

**First Investment Company K.S.C.P.  
and its Subsidiaries**

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

**31 MARCH 2014**



Building a better  
working world

Ernst & Young  
Al Aiban, Al Osaimi & Partners  
P.O. Box 74  
18-21st Floor, Baitak Tower  
Ahmed Al Jaber Street  
Safat Square 13001, Kuwait

Tel: +965 2295 5000  
Fax: +965 2245 6419  
kuwait@kw.ey.com  
ey.com/mena

Rödl  
Middle East

**Ali Al Hassawi & Partners**  
P.O. Box: 22351 Safat 13084 Kuwait  
Sharq – Dasman Complex – Block 2 – 9 Floor  
Tel: 22464574-6 / 22426862-3  
Fax: 22414956  
Email: info-kuwait@rodme.com  
www.rodme.com

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

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of First Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (together, the "Group") as at 31 March 2014 and the related interim condensed consolidated statement income, interim condensed consolidated statement of other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months 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 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 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 account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No 25 of 2012, as amended, or of the Articles of Association and Memorandum of Incorporation of the Parent Company during the three months period ended 31 March 2014 that might have had material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, 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 investment business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2014 that might have had material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

ALI A. AL-HASAWI  
LICENSE NO.30-A  
RÖDL MIDDLE EAST  
BURGAN – INTERNATIONAL ACCOUNTANTS

15 May 2014  
Kuwait

First Investment Company K.S.C. P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2014

	Notes	Three months ended 31 March	
		2014 KD	2013 KD
<b>INCOME</b>			
Murabaha income		8,874	123
Rental income		45,276	60,035
Realised gain on financial assets at fair value through profit or loss		-	27,652
Unrealised gain on financial assets at fair value through profit or loss		256,970	18,893
Gain on disposal of financial assets available-for-sale		5,126	53,388
Reversal against murabaha and ijara receivables		-	318,671
Placement and arrangement fees		-	25,868
Management fees		120,047	179,844
Share of results of associates		198,253	389,814
Gain on disposal of properties under development		50,280	-
Other income		10,249	160,578
Foreign exchange gain		3,393	36,296
		<u>698,468</u>	<u>1,271,162</u>
<b>EXPENSES</b>			
Staff costs		383,662	395,906
Depreciation		40,338	35,977
Finance costs		301,808	346,677
Other expenses		142,534	240,200
		<u>868,342</u>	<u>1,018,760</u>
<b>(LOSS) PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>			
		<b>(169,874)</b>	<b>252,402</b>
Contribution to KFAS		-	(1,415)
NLST		-	(3,538)
Zakat		-	(1,415)
		<u>(169,874)</u>	<u>246,034</u>
<b>(LOSS) PROFIT FOR THE PERIOD</b>			
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>(204,862)</b>	135,160
Non-controlling interests		<b>34,988</b>	110,874
		<u>(169,874)</u>	<u>246,034</u>
<b>BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
	3	<u>(0.32) fils</u>	<u>0.21 fils</u>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2014

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>
<b>(Loss) profit for the period</b>	<b>(169,874)</b>	246,034
<b>Other comprehensive (loss) income for the period</b>		
<i>Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods</i>		
Financial assets available-for-sale:		
Unrealised gain on financial assets available-for-sale	749	6,535
Net unrealised gain on financial assets available-for-sale	749	6,535
Share of other comprehensive (loss) income in associates	(11,791)	110,346
Exchange differences on translation of foreign operations	(61,437)	175,137
<b>Other comprehensive (loss) income for the period</b>	<b>(72,479)</b>	292,018
<b>Total comprehensive (loss) income for the period</b>	<b>(242,353)</b>	538,052
<b>Attributable to:</b>		
Equity holders of the Parent Company	(253,452)	394,175
Non-controlling interests	11,099	143,877
	<b>(242,353)</b>	538,052


The attached notes 1 to 11 form part of this interim condensed consolidated financial information.


