

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

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

30 SEPTEMBER 2009



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C. (Closed) (the “parent company”) and its subsidiaries (collectively “the group”) as at 30 September 2009 and the related interim condensed consolidated statements of income and comprehensive income for the three month and nine month periods then ended, and the related interim condensed consolidated statements of cash flows and changes in equity for the nine 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 accounts 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 nine month period ended 30 September 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 nine month period ended 30 September 2009.

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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 September 2009

	Note	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</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>
INCOME					
Murabaha, ijara and sukuk income		102,791	331,012	1,174,670	939,222
Realised gain on investments carried at fair value through income statement		13,064	(1,222,839)	25,656	4,860,781
Unrealised (loss) gain on investments carried at fair value through income statement		(767)	2,251,518	(559,667)	6,401,939
Unrealised (loss) gain on revaluation of investment properties		(205,997)	-	193,621	-
(Loss) gain on disposal of available for sale investments		(79,118)	491,462	235,132	7,463,036
Gain on partial sale of associates		-	-	-	100,145
Excess of the investor's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment		-	764,791	-	764,791
Placement and arrangement fees		-	27,088	57,888	257,893
Management fees		133,562	106,250	559,719	1,168,763
Dividend income		165,702	448,302	1,165,124	705,586
Share of results of associates		87,649	4,445,315	(1,300,785)	5,753,918
Other income		3,979	-	59,628	-
		<u>220,865</u>	<u>7,642,899</u>	<u>1,610,986</u>	<u>28,416,074</u>
EXPENSES					
Impairment of available for sale investments		566,656	-	2,840,929	-
Impairment of other receivables		-	-	-	924,359
Provision against murabaha and ijara receivables		-	-	193,561	-
Staff costs		357,395	453,628	1,102,329	1,623,237
Cost of share based transaction with employees		-	-	-	879,700
Loss (gain) on foreign exchange		5,849	(256,549)	(795,650)	902,535
Depreciation		14,382	25,797	72,647	71,058
Finance costs		1,474,072	1,729,427	5,260,190	4,364,884
Other expenses		268,345	133,216	887,881	460,753
		<u>2,686,699</u>	<u>2,085,519</u>	<u>9,561,887</u>	<u>9,226,526</u>
(LOSS) PROFIT FOR THE PERIOD BEFORE TAXATION		(2,465,834)	5,557,380	(7,950,901)	19,189,548
Taxation	3	-	(244,524)	-	(844,340)
(LOSS) PROFIT FOR THE PERIOD		(2,465,834)	5,312,856	(7,950,901)	18,345,208
Attributable to:					
Equity holders of the parent company		(2,465,986)	5,312,856	(7,949,317)	18,345,208
Non-controlling interests		152	-	(1,584)	-
		<u>(2,465,834)</u>	<u>5,312,856</u>	<u>(7,950,901)</u>	<u>18,345,208</u>
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	4	<u>(3.79) fils</u>	<u>8.16 fils</u>	<u>(12.22) fils</u>	<u>28.3 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 September 2009

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	(2,465,834)	5,312,856	(7,950,901)	18,345,208
Other comprehensive (loss) income				
Available for sale investments:				
Unrealised loss on available for sale investments	(1,130,503)	(7,380,443)	(3,934,882)	(9,506,125)
Impairment of available for sale investments	<u>566,656</u>	<u>-</u>	<u>2,840,929</u>	<u>-</u>
Net unrealised loss on available for sale investments	(563,847)	(7,380,443)	(1,093,953)	(9,506,125)
Share of other comprehensive income (loss) of associates	73,016	(257,682)	1,742,553	292,490
Exchange differences on translation of foreign operations	<u>(150,866)</u>	<u>430,878</u>	<u>3,735,935</u>	<u>(1,215,396)</u>
Other comprehensive (loss) income for the period included directly in equity	<u>(641,697)</u>	<u>(7,207,247)</u>	<u>4,384,535</u>	<u>(10,429,031)</u>
Total comprehensive (loss) income for the period	<u>(3,107,531)</u>	<u>(1,894,391)</u>	<u>(3,566,366)</u>	<u>7,916,177</u>
Attributable to:				
Equity holders of the parent company	(3,104,939)	(1,894,391)	(3,784,574)	7,916,177
Non-controlling interests	<u>(2,592)</u>	<u>-</u>	<u>218,208</u>	<u>-</u>
	<u>(3,107,531)</u>	<u>(1,894,391)</u>	<u>(3,566,366)</u>	<u>7,916,177</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2009

