

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

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

30 JUNE 2008



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74 Safat
13001 Safat, Kuwait
Baitak Tower, 18-21st Floor
Safat Square
Ahmed Al Jaber Street
Tel : 245 2880
Fax: 245 6419
Email: kuwait@kw.ey.com



BDO Borgan
International Accountants
ALI AL-HASAWI & Co.

P.O. Box : 22351 Safat 13084 Kuwait
Sharq - Dasman Complex - Block 2 - 9th Floor
Tel.: 2464574 - 6 / 2426862 - 3 / Fax 2414956
Email : info@bdokuwait.com

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 30 June 2008 and the related interim condensed consolidated income statement for the three month and six month periods then ended, the interim condensed consolidated cash flow statement and the interim condensed statement of changes in equity for the six months 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 the 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated 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 six month period ended 30 June 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

7 August 2008
Kuwait

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

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 June 2008

	Notes	Three months ended 30 June		Six months ended 30 June	
		2008 KD	2007 KD	2008 KD	2007 KD
INCOME					
Murabaha, ijara and sukuk income		318,006	600,881	608,210	1,551,150
Realised gain on investments carried at fair value through income statement		1,286,916	1,441,036	6,083,620	1,810,154
Unrealised gain on investments carried at fair value through income statement		1,094,510	4,250,740	4,150,421	3,833,473
Gain on disposal of available for sale investments		5,083,476	79,906	6,971,574	5,599,028
Gain on sale of associated companies		100,145	-	100,145	-
Placement and arrangement fees		35,825	3,726,234	230,805	4,704,974
Management fees		738,877	172,899	1,062,513	216,669
Dividend income		215,368	140,234	257,284	1,282,794
Share of results of associates		775,536	152,448	1,308,603	247,387
		<u>9,648,659</u>	<u>10,564,378</u>	<u>20,773,175</u>	<u>19,245,629</u>
EXPENSES					
Impairment of other receivables	3	-	-	924,359	-
Staff costs		580,522	994,120	1,169,609	1,653,030
Cost of share based transaction with employees	4	879,700	1,320,000	879,700	1,320,000
Loss on foreign exchange		27,374	8,950	1,159,084	41,694
Depreciation		24,740	21,232	45,261	51,253
Finance costs		1,456,211	813,295	2,635,457	1,551,612
Other expenses		103,094	526,966	327,537	791,187
		<u>3,071,641</u>	<u>3,684,563</u>	<u>7,141,007</u>	<u>5,408,776</u>
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT					
		6,577,018	6,879,815	13,632,168	13,836,853
Contribution to KFAS		(59,194)	(61,919)	(122,690)	(124,532)
Contribution to NLST		(164,425)	(171,995)	(340,804)	(345,921)
Zakat		(65,770)	-	(136,322)	-
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
		<u>6,287,629</u>	<u>6,645,901</u>	<u>13,032,352</u>	<u>13,366,400</u>
Basic and diluted earnings per share attributable to equity holders of the parent company					
	5	<u>9.66 fils</u>	<u>11.75 fils</u>	<u>20.11 fils</u>	<u>24.24 fils</u>

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2008

		(Audited)	
	Notes	30 June 2008 KD	31 December 2007 KD
		30 June 2007 KD	
ASSETS			
Bank balances and cash		7,627,129	656,868
Investments carried at fair value through income statement	6	59,447,777	49,218,375
Murabaha and ijara receivables		20,692,253	12,686,327
Amount due from bank	7	13,198,675	-
Other assets	8	4,772,701	7,812,456
Available for sale investments	9	108,000,419	104,166,778
Investment in associates	10	48,295,407	40,999,431
Furniture and equipment		168,873	103,388
TOTAL ASSETS		262,203,234	215,643,623
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	11	65,107,055	58,767,323
Share premium		32,909,612	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		3,016,890	2,137,190
Treasury shares reserve		1,139,277	999,939
Cumulative changes in fair value		13,041,840	14,227,683
Foreign currency translation reserve		(6,124,521)	(4,086,344)
Retained earnings		15,232,578	25,707,155
		137,652,153	139,663,711
Minority interests		33,736	31,500
Total equity		137,685,889	139,695,211
Liabilities			
Murabaha payables	12	95,998,204	66,174,452
Amount due to bank	7	18,460,111	-
Other liabilities	14	10,059,030	9,773,960
Total liabilities		124,517,345	75,948,412
TOTAL EQUITY AND LIABILITIES		262,203,234	215,643,623