First Investment Company K.S.C. P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2014

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2014</i>	<i>2013</i>	<i>2013</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>			
Bank balances and cash	<b>5,612,488</b>	5,622,420	7,561,592
Financial assets at fair value through profit or loss	<b>2,835,788</b>	2,581,518	1,644,306
Murabaha and ijara receivables	<b>612,628</b>	612,628	1,299,555
Financial assets available-for-sale	<b>28,683,901</b>	29,077,299	31,644,200
Investment in associates	<b>55,019,323</b>	55,164,535	53,882,011
Properties under development	<b>17,713,688</b>	17,314,711	17,590,515
Investment properties	<b>29,354,557</b>	28,977,278	27,612,399
Other assets	<b>2,663,392</b>	3,542,509	2,667,975
Property and equipment	<b>1,099,243</b>	1,134,843	1,169,057
<b>TOTAL ASSETS</b>	<b>143,595,008</b>	144,027,741	145,071,610
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<b>65,107,055</b>	65,107,055	65,107,055
Share premium	<b>18,250,362</b>	18,250,362	18,250,362
Treasury shares	<b>(142,918)</b>	(142,918)	(389,720)
Statutory reserve	<b>539,218</b>	539,218	517,892
Share options reserve	<b>3,016,890</b>	3,016,890	3,016,890
Treasury shares reserve	<b>1,118,684</b>	1,118,684	1,090,539
Cumulative changes in fair values reserve	<b>276,779</b>	276,030	141,202
Foreign currency translation reserve	<b>552,230</b>	601,569	808,008
Retained earnings	<b>4,445,444</b>	4,650,306	4,593,532
<b>Equity attributable to equity holders of the Parent Company</b>	<b>93,163,744</b>	93,417,196	93,135,760
Non-controlling interests	<b>19,662,690</b>	19,609,249	19,621,464
<b>Total equity</b>	<b>112,826,434</b>	113,026,445	112,757,224
<b>Liabilities</b>			
Murabaha and sukuk payables	<b>27,200,000</b>	27,200,000	29,131,009
Other liabilities	<b>3,568,574</b>	3,801,296	3,183,377
<b>Total liabilities</b>	<b>30,768,574</b>	31,001,296	32,314,386
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>143,595,008</b>	144,027,741	145,071,610

  
 Badar Mohammed Al-Qatan  
 Chairman

  
 Eisa A. S. Alweggian  
 Chief Executive Officer

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2014

*Attributable to equity holders of the Parent Company*

	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Share options reserve KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub- total KD	Non- controlling interests KD	Total equity KD
At 1 January 2014	65,107,055	18,250,362	(142,918)	539,218	3,016,890	1,118,684	276,030	601,569	4,650,306	93,417,196	19,609,249	113,026,445
(Loss) profit for the period	-	-	-	-	-	-	-	-	(204,862)	(204,862)	34,988	(169,874)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	749	(49,339)	-	(48,590)	(23,889)	(72,479)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	749	(49,339)	(204,862)	(253,452)	11,099	(242,353)
Addition to non-controlling interests	-	-	-	-	-	-	-	-	-	-	42,342	42,342
<b>At 31 March 2014</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>(142,918)</b>	<b>539,218</b>	<b>3,016,890</b>	<b>1,118,684</b>	<b>276,779</b>	<b>552,230</b>	<b>4,445,444</b>	<b>93,163,744</b>	<b>19,662,690</b>	<b>112,826,434</b>
As at 1 January 2013	65,107,055	18,250,362	(104,693)	517,892	3,016,890	1,090,539	134,667	555,528	4,458,372	93,026,612	19,750,500	112,777,112
Profit for the year	-	-	-	-	-	-	-	-	135,160	135,160	110,874	246,034
Other comprehensive income for the year	-	-	-	-	-	-	6,535	252,480	-	259,015	33,003	292,018
Total comprehensive income for the period	-	-	-	-	-	-	6,535	252,480	135,160	394,175	143,877	538,052
Purchase treasury share	-	-	(285,027)	-	-	-	-	-	-	(285,027)	-	(285,027)
Distributions to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(272,913)	(272,913)
At 31 March 2013	65,107,055	18,250,362	(389,720)	517,892	3,016,890	1,090,539	141,202	808,008	4,593,532	93,135,760	19,621,464	112,757,224