		(Audited)	
	30 September	31 December	30 September
	2009	2008	2008
Notes	KD	KD	KD
ASSETS			
Bank balances and cash	5,015,153	1,169,965	1,532,495
Investments carried at fair value through income statement	5 25,571,949	23,844,309	28,754,492
Murabaha and ijara receivables	4,720,479	14,791,755	14,967,832
Amount due from a bank	-	-	13,273,300
Other assets	12,083,600	8,679,319	5,662,728
Available for sale investments	6 108,306,345	112,416,871	122,358,184
Investment in associates	7 55,880,023	56,234,602	57,836,464
Properties under development	33,869,733	31,488,260	29,961,041
Investment properties	1,987,687	1,779,589	-
Furniture and equipment	120,816	148,360	166,211
TOTAL ASSETS	247,555,785	250,553,030	274,512,747
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	8 65,107,055	65,107,055	65,107,055
Share premium	32,909,612	32,909,612	32,909,612
Treasury shares	-	-	(446,384)
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	1,129,490
Cumulative changes in fair value	1,541,582	1,732,540	5,660,585
Foreign currency translation reserve	2,583,048	(1,772,653)	(5,948,277)
(Accumulated losses) / retained earnings	(3,515,439)	4,433,878	20,545,434
	117,055,671	120,872,003	135,303,827
Non-controlling interests	8,946,264	8,728,056	8,413,998
Total equity	126,001,935	129,600,059	143,717,825
Liabilities			
Murabaha payables	9 111,015,835	109,966,555	100,678,238
Amount due to a bank	-	-	18,460,111
Other liabilities	10,538,015	10,986,416	11,656,573
Total liabilities	121,553,850	120,952,971	130,794,922
TOTAL EQUITY AND LIABILITIES	247,555,785	250,553,030	274,512,747

Dr. Mohammed A. Al-Alloush
Chairman

Khalid S. Al-Sanaqisi
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 September 2009

	<i>Nine months ended 30 September</i>	
	<i>2009</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
(Loss) profit for the period before taxation	(7,950,901)	19,189,548
<i>Adjustments to reconcile (loss) profit before taxation to net cash flows:</i>		
Non-cash:		
Murabaha, ijara and sukuk income	(1,174,670)	(939,222)
Realised gain on investments at fair value through income statement	(25,656)	(4,860,781)
Unrealised loss (gain) on investments at fair value through income statement	559,667	(6,401,939)
Unrealised gain on revaluation of investment properties	(193,621)	-
Gain on disposal of available for sale investments	(235,132)	(7,463,036)
Dividend income	(1,165,124)	(705,586)
Share of results of associates	1,300,785	(5,753,918)
Gain on partial sale of associates	-	(100,145)
Excess of the investor's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment	-	(764,791)
Impairment of other receivables	-	924,359
Impairment of available for sale investments	2,840,929	-
Provision against murabaha and ijara receivables	193,561	-
Loss (gain) on foreign exchange	(795,650)	902,535
Depreciation	72,647	71,058
Cost of share based payment	-	879,700
Finance cost	5,260,190	4,364,884
	<u>(1,312,975)</u>	<u>(657,334)</u>
Working capital adjustments:		
Investments carried at fair value through income statement	(1,343,972)	539,402
Murabaha and ijara receivables	(521,859)	(2,227,475)
Amount due from a bank	-	(13,273,300)
Amount due to a bank	-	18,460,111
Other assets	(301,113)	(414,488)
Other liabilities	(122,783)	425,100
Cash flows (used in) from operating activities	<u>(3,602,702)</u>	<u>2,852,016</u>
Murabaha, ijara and sukuk income received	878,071	1,340,735
Finance cost paid	<u>(5,573,015)</u>	<u>(3,917,804)</u>
Net cash (used in) from operating activities	<u>(8,297,646)</u>	<u>274,947</u>
INVESTING ACTIVITIES		
Dividends income received	1,165,124	705,586
Purchase of available for sale investments	(14,203,323)	(37,377,214)
Proceeds from disposal of available for sale investments	18,298,229	23,483,944
Proceeds from disposal of investments properties	550,000	-
Purchase of investments in associates	-	(6,721,859)
Proceeds from disposal of investment in associates	460,240	38,500
Dividend received from associates	173,813	663,869
Additions to properties under development	(1,257,894)	-
Purchase of investment properties	-	(1,779,589)
Purchase of furniture and equipment	(45,103)	(133,881)
Net cash from (used in) investing activities	<u>5,141,086</u>	<u>(21,120,644)</u>
FINANCING ACTIVITIES		
Net movement in murabaha payables	7,033,506	34,768,608
Purchase and sale of treasury shares, net	(31,758)	3,548,436
Proceeds from issue of shares	-	926,000
Dividend paid	-	(17,521,720)
Net cash from financing activities	<u>7,001,748</u>	<u>21,721,324</u>