Dr. Mohammed A. Al-Alloush
Chairman

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

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period ended 30 June 2008

	<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period	13,032,352	13,366,400
Adjustments for:		
Realised gain on investments at fair value through income statement	(6,083,620)	(5,599,028)
Unrealised gain on investments at fair value through income statement	(4,150,421)	(4,250,740)
Gain on disposal of available for sale investments	(6,971,574)	(79,906)
Dividend income	(257,284)	(140,234)
Share of results of associates	(1,308,603)	(247,387)
Gain on sale of associated companies	(100,145)	-
Impairment of other receivables	924,359	-
Depreciation	45,261	51,253
Cost of share based payment	879,700	1,320,000
Finance cost	2,635,457	1,551,612
Murabaha, ijara and sukuk income	(608,210)	-
	<u>(1,962,728)</u>	<u>6,112,204</u>
Changes in operating assets and liabilities:		
Investments carried at fair value through income statement	1,188,952	(5,129,938)
Murabaha and ijara receivables	(6,995,793)	6,257,814
Amount due from bank	(13,198,675)	-
Amount due to bank	18,460,111	-
Other assets	529,160	6,235,459
Other liabilities	878,116	(1,073,633)
	<u>(1,100,857)</u>	<u>12,401,906</u>
Cash flows (used in) from operating activities	(1,100,857)	12,401,906
Finance cost paid	(2,632,617)	(1,551,612)
	<u>(3,733,474)</u>	<u>10,850,294</u>
INVESTING ACTIVITIES		
Dividend income	257,284	140,234
Purchase of available for sale investments	(25,331,894)	(26,545,543)
Proceeds from disposal of available for sale investments	19,926,916	16,649,418
Purchase of investments in associates	(2,285,479)	-
Proceeds from disposal of investment in associates	38,500	(25,075,993)
Dividend received from associate	663,869	-
Purchase of furniture and equipments	(110,746)	(27,703)
	<u>(6,841,550)</u>	<u>(34,999,821)</u>
Net cash used in investing activities	(6,841,550)	(34,999,821)
FINANCING ACTIVITIES		
Movement in murabaha payables	29,823,752	(630,104)
Purchase and sale of treasury shares, net	4,004,607	9,515,032
Issue of shares	926,000	31,664,095
Dividends	(17,209,074)	(12,475,141)
	<u>17,545,285</u>	<u>28,073,882</u>
Net cash from financing activities	17,545,285	28,073,882
INCREASE IN BANK BALANCES AND CASH	6,970,261	3,924,355
Net foreign exchange difference	-	(262,928)
Bank balances and cash at 1 January	656,868	3,141,793
	<u>6,970,261</u>	<u>3,924,355</u>
BANK BALANCES AND CASH AT 30 JUNE	7,627,129	6,803,220
	<u>7,627,129</u>	<u>6,803,220</u>

The attached notes 1 to 18 form part of this 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 30 June 2008

	Attributable to equity holders of the parent company										Minority 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
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 income statement	-	-	-	-	-	-	-	(6,971,574)	-	-	(6,971,574)	-	(6,971,574)
Net unrealised gains on available for sale investments	-	-	-	-	-	-	-	5,785,731	-	-	5,785,731	-	5,785,731
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(2,038,177)	-	(2,038,177)	-	(2,038,177)
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-	-	(1,185,843)	(2,038,177)	-	(3,224,020)	-	(3,224,020)
Profit for the period	-	-	-	-	-	-	-	-	-	13,032,352	13,032,352	-	13,032,352
Total income and expenses for the period	-	-	-	-	-	-	-	(1,185,843)	(2,038,177)	13,032,352	9,808,332	-	9,808,332
Cost of share based payment (Note 15)	-	-	-	-	-	879,700	-	-	-	-	879,700	-	879,700
Treasury share transactions, net	-	-	3,865,269	-	-	-	-	-	-	-	3,865,269	-	3,865,269
Profit on disposal of treasury	-	-	-	-	-	-	139,338	-	-	-	139,338	-	139,338
Issue of Share Capital	463,000	463,000	-	-	-	-	-	-	-	-	926,000	-	926,000
Bonus shares issued (Note 11)	5,876,732	-	-	-	-	-	-	-	-	(5,876,732)	-	-	-
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(17,630,197)	(17,630,197)	-	(17,630,197)
Minority interest on subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,236	2,236
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