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

First Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 31 March 2014

	<i>Three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
(Loss) profit for the period	<b>(169,874)</b>	246,034
Adjustments to reconcile (loss) profit for the period to net cash flows for:		
Murabaha income	<b>(8,874)</b>	(123)
Realised gain on financial assets at fair value through profit or loss	-	(27,652)
Unrealised gain on financial assets at fair value through profit or loss	<b>(256,970)</b>	(18,893)
Gain on disposal of financial assets available-for-sale	<b>(5,126)</b>	(53,388)
Share of results of associates	<b>(198,253)</b>	(389,814)
Gain on disposal of properties under development	<b>(50,280)</b>	-
Reversal against murabaha and ijara receivables	-	(318,671)
Foreign exchange gain	<b>(3,393)</b>	(36,296)
Depreciation	<b>40,338</b>	35,977
Finance costs	<b>301,808</b>	346,677
	<b>(350,624)</b>	(216,149)
Changes in operating assets and liabilities:		
Murabaha and ijara receivables	-	1,135,123
Other assets	<b>918,903</b>	1,660,243
Other liabilities	<b>(528,715)</b>	(861,195)
	<b>39,564</b>	1,718,022
Murabaha income received	<b>8,874</b>	123
Finance costs paid	-	(699,931)
Net cash flows from operating activities	<b>48,438</b>	1,018,214
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets available-for-sale	<b>399,153</b>	84,742
Purchase of financial assets at fair value through profit or loss	-	(246,521)
Purchase of investment properties	<b>(222,896)</b>	(751,084)
Purchase of investment in associates	-	(1,380,278)
Proceeds from disposal of investment in associates	-	1,391,925
Dividends received from associates	<b>98,338</b>	321,367
Purchase of properties under development	<b>(807,489)</b>	-
Proceeds from disposal of properties under development	<b>436,920</b>	-
Purchase of property and equipment	<b>(4,738)</b>	(6,266)
Net cash flows used in investing activities	<b>(100,712)</b>	(586,115)
<b>FINANCING ACTIVITIES</b>		
Repayment of murabaha and sukuk payables	-	(429,308)
Purchase of treasury shares	-	(285,027)
Addition (distributions) to non-controlling interest	<b>42,342</b>	(272,913)
Net cash flows from (used in) financing activities	<b>42,342</b>	(987,248)
<b>NET DECREASE IN BANK BALANCES AND CASH</b>	<b>(9,932)</b>	(555,149)
Bank balances and cash at 1 January	<b>5,622,420</b>	8,116,741
<b>BANK BALANCES AND CASH AT 31 MARCH</b>	<b>5,612,488</b>	7,561,592

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

# First Investment Company K.S.C.P. and its Subsidiaries

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

At 31 March 2014

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of First Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (together, the "Group") for the three months period ended 31 March 2014 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 May 2014.

The Parent Company is a Kuwaiti public shareholding company incorporated on 26 July 1997 is regulated by the Capital Market Authority ("CMA") and Central Bank of Kuwait (CBK) as an investment company. The Parent Company's registered office is at Souk Al Safat, Abdullah Mubarak Street, Kuwait City, Kuwait.

The Parent Company is principally engaged in the provision of investment and financial services and all activities are carried out in compliance with the Memorandum of Association, the Article of Association and the Islamic Sharia.

The objectives of the Parent Company shall be as follows:

To carry out all investment activities in all sectors by all legal and legitimate methods that the Parent Company deems appropriate for achieving its objectives inside the State of Kuwait and abroad either for its own interest or on behalf of others. The Parent Company shall, in particular, carry out the following activities:

1. To conduct all financial brokerage activities and other related activities.
2. To invest in real estate, industrial, agricultural, and other economic sectors through shareholding in incorporating specialized companies or acquisition of shares of such companies.
3. To carry out securities trading transactions including buying and selling stocks and bonds of governmental and non-governmental agencies and companies.
4. To carry out real estate investment deals with the objective of developing residential lands and constructing residential and commercial units for sale or rent.
5. To assume the role of a Fund Trustee and Third Party Portfolio Manager as well as the related borrowing and lending transactions.
6. To carry out finance and brokerage activities in the international trading transactions.
7. To produce researches, studies, and other technical services related to investment operations and third party fund employment, provided that the required conditions should be met by those exercising such activities.
8. To establish and manage mutual funds in pursuance with Law and subject to approval of the competent authorities.
9. To assume the role of lead manager for bonds issued by companies and agencies.
10. To carry out brokerage business in the investment of financial instruments and securities.
11. To finance the buying and selling of residential plots for housing purposes, and to finance the construction of residential buildings on such plots.
12. To finance purchase and sale of durable and consumable goods.
13. To invest fund for its own interest and for the interest of the third parties in all types of investments by means of leasing, and to do the necessary acquisition and leasing of movable assets.
14. To purchase lands and real estates for the purpose of selling the same in their original condition or after the division thereof, leasing the same unoccupied or uninhabited, or after the construction of new facilities, building, and equipment.