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

(continued)

For the period ended 30 September 2009

	<i>Nine months ended 30 September</i>	
	<i>2009</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>
INCREASE IN BANK BALANCES AND CASH	3,845,188	875,627
Bank balances and cash at 1 January	<u>1,169,965</u>	<u>656,868</u>
BANK BALANCES AND CASH AT 30 SEPTEMBER	<u>5,015,153</u>	<u>1,532,495</u>

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

for the period ended 30 September 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	(Accumulated losses) / retained earnings KD			Sub total 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
Profit for the period	-	-	-	-	-	-	-	-	-	(7,949,317)	(7,949,317)	(1,584)	(7,950,901)
Other comprehensive income for the period	-	-	-	-	-	-	-	(190,958)	4,355,701	-	4,164,743	219,792	4,384,535
Net comprehensive loss for the period	-	-	-	-	-	-	-	(190,958)	4,355,701	(7,949,317)	(3,784,574)	218,208	(3,566,366)
Issue of treasury shares	-	-	(618,922)	-	-	-	-	-	-	-	(618,922)	-	(618,922)
Redemption of treasury shares	-	-	618,922	-	-	-	(31,758)	-	-	-	587,164	-	587,164
Balance at 30 September 2009	<u>65,107,055</u>	<u>32,909,612</u>	<u>-</u>	<u>7,275,988</u>	<u>7,046,396</u>	<u>3,016,890</u>	<u>1,090,539</u>	<u>1,541,582</u>	<u>2,583,048</u>	<u>(3,515,439)</u>	<u>117,055,671</u>	<u>8,946,264</u>	<u>126,001,935</u>
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
Profit for the period	-	-	-	-	-	-	-	-	-	18,345,208	18,345,208	-	18,345,208
Other comprehensive income for the period	-	-	-	-	-	-	-	(8,567,098)	(1,861,933)	-	(10,429,031)	-	(10,429,031)
Net comprehensive income for the period	-	-	-	-	-	-	-	(8,567,098)	(1,861,933)	18,345,208	7,916,177	-	7,916,177
Issue of share based payment of treasury shares	-	-	(554,859)	-	-	879,700	-	-	-	-	879,700	-	879,700
Redemption of treasury shares	-	-	3,973,744	-	-	-	129,551	-	-	-	(554,859)	-	(554,859)
Issue of treasury shares	-	-	-	-	-	-	-	-	-	-	4,103,295	-	4,103,295
Issue of share capital	463,000	463,000	-	-	-	-	-	-	-	-	926,000	-	926,000
Redemption of treasury shares	5,876,732	-	-	-	-	-	-	-	-	(5,876,732)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(17,630,197)	(17,630,197)	-	(17,630,197)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	8,382,498	8,382,498
Balance at 30 September 2008	<u>65,107,055</u>	<u>32,909,612</u>	<u>(446,384)</u>	<u>6,945,122</u>	<u>6,384,300</u>	<u>3,016,890</u>	<u>1,129,490</u>	<u>5,660,585</u>	<u>(5,948,277)</u>	<u>20,545,434</u>	<u>135,303,827</u>	<u>8,413,998</u>	<u>143,717,825</u>

