

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

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

31 MARCH 2008

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 balance sheet of First Investment Company K.S.C. (Closed) ("the parent company") and its subsidiaries ("the group") as at 31 March 2008 and the related interim condensed consolidated income statement, statement of changes in equity and cash flow statement for the three month period then ended. The directors of the parent company are 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

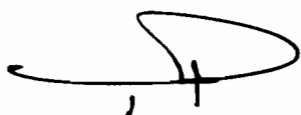
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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, or of the articles of association of the parent company have occurred during the three month period ended 31 March 2008 that might have had a material effect on the business of the parent company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG



ALI A. AL HASAWI
LICENCE NO. 30 A
BDO BURGAN
INTERNATIONAL ACCOUNTANTS

13 May 2008
Kuwait

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 31 March 2008

	Notes	Three months ended 31 March	
		2008 KD	2007 KD
INCOME			
Murabaha, ijara and sukuk income		290,204	950,269
Realised gain on investments carried at fair value through income statement		4,796,704	369,118
Unrealised gain (loss) on investments carried at fair value through income statement		3,055,911	(417,267)
Gain on disposal of available for sale investments		1,888,098	5,519,122
Placement and arrangement fees		194,980	888,139
Management fees		323,636	134,371
Dividend income		41,916	1,142,560
Share of results of associates		533,067	94,939
TOTAL INCOME		11,124,516	8,681,251
EXPENSES			
Impairment of other receivables	3	924,359	-
Staff costs		589,087	658,910
Loss on foreign exchange		1,131,710	32,744
Depreciation		20,521	30,021
Finance costs		1,179,246	738,317
Other expenses		224,445	264,221
TOTAL EXPENSES		4,069,368	1,724,213
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT			
		7,055,148	6,957,038
Contribution to KFAS		(63,496)	(62,613)
Contribution to NLST		(176,378)	(173,926)
Zakat		(70,551)	-
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		6,744,723	6,720,499
Basic and diluted earnings per share attributable to equity holders of the parent company	4	10.46 fils	13.58 fils

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

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 31 March 2008

		(Audited)	
	Notes	31 March 2008 KD	31 December 2007 KD
		31 March 2007 KD	
ASSETS			
Bank balances and cash		3,737,239	656,868
Amount due from banks		-	5,312,543
Investments carried at fair value through income statement	5	46,312,148	49,218,375
Murabaha and ijara receivables		13,256,960	12,686,327
Other assets	6	15,884,171	7,812,456
Available for sale investments	7	99,942,302	104,166,778
Investment in associates	8	43,802,340	40,999,431
Furniture and equipment		90,880	103,388
TOTAL ASSETS		223,026,040	215,643,623
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	9	64,644,055	58,767,323
Share premium		32,446,612	32,446,612
Treasury shares		-	(3,865,269)
Statutory reserve		6,945,122	6,945,122
General reserve		6,384,300	6,384,300
Share options reserve		2,137,190	2,137,190
Treasury shares reserve		1,139,277	999,939
Cumulative changes in fair value		13,913,387	14,227,683
Foreign currency translation reserve		(5,966,103)	(4,086,344)
Retained earnings		8,944,949	25,707,155
		130,588,789	139,663,711
Minority interests		31,500	31,500
Total equity		130,620,289	139,695,211
Liabilities			
Amount due to banks		-	5,319,497
Murabaha payables	10	65,055,628	66,174,452
Other liabilities	12	27,350,123	9,773,960
Total liabilities		92,405,751	75,948,412
TOTAL EQUITY AND LIABILITIES		223,026,040	215,643,623