The New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year from the date of publishing the Executive Regulations to comply with the new amended law.



# First Investment Company K.S.C.P. and its Subsidiaries

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

At 31 March 2014

### 2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group is prepared in accordance with 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 audited consolidated financial statements for the year ended 31 December 2013. The audited consolidated financial statements for the year ended 31 December 2013 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 collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial information prepared in accordance with the International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

### 3 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic (loss) earnings per share are calculated by dividing the (loss) profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the (loss) profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Parent Company did not have any diluted shares as at 31 March.

The information necessary to calculate basic and diluted (loss) earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	<u>(204,862)</u>	<u>135,160</u>
Weighted average number of shares outstanding during the period	<u>649,870,551</u>	<u>650,563,215</u>
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company	<u>(0.32) fils</u>	<u>0.21 fils</u>

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2014

4 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	<i>31 March</i>	<i>(Audited)</i>	
	<i>2014</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD</i>	<i>2013</i>	<i>2013</i>
		<i>KD</i>	<i>KD</i>
Unquoted equity securities	<b>28,589,848</b>	28,983.877	31,345.888
Quoted equity securities	<b>7,065</b>	6.314	134.222
Unquoted and managed funds	<b>86,988</b>	87.108	164.090
	<b>28,683,901</b>	29,077.299	31,644.200

Unquoted equity securities are stated at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments. There is no active market for these financial assets and the Group intends to hold them for the long term. The management has applied appropriate valuation techniques to ensure that fair value is approximately equal to the cost that has been used as a basis for pricing. The management had decided not to recognize any revaluation difference as this difference is not significant and the fact that these methods in the approximate evaluation. Management has performed a review of its unquoted equity investments to assess whether impairment has occurred in the value of these investments , Based on the latest available financial information, management is of the view that no impairment provision is required as at 31 March 2014 in respect of these investments.

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2014

5 INVESTMENT IN ASSOCIATES

	County of incorporation	31 March 2014		(Audited) 31 December 2013		31 March 2013	
		Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	Saudi Arabia	40.00%	1,448,608	40.00%	1,505,273	40.00%	1,658,051
Arkan Al-Kuwait Real Estate Company K.S.C. P.	Kuwait	29.06%	10,816,972	29.06%	10,903,092	29.06%	10,369,882
Burgan Company for Well Drilling K.S.C. P.	Kuwait	20.46%	25,471,800	20.46%	25,472,466	20.46%	25,075,704
First Education Company K.S.C. (Closed) ("FEDCO")	Kuwait	21.32%	3,409,369	21.32%	3,416,628	21.32%	3,255,363
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	368,913	35.29%	366,116	35.29%	989,574
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	11,213,145	37.40%	11,207,338	37.40%	11,119,474
Al Jazeera Al Oula Real Estate (W.L.L) ("JORE")	Saudi Arabia	20.90%	2,290,516	20.90%	2,293,622	10.50%	1,413,963
			<b>55,019,323</b>		<b>55,164,535</b>		<b>53,882,011</b>

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2014

6 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES

(i) Share Capital

At 31 March 2014, the authorised, issued and fully paid up capital of the Parent Company amounted to 651,070,551 (31 December 2013: 651,070,551 and 31 March 2013: 651,070,551) shares of 100 fils each.

(ii) Treasury shares

	<i>31 March</i> <i>2014</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i>	<i>31 March</i> <i>2013</i>
Number of treasury shares	1,200,000	1,200,000	3,269,100
Percentage of issued shares	0.18%	0.18%	0.50%
Cost of treasury shares in KD	142,918	142,918	389,720
Market value (KD)	114,000	122,400	366,139

7 MURABAHA AND SUKUK PAYABLES

	<i>31 March</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>31 March</i> <i>2013</i> <i>KD</i>
Murabaha payables	-	-	1,931,009
Sukuk payable (Note 8)	27,200,000	27,200,000	27,200,000
	<u>27,200,000</u>	<u>27,200,000</u>	<u>29,131,009</u>

Sukuk payables are repayable in four semi-annual instalments starting from 31 March 2014. At the due date of the first instalment, the Parent company did not pay the instalment and its related profit amounting to KD 4,656,973 as the Parent company is currently in negotiations with the Sukukholder to swap the Sukuk payables with part of its investment properties.

