

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

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

30 JUNE 2009

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 30 June 2009 and the related interim condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended, the related interim condensed consolidated cash flow statement and the interim condensed consolidated changes in equity for the six 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.

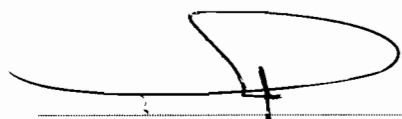
Conclusion

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 six month period ended 30 June 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 six month period ended 30 June 2009.



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LICENCE NO. 68 A
OF ERNST & YOUNG



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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 June 2009

	Note	Three months ended 30 June		Six months ended 30 June	
		2009 KD	2008 KD	2009 KD	2008 KD
INCOME					
Murabaha, ijara and sukuk income		551,986	318,006	1,071,879	608,210
Realised gain on investments carried at fair value through income statement		1,412	1,286,916	12,592	6,083,620
Unrealised (loss) gain on investments carried at fair value through income statement		(572,230)	1,094,510	(558,900)	4,150,421
Unrealised gain on revaluation of investment properties		399,618	-	399,618	-
Gain on disposal of available for sale investments		582,834	5,083,476	314,250	6,971,574
Gain on partial sale of associates		-	100,145	-	100,145
Placement and arrangement fees		-	35,825	57,888	230,805
Management fees		166,818	738,877	426,157	1,062,513
Dividend income		981,964	215,368	999,422	257,284
Share of results of associates		(962,466)	775,536	(1,388,434)	1,308,603
Other income		55,649	-	55,649	-
		<u>1,205,585</u>	<u>9,648,659</u>	<u>1,390,121</u>	<u>20,773,175</u>
EXPENSES					
Impairment of available for sale investments		639,664	-	2,274,273	-
Impairment of other receivables		-	-	-	924,359
Provision against murabaha and ijara receivables		-	-	193,561	-
Staff costs		367,348	580,522	744,934	1,169,609
Cost of share based transaction with employees		-	879,700	-	879,700
Loss (gain) on foreign exchange		256,846	27,374	(801,499)	1,159,084
Depreciation		30,055	24,740	58,265	45,261
Finance costs		1,907,567	1,456,211	3,786,118	2,635,457
Other expenses		287,933	103,094	619,536	327,537
		<u>3,489,413</u>	<u>3,071,641</u>	<u>6,875,188</u>	<u>7,141,007</u>
(LOSS) PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT					
		<u>(2,283,828)</u>	<u>6,577,018</u>	<u>(5,485,067)</u>	<u>13,632,168</u>
Contribution to KFAS		-	(59,194)	-	(122,690)
NLST		-	(164,425)	-	(340,804)
Zakat		-	(65,770)	-	(136,322)
(LOSS) PROFIT FOR THE PERIOD		<u>(2,283,828)</u>	<u>6,287,629</u>	<u>(5,485,067)</u>	<u>13,032,352</u>
Attributable to:					
Equity holders of the parent company		(2,284,450)	6,287,629	(5,483,331)	13,032,352
Non-controlling interests		622	-	(1,736)	-
		<u>(2,283,828)</u>	<u>6,287,629</u>	<u>(5,485,067)</u>	<u>13,032,352</u>
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	3	<u>(3.51) fils</u>	<u>9.66 fils</u>	<u>(8.44) fils</u>	<u>20.11 fils</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2009

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(Loss) profit for the period	(2,283,828)	6,287,629	(5,485,067)	13,032,352
Other comprehensive income				
Available for sale investments:				
Unrealised gain (loss) on available for sale investments	1,834,828	(1,811,386)	(2,804,379)	(2,125,682)
Impairment of available for sale investments	639,664	-	2,274,273	-
Net unrealised gain (loss) on available for sale investments	2,474,492	(1,811,386)	(530,106)	(2,125,682)
Share of other comprehensive income of associates	451,846	975,405	1,431,265	550,172
Exchange differences on translation of foreign operations	(1,164,593)	(191,748)	4,125,073	(1,646,274)
Other comprehensive income (loss) for the period included directly in equity	1,761,745	(1,027,729)	5,026,232	(3,221,784)
Total comprehensive (loss) income for the period	(522,083)	5,259,900	(458,835)	9,810,568
Attributable to:				
Equity holders of the parent company	(255,075)	5,259,900	(679,635)	2,236
Non-controlling interests	(267,008)	-	220,800	9,808,332
	(522,083)	5,259,900	(458,835)	9,810,568