Dr. Mohammed A. Al-Alloush
Chairman and Managing Director



Muhammad M. Al-Ghariba
Deputy Chairman

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period ended 31 March 2008

	<i>Three months ended 31 March</i>	
	2008	2007
	KD	KD
OPERATING ACTIVITIES		
Profit for the period	6,744,723	6,720,499
Adjustments for:		
Realised gain on investments at fair value through income statement	(4,796,704)	(369,118)
Unrealised (gain) loss on investments at fair value through income statement	(3,055,911)	417,267
Gain on disposal of available for sale investments	(1,888,098)	(5,519,122)
Dividend income	(41,916)	(1,142,560)
Share of results of associates	(533,067)	(94,939)
Impairment of other receivables	924,359	-
Foreign exchange loss	1,131,710	32,744
Depreciation	20,521	30,021
Finance cost	1,179,246	738,317
Changes in operating assets and liabilities:	(315,137)	813,109
Investments carried at fair value through income statement	10,243,603	(2,231,496)
Murabaha and ijara receivables	(570,633)	(3,376,456)
Amount due from banks	-	(5,312,543)
Amount due to banks	-	5,319,497
Other assets	(8,996,074)	8,587,586
Other liabilities	(289,204)	270,830
Cash flows from operating activities	72,555	4,070,527
Finance cost paid	(944,076)	(355,102)
Net cash (used in) from operating activities	(871,521)	3,715,425
INVESTING ACTIVITIES		
Dividend income	-	1,142,560
Purchase of available for sale investments	(561,986)	(21,811,916)
Proceeds from disposal of available for sale investments	4,331,184	37,754,454
Purchase of investments in associates	(3,048,294)	(10,495,760)
Proceeds from disposal of investment in associates	-	348,771
Dividend received from associate	353,218	-
Purchase of furniture and equipments	(8,013)	(21,012)
Net cash from investing activities	1,066,109	6,917,097
FINANCING ACTIVITIES		
Movement in murabaha payables	(1,118,824)	(16,502,527)
Purchase and sale of treasury shares, net	4,004,607	9,515,032
Net cash from (used in) financing activities	2,885,783	(6,987,495)
INCREASE IN BANK BALANCES AND CASH		
Bank balances and cash at 1 January	3,080,371	3,645,027
	656,868	3,141,793
BANK BALANCES AND CASH AT 31 MARCH	3,737,239	6,786,820

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2008

	Attributable to equity holders of the parent company										Minority interest	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 values KD	Foreign currency translation reserve KD	Retained earnings KD			Sub total KD
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
Net realised gains on available for sale investments reclassified to the income statement on sale	-	-	-	-	-	-	-	(1,888,098)	-	-	(1,888,098)	-	(1,888,098)
Net unrealised gains on available for sale investments	-	-	-	-	-	-	-	1,573,802	-	-	1,573,802	-	1,573,802
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(1,879,759)	-	(1,879,759)	-	(1,879,759)
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-	-	(314,296)	(1,879,759)	-	(2,194,055)	-	(2,194,055)
Profit for the period	-	-	-	-	-	-	-	-	-	6,744,723	6,744,723	-	6,744,723
Total income and expenses for the period	-	-	-	-	-	-	-	(314,296)	(1,879,759)	6,744,723	4,550,668	-	4,550,668
Treasury share transactions, net	-	-	3,865,269	-	-	-	-	-	-	-	3,865,269	-	3,865,269
Profit on disposal of treasury shares	-	-	-	-	-	-	139,338	-	-	-	139,338	-	139,338
Bonus shares issued (Note 11)	5,876,732	-	-	-	-	-	-	-	-	(5,876,732)	-	-	-
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(17,630,197)	(17,630,197)	-	(17,630,197)
Balance at 31 March 2008	64,644,055	32,446,612	-	6,945,122	6,384,300	2,137,190	1,139,277	13,913,387	(5,966,103)	8,944,949	130,588,789	31,500	130,620,289

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2007

	Attributable to equity holders of the parent company										Minority interest	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 values KD	Foreign currency translation reserve KD	Retained earnings KD			Sub total KD
Balance at 1 January 2007	41,583,802	13,807,658	(8,877,658)	4,308,984	3,748,162	817,190	360,218	9,056,448	-	22,237,462	87,042,266	-	87,042,266
Net realised gains on available for sale investments reclassified to the income statement on sale	-	-	-	-	-	-	-	(5,519,122)	-	-	(5,519,122)	-	(5,519,122)
Net unrealised gains on available for sale investments	-	-	-	-	-	-	-	1,154,139	-	-	1,154,139	-	1,154,139
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-	-	(4,364,983)	-	-	(4,364,983)	-	(4,364,983)
Profit for the period	-	-	-	-	-	-	-	-	-	6,720,499	6,720,499	-	6,720,499
Total income and expenses for the period	-	-	-	-	-	-	-	(4,364,983)	-	6,720,499	2,355,516	-	2,355,516
Treasury shares transactions, net	-	-	8,877,658	-	-	-	-	-	-	-	8,877,658	-	8,877,658
Profit on disposal of treasury shares	-	-	-	-	-	-	637,374	-	-	-	637,374	-	637,374
Balance at 31 March 2007	41,583,802	13,807,658	-	4,308,984	3,748,162	817,190	997,592	4,691,465	-	28,957,961	98,912,814	-	98,912,814