Refer to the attached notes 1 to 13 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 September 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 September 2009 was authorised for issue in accordance with a resolution of the board of directors on 8 November 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 September 2009, and subsidiaries for the period ended 30 June 2009 using consistent accounting policies. However, there have been no significant events or transactions between the reporting dates of the subsidiaries and 30 September 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 September 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 nine months ended 30 September 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

3 TAXATION

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2009 KD</i>	<i>2008 KD</i>	<i>2009 KD</i>	<i>2008 KD</i>
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	-	(50,016)	-	(172,706)
National Labour Support Tax ("NLST")	-	(138,935)	-	(479,739)
Zakat	-	(55,573)	-	(191,895)
	<u>-</u>	<u>(244,524)</u>	<u>-</u>	<u>(844,340)</u>

4 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share are computed by dividing the (loss) 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 September</i>		<i>Nine months ended 30 September</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>(2,465,986)</u>	<u>5,312,856</u>	<u>(7,949,317)</u>	<u>18,345,208</u>
Total weighted average number of shares	<u>651,070,551</u>	<u>651,542,273</u>	<u>651,070,551</u>	<u>649,532,850</u>
Less: weighted average number of treasury shares	<u>-</u>	<u>(476,906)</u>	<u>(805,201)</u>	<u>(745,328)</u>
Weighted average number of outstanding shares	<u>651,070,551</u>	<u>651,065,367</u>	<u>650,265,350</u>	<u>648,787,522</u>
Basic and diluted (loss) earnings per share attributable to the equity holders of the parent company	<u>(3.79) fils</u>	<u>8.16 fils</u>	<u>(12.22) fils</u>	<u>28.28 fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2009

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>30 September 2009 KD</i>	<i>(Audited) 31 December 2008 KD</i>	<i>30 September 2008 KD</i>
Held for trading:			
Quoted equity securities	2,894,537	1,317,680	3,887,722
Managed funds	859,158	986,254	1,910,956
Designated:			
Real estate portfolio	21,621,696	21,343,817	22,759,256
Unquoted equity securities	196,558	196,558	196,558
	<u>25,571,949</u>	<u>23,844,309</u>	<u>28,754,492</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.

6 AVAILABLE FOR SALE INVESTMENTS

	<i>30 September 2009 KD</i>	<i>(Audited) 31 December 2008 KD</i>	<i>30 September 2008 KD</i>
Unquoted equity securities	42,878,961	42,487,429	42,978,358
Quoted equity securities	35,286,572	40,848,415	52,688,216
Sukuk	24,333,360	23,423,880	22,593,900
Real estate portfolio	4,823,708	4,831,313	3,267,224
Unquoted funds	967,747	809,837	814,489
Managed funds	15,997	15,997	15,997
	<u>108,306,345</u>	<u>112,416,871</u>	<u>122,358,184</u>

Certain unquoted equity investments amounting to KD 35,888 (31 December 2008: KD 3,160,000 and 30 September 2008: KD 3,160,000) are carried at cost as the acquisition price of these investments is deemed to be the fair value because these securities relate to either recently formed or acquired companies.

Certain unquoted investments amounting to KD 12,252,926 (31 December 2008: KD 9,742,225 and 30 September 2008: KD 11,355,933) 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 30,590,147 (31 December 2008: KD 29,585,204 and 30 September 2008: KD 28,462,425) 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 9,673,989 (31 December 2008: KD 9,862,561 and 30 September 2008: KD 12,387,176) 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.