The attached notes 1 to 18 form part of this 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 30 June 2007

	<i>Attributable to equity holders of the parent company</i>										<i>Minority interests</i>	<i>Total equity</i>
	<i>Share capital</i> KD	<i>Share premium</i> KD	<i>Statutory reserve</i> KD	<i>General reserve</i> KD	<i>Share options reserve</i> KD	<i>Treasury shares reserve</i> KD	<i>Cumulative changes in fair value</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Retained earnings</i> KD	<i>Sub total</i> KD		
Balance at 1 January 2007	41,583,802	13,807,658	4,308,984	3,748,162	817,190	360,218	9,056,448	-	22,237,462	95,919,924	(8,877,658)	87,042,266
Net movement in fair value of available for sale investments during the period	-	-	-	-	-	-	17,720	-	-	17,720	-	17,720
Foreign exchange translation differences	-	-	-	-	-	-	-	(262,928)	-	(262,928)	-	(262,928)
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-	17,720	(262,928)	-	(245,208)	-	(245,208)
Profit for the period	-	-	-	-	-	-	-	-	13,366,400	13,366,400	-	13,366,400
Total income and expenses for the period	-	-	-	-	-	-	17,720	(262,928)	13,366,400	13,121,192	-	13,121,192
Cost of share based payment (Note 15)	-	-	-	-	1,320,000	-	-	-	-	1,320,000	-	1,320,000
Issue of share capital (Note 11)	13,025,141	18,638,954	-	-	-	-	-	-	-	31,664,095	-	31,664,095
Bonus shares issued (Note 11)	4,158,380	-	-	-	-	-	-	-	(4,158,380)	-	-	-
Dividends paid (Note 11)	-	-	-	-	-	-	-	-	(12,475,141)	(12,475,141)	-	(12,475,141)
Treasury shares transactions, net	-	-	-	-	-	637,374	-	-	-	637,374	8,877,658	9,515,032
Balance at 30 June 2007	58,767,323	32,446,612	4,308,984	3,748,162	2,137,190	997,592	9,074,168	(262,928)	18,970,341	130,187,444	-	130,187,444

The attached notes 1 to 18 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 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 six months ended 30 June 2008 was authorised for issue in accordance with a resolution of the board of directors on 7 August 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 six months ended 30 June 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, which was written off as a part of settlement of the outstanding balance during the three months period ended 31 March 2008 (Note 15).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

4 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 (30 June 2007: 5,500,000 shares) to cover the issuance of options to employees.

The difference between market value and exercise price of shares was KD 0.190 (30 June 2007: KD 0.240) for which an expense of KD 879,700 has been recognized in the interim condensed consolidated income statement (30 June 2007: KD 1,320,000).

During the period, all the options were exercised and 4,630,000 shares (30 June 2007: 5,500,000 shares) were issued to employees according to the purchase scheme (Note 11).

5 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 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Profit for the period (KD)	<u>6,287,629</u>	<u>6,645,901</u>	<u>13,032,352</u>	<u>13,366,400</u>
Weighted average number of shares outstanding during the period	<u>651,070,551</u>	<u>565,843,798</u>	<u>648,160,606</u>	<u>551,449,581</u>
Basic and diluted earnings per share	<u>9.66 fils</u>	<u>11.75 fils</u>	<u>20.11 fils</u>	<u>24.24 fils</u>

The earnings per share reported for the period ended 30 June 2007 have been restated for the issue of bonus shares at 10% of the paid up capital approved by the shareholders in the General Assembly meeting held on 26 March 2008.