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2008

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 2008 was authorised for issue in accordance with a resolution of the board of directors on 13 May 2008.

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 2007.

The annual consolidated financial statements for the year ended 31 December 2007 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 as described below.

In March 2007, the Central Bank of Kuwait issued a circular amending the basis of making minimum general provisions on facilities changing the rate from 2% to 1% for cash facilities and 0.5% for non cash facilities. The required rates were to be applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral during the reporting period. The general provision in excess of the present 1% for cash facilities and 0.5% for non cash facilities would be retained as a general provision until further directive from the Central Bank of Kuwait.

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 2007. In addition, results for the three months ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

3 IMPAIRMENT OF OTHER RECEIVABLES

This pertains to management fees receivable from a related party, towards the services rendered in 2006 and included in management fees receivable under 'Other Assets' in the comparative period, that was written off as a part of settlement of the outstanding balance (Note 13).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2008

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted 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>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>
Earnings:		
Profit attributable to equity holders of the parent company	<u>6,744,723</u>	<u>6,720,499</u>
Total weighted average number of shares outstanding during the period	<u>646,440,551</u>	<u>513,365,842</u>
Less: weight average number of treasury shares	<u>(1,425,165)</u>	<u>(18,605,993)</u>
Weighted average number of shares outstanding during the period	<u>645,015,386</u>	<u>494,759,849</u>
Basic and diluted earnings per share attributable to the equity holders of the parent company	<u>10.46 fils</u>	<u>13.58 fils</u>

The earnings per share reported for three month period ended 31 March 2007 has been restated for the following:

- The effect of issue of rights to participate in the increase in share capital approved by the shareholders in the General Assembly meeting dated 1 April 2007 with last date to exercise right being 4 June 2007; and
- Issue of bonus shares at 10% of the paid up capital approved by the shareholders in the General Assembly meeting dated 1 April 2007 and 26 March 2008.

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>31 March</i>
	<i>2008</i>	<i>2007</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Held for trading:			
Quoted equity securities	22,928,304	24,214,565	8,878,417
Managed funds	1,836,094	3,796,724	5,160,655
Designated:			
Real estate portfolio	21,351,192	21,010,528	7,664,974
Unquoted equity securities	196,558	196,558	443,325
	<u>46,312,148</u>	<u>49,218,375</u>	<u>22,147,371</u>

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

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 2008

6 OTHER ASSETS

	<i>31 March</i> <i>2008</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2007</i> <i>KD</i>	<i>31 March</i> <i>2007</i> <i>KD</i>
Receivable on sale of investments / real estate portfolio	8,901,505	-	342,094
Due from related parties (Note 13)	4,229,228	3,836,130	-
Advance paid for participation in a company under formation	2,062,630	-	-
Other assets	395,467	1,024,771	4,089,345
Management fees receivable	295,341	1,767,241	-
Advance paid for the acquisition of real estate portfolio	-	1,184,314	-
Subsidiary classified as held for sale	-	-	1,551,638
	<u>15,884,171</u>	<u>7,812,456</u>	<u>5,983,077</u>

7 AVAILABLE FOR SALE INVESTMENTS

	<i>31 March</i> <i>2008</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2007</i> <i>KD</i>	<i>31 March</i> <i>2007</i> <i>KD</i>
Unquoted equity securities	41,655,828	44,290,497	41,717,132
Quoted equity securities	27,586,215	28,526,979	14,744,356
Sukuks	22,549,380	23,175,840	1,488,574
Real estate portfolio	6,947,266	6,953,510	-
Unquoted funds	1,187,616	1,203,955	1,083,721
Managed funds	15,997	15,997	1,350,282
	<u>99,942,302</u>	<u>104,166,778</u>	<u>60,384,065</u>

Certain unquoted equity investments amounting to KD 3,069,480 (31 December 2007: KD 3,080,190 and 31 March 2007: KD 8,807,660) are carried at cost as the acquisition price of these investments is determined to be the fair value and these securities relates to either recently formed or acquired companies.