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2009

		(Audited)	
	30 June 2009	31 December 2008	30 June 2008
	KD	KD	KD
Notes			
ASSETS			
Bank balances and cash	561,632	1,169,965	7,627,129
Investments carried at fair value through income statement	4 22,910,221	23,844,309	57,908,157
Murabaha and ijara receivables	4,868,553	14,791,755	20,692,253
Amount due from a bank	-	-	13,198,675
Other assets	5 11,910,107	8,679,319	4,772,701
Available for sale investments	6 111,053,652	112,416,871	108,000,419
Investment in associates	7 55,701,956	56,234,602	48,295,407
Properties under development	8 32,971,473	31,488,260	-
Investment properties	3,697,903	1,779,589	1,539,620
Furniture and equipment	124,893	148,360	168,873
TOTAL ASSETS	243,800,390	250,553,030	262,203,234
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	9 65,107,055	65,107,055	65,107,055
Share premium	32,909,612	32,909,612	32,909,612
Treasury shares	-	-	-
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	3,016,890
Treasury shares reserve	1,090,539	1,122,297	1,139,277
Cumulative changes in fair value	1,973,039	1,732,540	13,041,840
Foreign currency translation reserve	2,790,544	(1,772,653)	(6,124,521)
Retained earnings	(1,049,453)	4,433,878	15,232,578
	120,160,610	120,872,003	137,652,153
Non-controlling interests	8,948,856	8,728,056	33,736
Total equity	129,109,466	129,600,059	137,685,889
Liabilities			
Murabaha payables	10 103,865,177	109,966,555	95,998,204
Amount due to a bank	-	-	18,460,111
Other liabilities	11 10,825,747	10,986,416	10,059,030
Total liabilities	114,690,924	120,952,971	124,517,345
TOTAL EQUITY AND LIABILITIES	243,800,390	250,553,030	262,203,234



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 30 June 2009

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
(Loss) profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat	(5,485,067)	13,632,168
<i>Adjustments to reconcile (loss) profit before contribution to KFAS, NLST and Zakat to net cash flows:</i>		
Non-cash:		
Murabaha, ijara and sukuk income	(1,071,879)	(608,210)
Realised gain on investments at fair value through income statement	(12,592)	(6,083,620)
Unrealised loss (gain) on investments at fair value through income statement	558,900	(4,150,421)
Unrealised gain on investment properties	(399,618)	-
Gain on disposal of available for sale investments	(314,250)	(6,971,574)
Dividend income	(999,422)	(257,284)
Share of results of associates	1,388,434	(1,308,603)
Gain on partial sale of associates	-	(100,145)
Impairment of other receivables	-	924,359
Impairment of available for sale investments	2,274,273	-
Loss (gain) on foreign exchange	(801,499)	1,159,084
Depreciation	58,265	45,261
Cost of share based payment	-	879,700
Finance cost	3,786,118	2,635,457
	<u>(1,018,337)</u>	<u>(203,828)</u>
Working capital adjustments:		
Investments carried at fair value through income statement	1,323,501	2,023,998
Murabaha and ijara receivables	(477,078)	(7,031,198)
Amount due from a bank	-	(13,198,675)
Amount due to a bank	-	18,460,111
Other assets	131,799	458,358
Other liabilities	(131,320)	390,285
	<u>(171,435)</u>	<u>899,051</u>
Cash flows (used in) from operating activities	(171,435)	899,051
Murabaha, ijara and sukuk income received	683,994	-
Finance cost paid	(3,894,942)	(2,632,617)
	<u>(3,382,383)</u>	<u>(1,733,566)</u>
INVESTING ACTIVITIES		
Dividends income received	999,422	257,284
Purchase of available for sale investments	(14,203,323)	(26,008,280)
Proceeds from disposal of available for sale investments	16,966,604	19,926,916
Purchase of investments in associates	-	(2,285,479)
Proceeds from disposal of investment in associates	454,202	38,500
Dividend received from associates	173,813	663,869
Additions to properties under development	(356,555)	-
Purchase of investment properties	-	(1,779,589)
Purchase of furniture and equipment	(34,798)	(110,746)
	<u>3,999,365</u>	<u>(9,297,525)</u>
Net cash from (used in) investing activities	3,999,365	(9,297,525)
FINANCING ACTIVITIES		
Net movement in murabaha payables	(1,193,557)	30,279,819
Purchase and sale of treasury shares, net	(31,758)	4,004,607
Proceeds from issue of shares	-	926,000
Dividend paid	-	(17,209,074)
	<u>(1,225,315)</u>	<u>18,001,352</u>
Net cash (used in) from financing activities	(1,225,315)	18,001,352
(DECREASE) INCREASE IN BANK BALANCES AND CASH	(608,333)	6,970,261
Bank balances and cash at 1 January	1,169,965	656,868
BANK BALANCES AND CASH AT 30 JUNE	561,632	7,627,129