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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7 INVESTMENT IN ASSOCIATES

	County of incorporation	Percentage of ownership	30 September 2009	Percentage of ownership	(Audited) 31 December 2008	Percentage of ownership	30 September 2008
			KD		KD		KD
First Arabian Equity 2000 Fund	Bahrain	42.73%	649,827	48.24%	819,671	48.16%	1,212,410
First Real Estate Investment Company K.S.C.(Closed)	Kuwait	19.79%	3,752,765	19.79%	3,986,670	19.79%	3,885,933
First Education Company K.S.C.(Closed)	Kuwait	16.49%	2,713,874	16.49%	2,873,843	16.49%	2,800,504
Mashair Al-Ola L.L.C.	Saudi Arabia	30.00%	4,649,932	30.00%	4,476,164	30.00%	4,309,460
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	12,910,142	37.40%	12,785,014	37.40%	13,298,381
First Energy Resource Company K.S.C.(Closed)	Kuwait	33.21%	8,241,263	33.21%	8,125,394	33.21%	9,774,595
Arkan Al-Kuwait Real Estate Company K.S.C.(Closed)	Kuwait	28.83%	11,095,853	28.83%	11,038,201	26.65%	10,488,988
First Investment Bank B.S.C.(Closed)	Bahrain	26.66%	8,793,138	26.66%	8,573,380	26.66%	8,546,262
First Gulf Equity Fund	Bahrain	-	-	20.26%	480,999	19.88%	643,622
Sahab Al-Khalij Real Estate Company B.S.C.(Closed)	Bahrain	35.29%	2,502,781	35.29%	2,459,799	35.29%	2,253,556
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%	95,448	50.00%	140,467	50.00%	147,753
			<u>55,880,023</u>		<u>56,234,602</u>		<u>57,836,464</u>

Share of results of associates amounting to a loss of KD 1,084,067 (30 September 2008: profit of KD 5,075,270) are 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 September 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 September 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 September 2009 in respect of these associates.

During the nine months ended 30 September 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 nine months ended 30 September 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 September 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2009

8 SHARE CAPITAL AND DIVIDENDS

At 30 September 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 September 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.

9 MURABAHA PAYABLES

Murabaha payables represent murabaha contracts with local financial institutions maturing within 14 months from the statement of financial position date. The average effective cost attributable to these contracts ranges from 2.164 % to 8.500 % per annum (31 December 2008: 3.00 % to 13.25 % and 30 September 2008: 5.67 % to 10.00 %).

During the current period, the group has obtained murabaha facility amounting to KD 6,504,200 for a period of one year. The terms of the financing agreement restrict the use of the facility to trading in Tadawul listed shariah compliant shares.

Included in murabaha payables are murabaha contracts amounting to KD 7,500,000 (31 December 2008: KD 7,500,000 and 30 September 2008: KD Nil) secured against quoted investments amounting to KD 12,906,204 (31 December 2008: KD 15,284,731 and 30 September 2008: KD Nil).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2009

10 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>Nine months ended 30 September</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	99,674	-	99,674	70,398	
Impairment of other receivables	-	-	-	924,359	
	<i>Associates</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>30 September 2009</i> <i>Total</i> <i>KD</i>	<i>(Audited)</i> <i>31 December 2008</i> <i>KD</i>	<i>30 September 2008</i> <i>KD</i>
Interim condensed consolidated statement of financial position					
Due from related parties	3,319,503	-	3,319,503	3,319,503	3,319,503
Murabaha and ijara receivables	-	-	-	-	378,780
Management fees receivable	16,198	-	16,198	92,641	91,143
Murabaha payables	5,700,000	-	5,700,000	5,593,109	5,497,000

Key management compensation:

	<i>Nine months ended 30 September</i>	
	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
Management fee	-	613,500
Salaries and other short term benefits	229,500	336,900
Terminal benefits	23,966	27,134
Cost of share based transaction	-	482,125
	<u>253,466</u>	<u>1,459,659</u>