Certain unquoted investments amounting to KD 6,974,021 (31 December 2007: KD 7,062,819 and 31 March 2007: KD 3,579,798) are carried at cost due to the non availability of quoted market prices or other reliable measures of their fair values. Since these investments are unquoted, a reasonable estimate of fair value can only be determined when the individual investments are realised. Management is of the opinion that there has been no impairment in value of these investments.

Available for sale investments include investments amounting to KD 31,612,327 (31 December 2007: KD 34,147,488 and 31 March 2007: KD 29,329,674) 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 11,848,065 (31 December 2007: KD 10,605,836 and 31 March 2007: KD 6,148,432) 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. Sukuk have an original maturity of 25 years.

Investments in 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 2008

8 INVESTMENT IN ASSOCIATES

	County of incorporation	Percentage of ownership	31 March 2008 KD	Percentage of ownership	(Audited) 31 December 2007 KD	Percentage of ownership	31 March 2007 KD
First Arabian Equity 2000 Fund	Kuwait	48.08%	1,238,505	47.81%	1,219,805	47.81%	1,195,609
First Real Estate Investment Company K.S.C.(Closed)	Kuwait	19.79%	2,729,471	19.79%	2,580,633	19.79%	2,501,015
First Education Company K.S.C.(Closed)	Kuwait	16.49%	2,722,665	16.49%	2,722,665	16.49%	2,572,690
First Energy Resource Company K.S.C.(Closed)	Kuwait	33.29%	8,323,250	33.29%	8,323,250	-	-
Arkan Al-Kuwait Real Estate Company K.S.C.(Closed)	Kuwait	22.48%	8,514,194	21.79%	8,272,689	-	-
Asian Petroleum Facilities Maintenance Company W.L.L.	Kuwait	50.00%	114,500	-	-	-	-
Q80 Valve Industries Factory	Kuwait	50.00%	475,000	-	-	-	-
First Investment Bank B.S.C (Closed)	Bahrain	24.63%	6,698,106	24.63%	6,874,372	-	-
First Gulf Equity Fund	Bahrain	26.24%	638,958	26.24%	613,014	-	-
Sahab Al-Khalij Real Estate Company B.S.C (Closed)	Bahrain	35.29%	2,238,082	-	-	-	-
Mashair Al-Ola L.L.C.	Saudi Arabia	30.00%	4,300,846	30.00%	4,484,525	30.00%	4,744,194
Al Madina Real Estate Tourism Company	Saudi Arabia	-	-	-	-	25.00%	6,360,750
Taameer Investment Company (O.L.L.C)	Oman	27.02%	5,808,763	50.00%	5,908,478	28.82%	4,135,010
			<u>43,802,340</u>		<u>40,999,431</u>		<u>21,509,268</u>

During the period, Taameer Investment Company (O.L.L.C) has issued additional equity shares, which were not been subscribed by the parent company. As a result of this the group's shareholding in Taameer Investment Company (O.L.L.C) reduced from 50% to 27.02%.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2008

9 SHARE CAPITAL

On 26 March 2008, the Annual General Meeting of the shareholders of the parent company approved the increase of authorised share capital from KD 58,767,323 to KD 65,107,055 through the following:

- 1) 58,767,323 bonus shares of 100 fils each equivalent to 10 % of paid-up share capital as at 31 December 2007.
- 2) 4,630,000 shares to cover issuance of options to employees (Note 14).

At 31 March 2008, issued and fully paid up capital of the parent company amounted to 646,440,551 shares (31 December 2007: 587,673,228 and 31 March 2007: 415,838,020 shares) of 100 fils each.

10 MURABAHA PAYABLES

Murabaha payables represent murabaha contracts with local financial institutions maturing within 6 months from the balance sheet date. The average effective cost attributable to these contracts ranges from 4.05 % to 8.00 % per annum (31 December 2007: 4.5 % to 8.5 % and 31 March 2007: 5.5 % to 7.75 %).