Investment Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

the period ended 30 June 2009

	Attributable to equity holders of the parent company										Non-controlling interests		Total equity		
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	General reserve KD	Share options reserve KD	Treasury shares reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub total 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		
Change for the period	-	-	-	-	-	-	-	-	-	(5,483,331)	(5,483,331)	(1,736)	(5,485,067)		
comprehensive income for the period	-	-	-	-	-	-	-	240,499	4,563,197	-	4,803,696	222,536	5,026,232		
comprehensive income the period	-	-	-	-	-	-	-	240,499	4,563,197	(5,483,331)	(679,635)	220,800	(458,835)		
Issue of treasury shares	-	-	(618,922)	-	-	-	-	-	-	(618,922)	(618,922)	-	(618,922)		
Issue of treasury shares	-	-	618,922	-	-	-	(31,758)	-	-	-	587,164	-	587,164		
Balance at 30 June 2009	65,107,055	32,909,612	-	7,275,988	7,046,396	3,016,890	1,090,539	1,973,039	2,790,544	(1,049,453)	120,160,610	8,948,856	129,109,466		
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		
Change for the period	-	-	-	-	-	-	-	-	-	13,032,352	13,032,352	-	13,032,352		
comprehensive income for the period	-	-	-	-	-	-	-	(1,185,843)	(2,038,177)	-	(3,224,020)	2,236	(3,221,784)		
comprehensive income the period	-	-	-	-	-	-	-	(1,185,843)	(2,038,177)	13,032,352	9,808,332	2,236	9,810,568		
Issue of share based payment	-	-	-	-	-	879,700	-	-	-	-	879,700	-	879,700		
Issue of treasury shares	-	-	3,865,269	-	-	-	-	-	-	-	3,865,269	-	3,865,269		
Disposal of treasury shares	-	-	-	-	-	-	139,338	-	-	-	139,338	-	139,338		
Issue of share capital	463,000	463,000	-	-	-	-	-	-	-	-	926,000	-	926,000		
Issue of shares	5,876,732	-	-	-	-	-	-	-	-	(5,876,732)	-	-	-		
Disposal of shares issued	-	-	-	-	-	-	-	-	-	(17,630,197)	(17,630,197)	-	(17,630,197)		
Balance at 30 June 2008	65,107,055	32,909,612	-	6,945,122	6,384,300	3,016,890	1,139,277	13,041,840	(6,124,521)	15,232,578	137,652,153	33,736	137,685,889		

See notes 1 to 16 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of First Investment Company K.S.C. (Closed) ("the parent company") and its subsidiaries ("the group") for the period ended 30 June 2009 was authorised for issue in accordance with a resolution of the board of directors on 5 August 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 PRESENTATION

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 except as mentioned below. 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 incorporate the financial information of the parent company for the period ended 30 June 2009, and subsidiaries for the period ended 31 March 2009 using consistent accounting policies. However, there have been no significant events or transactions between the reporting dates of the subsidiaries and 30 June 2009 (the reporting date of the parent company).

During the period, the group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009:

IAS 1 'Presentation of Financial Statements' (Revised):

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.