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2008</i>	<i>31 December</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Held for trading:			
Quoted equity securities	19,498,523	24,214,565	18,281,063
Managed funds	1,867,322	3,796,724	3,017,531
Designated:			
Real estate portfolio	37,885,374	21,010,528	7,637,137
Unquoted equity securities	196,558	196,558	441,715
	<u>59,447,777</u>	<u>49,218,375</u>	<u>29,377,446</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.

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 30 June 2008

7 AMOUNT DUE FROM (TO) BANKS

Amount due from (to) banks represents exchange of deposits with a high credit quality bank in local and foreign currencies with the legal right reserved to set off such deposits exchanged in the event that the counter party fails to repay or becomes insolvent.

8 OTHER ASSETS

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2008</i>	<i>31 December</i>	<i>2007</i>
	<i>KD</i>	<i>2007</i>	<i>2007</i>
		<i>KD</i>	<i>KD</i>
Receivable on sale of investments / real estate portfolio	-	-	2,065,421
Due from related parties (Note 15)	3,319,503	3,836,130	-
Other assets	1,348,718	1,024,771	4,769,783
Management fees receivable	104,480	1,767,241	1,500,000
Advance paid for the acquisition of real estate portfolio	-	1,184,314	-
	4,772,701	7,812,456	8,335,204

9 AVAILABLE FOR SALE INVESTMENTS

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2008</i>	<i>31 December</i>	<i>2007</i>
	<i>KD</i>	<i>2007</i>	<i>2007</i>
		<i>KD</i>	<i>KD</i>
Unquoted equity securities	39,989,014	44,290,497	46,970,907
Quoted equity securities	37,764,796	28,526,979	24,619,528
Sukuk	22,501,680	23,175,840	7,640,797
Real estate portfolio	6,529,873	6,953,510	7,664,677
Unquoted funds	1,199,059	1,203,955	2,427,601
Managed funds	15,997	15,997	1,373,117
	108,000,419	104,166,778	90,696,627

Certain unquoted equity investments amounting to KD 2,235,303 (31 December 2007: KD 3,080,190 and 30 June 2007: KD 14,624,741) are carried at cost as the acquisition price of these investments is deemed to be the fair value and these securities relates to either recently formed or acquired companies.

Certain unquoted investments amounting to KD 9,210,219 (31 December 2007: KD 7,062,819 and 30 June 2007: KD 3,086,631) 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 28,543,492 (31 December 2007: KD 34,147,488 and 30 June 2007: KD 36,924,212) 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 11,366,600 (31 December 2007: KD 10,605,836 and 30 June 2007: KD 7,115,696) 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. Sukuks 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 30 June 2008

10 INVESTMENT IN ASSOCIATES

	County of incorporation	Percentage of ownership	30 June 2008 KD	Percentage of ownership	(Audited) 31 December 2007 KD	Percentage of ownership	30 June 2007 KD
First Arabian Equity 2000 Fund	Kuwait	48.08%	1,261,722	47.81%	1,219,805	47.81%	1,362,824
First Real Estate Investment Company K.S.C.(Closed)	Kuwait	19.79%	3,808,189	19.79%	2,580,633	19.79%	2,367,688
First Education Company K.S.C.(Closed)	Kuwait	16.49%	2,656,064	16.49%	2,722,665	16.49%	2,572,690
First Energy Resource Company K.S.C.(Closed)	Kuwait	33.21%	9,561,722	33.29%	8,323,250	33.43%	8,358,250
Arkan Al-Kuwait Real Estate Company K.S.C.(Closed)	Kuwait	22.98%	8,940,055	21.79%	8,272,689	19.17%	6,816,959
Asian Petroleum Facilities Maintenance Company W.L.L.	Kuwait	50.00%	147,753	-	-	-	-
Q80 Valve Industries Factory	Kuwait	50.00%	475,000	-	-	-	-
First Investment Bank B.S.C.(Closed)	Bahrain	26.66%	8,484,942	24.63%	6,874,372	-	-
First Gulf Equity Fund	Bahrain	26.24%	637,453	26.24%	613,014	-	-
Sahab Al-Khalij Real Estate Company B.S.C.(Closed)	Bahrain	35.29%	2,232,083	-	-	-	-
Mashair Al-Ola L.L.C.	Saudi Arabia	30.00%	4,291,616	30.00%	4,484,525	30.00%	4,726,965
Al Madina Real Estate Tourism Company	Saudi Arabia	-	-	-	-	25.00%	6,337,650
Taameer Investment Company (O.L.L.C.)	Oman	27.02%	5,798,808	50.00%	5,908,478	28.82%	4,116,310
			<u>48,295,407</u>		<u>40,999,431</u>		<u>36,659,336</u>