11 BONUS SHARES ISSUED AND DIVIDEND DECLARED

On 26 March 2008, the annual general assembly of the shareholders of the parent company approved issue of bonus shares of 10% of paid up share capital amounting to KD 5,876,732 and cash dividend of 30 fils per share amounting to KD 17,630,197.

12 OTHER LIABILITIES

	31 March 2008 KD	(Audited) 31 December 2007 KD	31 March 2007 KD
Dividend payable	17,630,197	-	-
Other liabilities	5,951,243	5,764,724	8,470,063
Accrued expenses	3,768,683	3,909,236	-
Director's fees	-	100,000	-
	<u>27,350,123</u>	<u>9,773,960</u>	<u>8,470,063</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2008

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</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>Three months ended 31 March</i>	
			<i>2008</i> <i>Total</i> <i>KD</i>	<i>2007</i> <i>Total</i> <i>KD</i>
Consolidated income statement				
Management fees	13,290	399	13,689	6,440
Impairment of other receivables	-	924,359	924,359	-

	<i>Associates</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
			<i>2008</i> <i>Total</i> <i>KD</i>	<i>31 December</i> <i>2007</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Consolidated balance sheet					
Due from related parties	4,229,228	-	4,229,228	3,836,130	1,516,922
Murabaha and ijara receivables	3,779,310	-	3,779,310	104,000	-
Management fees receivable	-	-	-	1,550,678	1,517,500
Murabaha payables	4,788,000	-	4,788,000	7,874,952	10,507,009
Due to related parties	1,493,292	770,450	2,263,742	-	-

Key management compensation:

	<i>Three months ended 31 March</i>	
	<i>2008</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Key management fee	253,000	252,000
Salaries and other short term benefits	86,850	68,250
Terminal benefits	7,338	5,688

Assets amounting to KD 12,987,605 (31 December 2007: KD 17,503,573 and 31 March 2007: KD 7,465,298) are being managed on behalf of related parties.

14 EMPLOYEE STOCK OPTION PLAN

The parent company operates an employee stock option plan. Under this plan, the parent company may issue shares for cash to eligible employees by increasing its share capital.

On 26 March 2008 the annual general assembly of the parent company approved the increase of authorised share capital by 4,630,000 shares to cover the issuance of options to employees. The employee stock option proposal was communicated to the employees subsequent to 31 March 2008, hence no expense was recognised with regard to the same in the consolidated income statement.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2008

15 SEGMENTAL INFORMATION

Primary segment information

For management purposes the group is organised into two major business segments. The principal activities and services under these segments are as follows:

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>
Three month period ended 31 March 2008				
Segment revenues	<u>368,887</u>	<u>10,755,629</u>	<u>-</u>	<u>11,124,516</u>
Segment results	<u>223,654</u>	<u>6,521,069</u>	<u>-</u>	<u>6,744,723</u>
	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
Three month period ended 31 March 2007				
Segment revenues	<u>1,018,810</u>	<u>7,662,441</u>	<u>-</u>	<u>8,681,251</u>
Segment results	<u>788,701</u>	<u>5,931,798</u>	<u>-</u>	<u>6,720,499</u>

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 balance sheet. Assets under management at 31 March 2008 amounted to KD 60,958,112 (31 December 2007: KD 67,156,597 and 31 March 2007: KD 95,660,879).

Management fees from fiduciary activities amounted to KD 153,636 (2007: KD 134,371).

17 COMMITMENTS AND CONTINGENCIES

At 31 March 2008, there are commitments in respect of available for sale investments for uncalled capital amounting to KD 443,250 (31 December 2007: KD 443,250 and 31 March 2007: KD 10,305,237).

There are commitments in respect of investments in associates for uncalled capital amounting to KD 10,640,750 (31 December 2007: KD 10,640,750 and 31 March 2007: KD 2,317,500).

At 31 March 2008, the group had contingent liability in respect of bank guarantees for which the management anticipates that no material liabilities will arise, amounting to KD 1,464,769 (31 December 2007: KD 1,464,769 and 31 March 2007: KD 1,009,845).