IFRS 8 'Operating segments':

The new standard which replaced IAS 14 'Segment reporting' requires a management approach for segment reporting under which segment information is presented on the same basis as that used for internal reporting purposes. Accordingly, segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the group's risks and returns.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

2 BASIS OF PRESENTATION (continued)

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 six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 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 attributable to the equity holders of the parent company by the weighted average number of shares outstanding during the period, after adjusting for treasury shares, as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
(Loss) profit attributable to equity holders of the parent company (KD)	<u>(2,284,450)</u>	<u>6,287,629</u>	<u>(5,483,331)</u>	<u>13,032,352</u>
Total weighted average number of shares	<u>651,070,551</u>	<u>651,070,551</u>	<u>651,070,551</u>	<u>648,808,408</u>
Less: weighted average number of treasury shares	<u>(1,072,967)</u>	<u>-</u>	<u>(1,214,475)</u>	<u>(647,802)</u>
Weighted average number of outstanding shares	<u>649,997,584</u>	<u>651,070,551</u>	<u>649,856,076</u>	<u>648,160,606</u>
Basic and diluted (loss) earnings per share attributable to the equity holders of the parent company	<u>(3.51) fils</u>	<u>9.66 fils</u>	<u>(8.44) fils</u>	<u>20.11 fils</u>

4 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>30 June</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 June</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	19,498,523
Managed funds	871,999	986,254	1,867,322
Designated:			
Real estate portfolio	21,841,664	21,343,817	36,345,754
Unquoted equity securities	196,558	196,558	196,558
	<u>22,910,221</u>	<u>23,844,309</u>	<u>57,908,157</u>

Managed funds are invested in money market instruments. Certain managed funds 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 30 June 2009

5 OTHER ASSETS

	<i>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>30 June</i> <i>2008</i> <i>KD</i>
Due from related parties (Note 12)	3,319,503	3,319,503	3,319,503
Other assets	5,128,324	3,488,128	1,348,718
Management fees receivable	29,425	92,641	104,480
Advance paid for the acquisition of real estate portfolio	3,432,855	1,779,047	-
	<u>11,910,107</u>	<u>8,679,319</u>	<u>4,772,701</u>

6 AVAILABLE FOR SALE INVESTMENTS

	<i>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>30 June</i> <i>2008</i> <i>KD</i>
Unquoted equity securities	43,981,786	42,487,429	39,989,014
Quoted equity securities	36,847,373	40,848,415	37,764,796
Sukuks	24,369,930	23,423,880	22,501,680
Real estate portfolio	4,830,958	4,831,313	6,529,873
Unquoted funds	821,875	809,837	1,199,059
Managed funds	201,730	15,997	15,997
	<u>111,053,652</u>	<u>112,416,871</u>	<u>108,000,419</u>

Certain unquoted equity investments amounting to KD 35,944 (31 December 2008: KD 3,160,000 and 30 June 2008: KD 2,235,303) are carried at cost as the acquisition price of these investments is deemed to be the fair value because these securities relates to either recently formed or acquired companies.

Certain unquoted investments amounting to KD 13,298,646 (31 December 2008: KD 9,742,225 and 30 June 2008: KD 9,210,219) are carried at cost because fair value cannot be reliably measured. In the opinion of the management, based on specific information, there is no evidence of impairment in the value of these investments carried at cost at the statement of financial position date.

Available for sale investments include investments amounting to KD 30,647,196 (31 December 2008: KD 29,585,204 and 30 June 2008: KD 28,543,492) 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 9,842,641 (31 December 2008: KD 9,862,561 and 30 June 2008: KD 11,366,600) 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 sukuk and, given the difficulty in arriving at a reliable and small range of valuations, believe it is more appropriate to carry these at cost. During the period end 30 June 2009, management has entered into an agreement with the issuer of the sukuk. Terms of the agreement provide for two alternatives at the discretion of the issuer being sale of sukuk 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.

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7 INVESTMENT IN ASSOCIATES

	County of incorporation	Percentage of ownership	30 June 2009	Percentage of ownership	(Audited) 31 December 2008	Percentage of ownership	30 June 2008
			KD		KD		KD
First Arabian Equity 2000 Fund	Bahrain	42.73%	672,943	48.24%	819,671	48.08%	1,261,722
First Real Estate Investment Company K.S.C.(Closed)	Kuwait	19.79%	3,798,979	19.79%	3,986,670	19.79%	3,808,189
First Education Company K.S.C.(Closed)	Kuwait	16.49%	2,713,874	16.49%	2,873,843	16.49%	2,656,064
Mashair Al-Ola L.L.C.	Saudi Arabia	30.00%	4,656,949	30.00%	4,476,164	30.00%	4,291,616
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	12,915,570	37.40%	12,785,014	27.02%	5,798,808
First Energy Resource Company K.S.C.(Closed)	Kuwait	33.21%	7,962,041	33.21%	8,125,394	33.21%	9,561,722
Arkan Al-Kuwait Real Estate Company K.S.C.(Closed)	Kuwait	28.83%	11,079,618	28.83%	11,038,201	22.98%	8,940,055
First Investment Bank B.S.C.(Closed)	Bahrain	26.66%	8,779,016	26.66%	8,573,380	26.66%	8,484,942
First Gulf Equity Fund	Bahrain	-	-	20.26%	480,999	26.24%	637,453
Sahab Al-Khalij Real Estate Company B.S.C.(Closed)	Bahrain	35.29%	2,518,137	35.29%	2,459,799	35.29%	2,232,083
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%	129,829	50.00%	140,467	50.00%	147,753
			<u>55,701,956</u>		<u>56,234,602</u>		<u>48,295,407</u>