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

Classification of an investment as an investment in associate where the group holds less than 20 percent of the voting power of the investee is based on the existence of significant influence exercised by the group. This is evidenced by the group's representation on the board of directors and participation in the policy and decision making process of the investee to a sufficient degree for the group to demonstrate that it has significant influence over the associate.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

11 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 4).

At 30 June 2008, issued and fully paid up capital of the parent company amounted to 651,070,551 shares (31 December 2007: 587,673,228 and 30 June 2007: 587,673,228 shares) of 100 fils each.

12 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 30 June 2007: 4.5 % to 8.25 %).

13 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.

14 OTHER LIABILITIES

	30 June 2008 KD	<i>(Audited)</i> 31 December 2007 KD	30 June 2007 KD
Other liabilities	7,922,938	5,764,724	6,742,385
Accrued expenses	2,136,092	3,909,236	-
Director's fees	-	100,000	-
	<u>10,059,030</u>	<u>9,773,960</u>	<u>6,742,385</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

15 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:

Interim condensed consolidated income statement	Associates KD	Other related parties KD	Six months ended 30 June	
			2008 Total KD	2007 Total KD
Management fees	30,796	1,700	32,496	13,058
Impairment of other receivables	-	924,359	924,359	-

Interim condensed consolidated balance sheet	Associates KD	Other related parties KD	30 June	(Audited)	30 June
			2008 Total KD	31 December 2007 KD	2007 2007 KD
Due from related parties	3,319,503	-	3,319,503	3,836,130	2,210,126
Murabaha and ijara receivables	-	-	-	104,000	-
Management fees receivable	104,480	-	104,480	1,550,678	1,517,500
Murabaha payables	5,800,000	-	5,800,000	7,874,952	3,503,232

Key management compensation:

	Six months ended 30 June	
	2008 KD	2007 KD
Key management fee	487,500	512,500
Salaries and other short term benefits	245,400	133,500
Terminal benefits	19,058	11,125
Cost of share based transaction with employees	482,125	720,000

Assets amounting to KD 9,613,426 (31 December 2007: KD 17,416,803 and 30 June 2007: KD 5,662,625) are being managed on behalf of related parties.

16 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

16 SEGMENTAL INFORMATION (continued)

	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
For the six month period ended 30 June 2008				
Segment revenue	751,483	20,021,692	-	20,773,175
Segment results	493,152	13,139,016	-	13,632,168
As at 30 June 2008				
Assets and liabilities				
Segmental assets	33,890,928	215,743,603	12,568,703	262,203,234
Segmental liabilities	114,458,315	-	10,059,034	124,517,345
	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
For the six month period ended 30 June 2007				
Segment revenues	1,123,909	18,121,720	-	19,245,629
Segment results	8,08,046	13,028,807	-	13,836,853
As at 30 June 2007				
Assets and liabilities				
Segmental assets	8,919,687	156,733,409	15,270,293	180,923,389
Segmental liabilities	43,993,560	-	6,742,385	50,735,945

17 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 30 June 2008 amounted to KD 59,182,342 (31 December 2007: KD 67,156,597 and 30 June 2007: KD 113,463,843).

Management fees from fiduciary activities amounted to KD 254,609 (30 June 2007: KD 216,669).

18 COMMITMENTS AND CONTINGENCIES

At 30 June 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 30 June 2007: KD 7,890,541).

There are commitments in respect of investments in associates for uncalled capital amounting to KD 9,925,250 (31 December 2007: KD 10,640,750 and 30 June 2007: KD 10,675,750).

At 30 June 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 30 June 2007: KD 1,364,769).