KD 7,500,000 (31 December 2008: KD 7,500,000 and 31 March 2008: KD Nil) secured against pledge of quoted investments amounting to KD 14,296,493 (31 December 2008: KD 15,284,731 and 31 March 2008 KD Nil).

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

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12 OTHER LIABILITIES

	<i>31 March 2009 KD</i>	<i>(Audited) 31 December 2008 KD</i>	<i>31 March 2008 KD</i>
Other payables	-	-	17,630,197
Other liabilities	8,473,636	9,191,316	5,951,243
Accrued expenses	2,442,402	1,795,100	3,768,683
	<u>10,916,038</u>	<u>10,986,416</u>	<u>27,350,123</u>

13 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management.

Transactions with related parties are as follows:

	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>Three months ended 31 March 2009 Total KD</i>	<i>2008 Total KD</i>
<b>Interim condensed consolidated income statement</b>				
Management fees	29,373	-	29,373	13,689
Impairment of other receivables	-	-	-	924,359

	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>31 March 2009 Total KD</i>	<i>(Audited) 31 December 2008 KD</i>	<i>31 March 2008 KD</i>
<b>Interim condensed consolidated statement of financial position</b>					
Due from related parties (Note 5)	3,319,503	-	3,319,503	3,319,503	4,229,228
Murabaha and ijara receivables	-	-	-	-	3,779,310
Management fees receivable	13,045	-	13,045	92,641	-
Murabaha payables	5,650,000	-	5,650,000	5,593,109	4,788,000
Due to related parties	-	-	-	-	2,263,742

Key management compensation:

	<i>2009 KD</i>	<i>2008 KD</i>
Key management fee	-	253,000
Salaries and other short term benefits	79,875	86,850
Terminal benefits	7,900	7,338

Assets amounting to KD 17,737,121 (31 December 2008: KD 17,212,345 and 31 March 2008: KD 12,987,605) are being managed on behalf of related parties.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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At 31 March 2009

14 SEGMENTAL INFORMATION

Islamic financing : Providing a range of Islamic products to corporate and individual customers.

Investment : Managing real estate investments, investment securities and investment in associates.

	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
<b>For three month period ended 31 March 2009</b>				
Segment revenue	519,893	(336,769)	-	183,124
Segment results	489,446	(3,692,097)	-	(3,202,651)
<b>As at 31 March 2009 Assets and liabilities</b>				
Segmental assets	15,031,369	229,408,171	7,043,182	251,482,722
Segmental liabilities	111,259,386	-	10,916,038	122,175,424
	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
<b>For three month period ended 31 March 2008</b>				
Segment revenue	368,887	10,755,629	-	11,124,516
Segment results	223,654	6,521,069	-	6,744,723
<b>As at 31 March 2008 Assets and liabilities</b>				
Segmental assets	13,256,960	190,056,790	19,712,290	223,026,040
Segmental liabilities	65,055,628	-	27,350,123	92,405,751

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2009

**15 LIQUIDITY RISK**

Liquidity risk is the risk that the group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management have diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The table below summarises the maturity profile of the group's assets and liabilities. The maturity profile of bank balances and cash, murabaha and ijara receivables, and murabaha payables at the period end is based on contractual repayment arrangements. For renewed murabaha payables this is based on new maturity dates contracted for after the statement of financial position date. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the assets, equity and liabilities at 31 March 2009, 31 December 2008 and 31 March 2008 was as follows:

<i>31 March 2009</i>	<i>Within 3 months KD</i>	<i>3 to 6 Months KD</i>	<i>6 to 12 Months KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>					
Bank balances and cash	576,100	-	-	-	576,100
Investments carried at fair value through income statement	25,587,821	-	-	-	25,587,821
Murabaha and ijara receivables	13,798,890	1,232,479	-	-	15,031,369
Other assets	9,422,415	-	-	-	9,422,415
Available for sale investments	-	24,740,400	-	85,918,285	110,658,685
Investment in associates	-	-	-	56,788,053	56,788,053
Properties under development	-	16,208,129	-	17,082,968	33,291,097
Furniture and equipment	-	-	-	127,182	127,182
<b>TOTAL ASSETS</b>	<b>49,385,226</b>	<b>42,181,008</b>	<b>-</b>	<b>159,916,488</b>	<b>251,482,722</b>
<b>EQUITY AND LIABILITIES</b>					
Equity	-	-	-	129,307,298	129,307,298
Murabaha payables	72,659,386	38,600,000	-	-	111,259,386
Other liabilities	5,261,919	-	-	5,654,119	10,916,038
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,921,305</b>	<b>38,600,000</b>	<b>-</b>	<b>134,961,417</b>	<b>251,482,722</b>
<b>NET LIQUIDITY GAP</b>	<b>(28,536,079)</b>	<b>3,581,008</b>	<b>-</b>	<b>24,955,071</b>	<b>-</b>

As disclosed in the table above, the group's liabilities (due within three months) exceeded its assets by KD 28,536,079 (31 December 2008: KD 25,336,565).

The group is dependent on availability of the continued support from the financial institutions. Subsequent to the statement of financial position date up to 4 May 2009 murabaha payables of KD 45,053,156 have matured. Management has renewed the terms of settlement of matured murabaha payables of KD 41,055,013 and is in process of negotiating the terms of the settlement of murabaha payables amounting to KD 3,448,143. The management is confident that they will be able to renew the terms of these murabaha payables.

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**15 LIQUIDITY RISK (continued)**

<i>31 December 2008</i>	<i>Within 3 months KD</i>	<i>3 to 6 months KD</i>	<i>6 to 12 Months KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>					
Bank balances and cash	1,169,965	-	-	-	1,169,965
Investments carried at fair value through income statement	25,623,898	-	-	-	25,623,898
Murabaha and ijara receivables	11,045,224	2,877,156	869,375	-	14,791,755
Other assets	8,679,319	-	-	-	8,679,319
Available for sale investments	-	23,933,880	-	88,482,991	112,416,871
Investment in associates	-	-	-	56,234,602	56,234,602
Properties under development	-	16,208,129	-	15,280,131	31,488,260
Furniture and equipment	-	-	-	148,360	148,360
<b>TOTAL ASSETS</b>	<b>46,518,406</b>	<b>43,019,165</b>	<b>869,375</b>	<b>160,146,084</b>	<b>250,553,030</b>
<b>EQUITY AND LIABILITIES</b>					
Equity	-	-	-	129,600,059	129,600,059
Murabaha payables	60,868,555	49,098,000	-	-	109,966,555
Other liabilities	10,986,416	-	-	-	10,986,416
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71,854,971</b>	<b>49,098,000</b>	<b>-</b>	<b>129,600,059</b>	<b>250,533,030</b>
<b>NET LIQUIDITY GAP</b>	<b>(25,336,565)</b>	<b>(6,078,835)</b>	<b>869,375</b>	<b>30,546,025</b>	<b>-</b>

**16 FIDUCIARY ACCOUNTS**

The group manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts, which are not reflected in the group's statement of financial position. Assets under management at 31 March 2009 amounted to KD 226,306,000 (31 December 2008: KD 216,267,000 and 31 March 2008: KD 60,958,112).

Management fees from fiduciary activities amounted to KD 259,339 (31 March 2008: KD 153,636).

**17 COMMITMENTS AND CONTINGENCIES**

The group has commitments in respect of following:

	<i>31 March 2009 KD</i>	<i>(Audited) 31 December 2008 KD</i>	<i>31 March 2008 KD</i>
Uncalled capital of available for sale investments	2,375,000	2,375,000	443,250
Uncalled capital of investments in associates	9,482,000	9,482,000	10,640,750
Capital commitments for properties under development	3,568,078	3,245,534	-
Operating lease rentals	63,369	84,492	69,032
Contingent liability in respect of bank guarantees	1,464,769	1,464,769	1,464,769
	<b>16,953,216</b>	<b>16,651,795</b>	<b>12,617,801</b>