Share of results of associates amounting to a loss of KD (1,255,119) (30 June 2008: profit of KD 590,837) 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 certain associates are derived from management accounts at dates that are different from 30 June 2009. 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 30 June 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 30 June 2009 in respect of the associates.

During the six months ended 30 June 2009, the parent company sold 5.51% of its ownership interest in First Arabian Equity 2000 Fund for KD 172,530. No gain or loss arose on this partial disposal.

Furthermore, during the six months ended 30 June 2009, the parent company sold 11.16% of its ownership interest in First Gulf Equity Fund for KD 287,550. No gain or loss arose on this partial disposal. As a result of this partial disposal, the parent company's equity interest in First Gulf Equity Fund decreased from 20.26% as at 31 December 2008 to 9.1% as at 30 June 2009. Accordingly, the remaining interest in the investee were transferred to available for sale investments and accounted for in accordance with International Accounting Standard 39 from the date First Gulf Equity Fund ceased to be an associate on account of loss of significant influence.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

8 PROPERTIES UNDER DEVELOPMENT

The properties under development consist of:

	<i>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>30 June</i> <i>2008</i> <i>KD</i>
Land	31,803,525	30,624,145	-
Construction costs incurred to date	1,167,948	864,115	-
	<u>32,971,473</u>	<u>31,488,260</u>	<u>-</u>

9 SHARE CAPITAL AND DIVIDENDS

At 30 June 2009, issued and fully paid up capital of the parent company amounted to 651,070,551 shares (31 December 2008: 651,070,551 and 30 June 2008: 651,070,551 shares) of 100 fils each.

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

10 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 2.875 % to 9.763 % per annum (31 December 2008: 3.00 % to 13.25 % and 30 June 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 30 June 2008: KD Nil) secured against quoted investments amounting to KD 14,155,268 (31 December 2008: KD 15,284,731 and 30 June 2008 KD Nil).

11 OTHER LIABILITIES

	<i>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>30 June</i> <i>2008</i> <i>KD</i>
Other liabilities	8,895,393	9,191,316	7,922,938
Accrued expenses	1,930,354	1,795,100	2,136,092
	<u>10,825,747</u>	<u>10,986,416</u>	<u>10,059,030</u>

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12 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</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>Six months ended 30 June</i>	
			<i>2009</i> <i>Total</i> <i>KD</i>	<i>2008</i> <i>Total</i> <i>KD</i>
Interim condensed consolidated income statement				
Management fees	32,457	-	32,457	32,496
Impairment of other receivables	-	-	-	924,359
			<i>30 June</i> <i>2009</i> <i>Total</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>
Interim condensed consolidated statement of financial position	<i>Associates</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>30 June</i> <i>2009</i> <i>Total</i> <i>KD</i>	<i>30 June</i> <i>2008</i> <i>KD</i>
Due from related parties (Note 5)	3,319,503	-	3,319,503	3,319,503
Management fees receivable	14,768	-	14,768	92,641
Murabaha payables	5,700,000	-	5,700,000	5,593,109
				5,800,000

Key management compensation:

	<i>Six months ended 30 June</i>	
	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
Key management fee	-	487,500
Salaries and other short term benefits	167,400	245,400
Terminal benefits	15,890	19,058
Cost of share based transaction	-	482,125
	<u>183,290</u>	<u>1,234,083</u>

Assets amounting to KD 18,810,928 (31 December 2008: KD 17,212,345 and 30 June 2008: KD 9,613,426) are managed on behalf of related parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

13 SEGMENTAL INFORMATION

The group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to group profit or loss. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical). As a result, following the adoption of IFRS 8, the identification of the group's reportable segments has changed as follows:

- Kuwait.
- Saudi Arabia
- Others

	Kuwait		Saudi Arabia		Others		Total	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	KD	KD	KD	KD	KD	KD	KD	KD
Segment revenue	1,080,578	3,855,417	(445,887)	11,468,918	755,430	5,448,840	1,390,121	20,773,175
Segment expenses	(5,968,971)	(6,581,739)	(906,217)	(1,159,084)	-	-	(6,875,188)	(7,740,823)
Segment results	(4,888,393)	(2,726,322)	(1,352,104)	10,309,834	755,430	5,448,840	(5,485,067)	13,032,352
Segment assets	60,967,771	99,152,467	133,566,362	117,599,700	49,266,257	45,451,067	243,800,390	262,203,234
Segment liabilities	104,163,243	121,214,272	4,827,681	553,993	5,700,000	2,749,080	114,690,924	124,517,345

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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14 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 has 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. 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 30 June 2009 and 31 December 2008 was as follows:

<i>30 June 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>
ASSETS					
Bank balances and cash	561,632	-	-	-	561,632
Investments carried at fair value through income statement	22,910,221	-	-	-	22,910,221
Murabaha and ijara receivables	4,167,103	-	701,450	-	4,868,553
Other assets	11,910,107	-	-	-	11,910,107
Available for sale investments	-	-	-	111,053,652	111,053,652
Investment in associates	-	-	-	55,701,956	55,701,956
Properties under development	-	-	-	32,971,473	32,971,473
Investment properties	-	-	-	3,697,903	3,697,903
Furniture and equipment	-	-	-	124,893	124,893
TOTAL ASSETS	39,549,063	-	701,450	203,549,877	243,800,390
EQUITY AND LIABILITIES					
Equity	-	-	-	129,109,466	129,109,466
Murabaha payables	93,412,177	-	10,453,000	-	103,865,177
Other liabilities	10,825,747	-	-	-	10,825,747
TOTAL EQUITY AND LIABILITIES	104,237,924	-	10,453,000	129,109,466	243,800,390
NET LIQUIDITY GAP	(64,688,861)	-	(9,751,550)	70,742,508	-

As disclosed in the table above, the group's liabilities (due within six months) exceeded its assets by KD 64,688,861 (31 December 2008: KD 27,116,154).

The group is dependent on availability of the continued support from the financial institutions. Subsequent to the statement of financial position date up to 22 July 2009 murabaha payables of KD 35,762,135 have matured. Management has renewed the terms of settlement of matured murabaha payables of KD 32,296,916 and is in process of negotiating the terms of the settlement of murabaha payables amounting to KD 3,465,219. The management is confident that they will be able to renew the terms of these murabaha payables.

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At 30 June 2009

14 LIQUIDITY RISK (continued)

<i>31 December 2008(Audited)</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>
ASSETS					
Bank balances and cash	1,169,965	-	-	-	1,169,965
Investments carried at fair value through income statement	23,844,309	-	-	-	23,844,309
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
Investment properties	-	-	-	1,779,589	1,779,589
Furniture and equipment	-	-	-	148,360	148,360
TOTAL ASSETS	44,738,817	43,019,165	869,375	161,925,673	250,553,030
EQUITY AND LIABILITIES					
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
TOTAL EQUITY AND LIABILITIES	71,854,971	49,098,000	-	129,600,059	250,533,030
NET LIQUIDITY GAP	(27,116,154)	(6,078,835)	869,375	33,325,614	-

15 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 30 June 2009 amounted to KD 220,930,000 (31 December 2008: KD 216,267,000 and 30 June 2008: KD 59,182,342).

Management fees from fiduciary activities amounted to KD 426,157 (30 June 2008: KD 254,609).

16 COMMITMENTS AND CONTINGENCIES

The group has commitments in respect of following:

	<i>30 June 2009 KD</i>	<i>(Audited) 31 December 2008 KD</i>	<i>30 June 2008 KD</i>
Uncalled capital of available for sale investments	2,375,000	2,375,000	-
Uncalled capital of investment in associates	9,482,000	9,482,000	443,250
Capital commitments for properties under development	18,009,225	3,245,534	9,925,250
Operating lease rentals	42,246	84,492	-
Contingent liability in respect of bank guarantees	1,464,769	1,464,769	1,464,769
	31,373,240	16,651,795	11,833,269