Assets amounting to KD 16,800,338 (31 December 2008: KD 17,212,345 and 30 September 2008: KD 10,455,207) are managed on behalf of related parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2009

11 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 September 2009	30 September 2008	30 September 2009	30 September 2008	30 September 2009	30 September 2008	30 September 2009	30 September 2008
	KD	KD	KD	KD	KD	KD	KD	KD
Segment revenue	592,161	3,667,434	267,623	14,514,427	751,202	10,234,213	1,610,986	28,416,074
Segment expenses	(7,235,522)	(9,971,749)	(2,326,365)	-	-	(99,117)	(9,561,887)	(10,070,866)
Segment results	(6,643,361)	(6,304,315)	(2,058,742)	14,514,427	751,202	10,135,096	(7,950,901)	18,345,208
Segment assets	57,776,281	89,944,553	140,743,168	130,263,039	49,036,336	54,305,155	247,555,785	274,512,747
Segment liabilities	102,459,265	123,877,173	13,394,585	4,244,597	5,700,000	2,673,152	121,553,850	130,794,922

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2009

12 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 September 2009 and 31 December 2008 was as follows:

<i>30 September 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	5,015,153	-	-	-	5,015,153
Investments carried at fair value through income statement	3,950,253	-	21,621,696	-	25,571,949
Murabaha and ijara receivables	2,478,897	320,426	1,530,672	390,484	4,720,479
Other assets	6,614,377	-	-	5,469,223	12,083,600
Available for sale investments	5,292,542	-	24,214,526	78,799,277	108,306,345
Investment in associates	-	-	-	55,880,023	55,880,023
Properties under development	-	10,648,781	-	23,220,952	33,869,733
Investment properties	-	-	-	1,987,687	1,987,687
Furniture and equipment	-	-	-	120,816	120,816
TOTAL ASSETS	23,351,222	10,969,207	47,366,894	165,868,462	247,555,785
EQUITY AND LIABILITIES					
Equity	-	-	-	126,001,935	126,001,935
Murabaha payables	76,172,665	1,950,000	23,407,200	9,485,970	111,015,835
Other liabilities	4,782,168	-	2,715,106	3,040,741	10,538,015
TOTAL EQUITY AND LIABILITIES	80,954,833	1,950,000	26,122,306	138,528,646	247,555,785
NET LIQUIDITY GAP	(57,603,611)	9,019,207	21,244,588	27,339,816	-

As disclosed in the table above, the group's liabilities (due within three months) exceeded its assets by KD 57,603,611 (31 December 2008: KD 43,301,280).

The group is dependent on availability of the continued support from the financial institutions. Subsequent to the statement of financial position date up to 28 October 2009 murabaha payables of KD 15,175,080 have matured. Management has renewed the terms of settlement of matured murabaha payables of KD 13,175,080 and is in process of negotiating the terms of the settlement of murabaha payables amounting to KD 2,000,000. The management is confident that they will be able to renew the terms of these murabaha payables.

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At 30 September 2009

12 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	2,500,492	-	21,343,817	-	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	23,395,000	43,019,165	22,213,192	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	5,827,725	-	2,651,206	2,507,485	10,986,416
TOTAL EQUITY AND LIABILITIES	66,696,280	49,098,000	2,651,206	132,107,544	250,553,030
NET LIQUIDITY GAP	(43,301,280)	(6,078,835)	19,561,986	29,818,129	-

13 COMMITMENTS AND CONTINGENCIES

The group has commitments in respect of following:

	<i>30 September 2009 KD</i>	<i>(Audited) 31 December 2008 KD</i>	<i>30 September 2008 KD</i>
Uncalled capital of available for sale investments	375,000	2,375,000	3,327,075
Uncalled capital of investment in associates	9,482,000	9,482,000	9,482,000
Capital commitments for properties under development	17,982,200	3,245,534	-
Operating lease rentals	21,123	84,492	-
Contingent liability in respect of bank guarantees	1,464,769	1,464,769	1,464,769
	29,325,092	16,651,795	14,273,844