The profit rate of the sukuk payables is 6 months CBK discount rate plus 250 basis points per annum. It also requires, among other things, certain restrictions on the payment of dividends and a requirement to maintain a minimum ratio of total liabilities to total equity of 1.5:1 of the Group.

8 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, managed funds, 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 statement of income	Other related parties <i>KD</i>	Three months ended 31 March	
		<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Management fees	3,389	3,389	4,219
Finance costs	301,808	301,808	334,970

First Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2014

**8 RELATED PARTY TRANSACTIONS (continued)**

Interim condensed consolidated statement of financial position	Associates KD	Other related parties KD	31 March 2014 KD	(Audited)	
				31 December 2013 KD	31 March 2013 KD
Management fees and other receivables	23,411	69,808	<b>93,219</b>	66,420	29,512
Sukuk payable (Note 7)	-	27,200,000	<b>27,200,000</b>	27,200,000	27,200,000

**Key management personnel compensation**

	Three months ended 31 March	
	2014 KD	2013 KD
Salaries and other short term benefits	<b>37,550</b>	68,700
Terminal benefits	<b>5,315</b>	9,986
	<b>42,865</b>	78,686

**Other transactions**

The Group also manages investment portfolios on behalf of related parties amounting to KD 6,709,484 (31 December 2013: KD 6,812,374 and 31 March 2013: KD 5,687,868) which are not reflected in the Group's interim condensed consolidated statement of financial position.

First Investment Company K.S.C. P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
At 31 March 2014

9 SEGMENT INFORMATION

Management monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. For management purposes, the Group is organised into three major geographical segments:

- Kuwait
- Saudi Arabia
- Others

The Group does not have any inter-segment transactions.

	Kuwait		Saudi Arabia		Others		Total	
	2014 KD	2013 KD	2014 KD	2013 KD	2014 KD	2013 KD	2014 KD	2013 KD
<b>Three months ended 31 March</b>								
Income	482,376	890,389	195,712	348,969	20,380	31,804	698,468	1,271,162
Expenses	(770,947)	(934,227)	(97,395)	(84,533)	-	-	(868,342)	(1,018,760)
Results (Loss) profit before contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labour Support Tax (NLST) and ZAKAT	(288,571)	(43,838)	98,317	264,436	20,380	31,804	(169,874)	252,402
<b>At 31 March</b>								
Operating assets	52,642,242	53,706,945	74,130,042	72,130,835	16,822,724	19,233,830	143,595,008	145,071,610
Operating liabilities	28,766,366	30,603,896	2,002,208	1,710,490	-	-	30,768,574	32,314,386

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2014

10 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>31 March</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>31 March</i> <i>2013</i> <i>KD</i>
Capital commitments for properties under development	-	11,977.613	12,096.863
Operating lease rentals due within one year	54,248	72.330	54,248
	<u>54,248</u>	<u>12,049.943</u>	<u>12,151.111</u>

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 1,364,769 (31 December 2013: KD 1,364,769 and 31 March 2013: KD 1,364,769) for which the management anticipates that no material liabilities will arise. These expire within a period of 3 months from the reporting date.

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 28,589,848 (31 December 2013: KD 28,983,877 and 31 March 2013: KD 31,345,888) and certain financial assets at fair value through profit or loss carried at cost amounting to KD 321,265 (31 December 2013: KD 321,265 and 31 March 2013: KD 321,265), are not materially different from their carrying values.

Determination of fair value and fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted prices in active market for the same instrument.

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data ; and

Level 3: valuation techniques for which any significant input is not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level: 1</i> <i>KD</i>	<i>Level: 3</i> <i>KD</i>	<i>Total fair value</i> <i>KD</i>
<b>31 March 2014</b>			
<b>Financial assets at fair value</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	927.652	-	927,652
- Managed funds and portfolios	-	1,586.871	1,586,871
<i>Financial assets available for sale:</i>			
- Equity securities	7.065	-	7,065
- Managed funds and portfolios	-	86.988	86,988
	<u>934.717</u>	<u>1,673.859</u>	<u>2,608,576</u>

First Investment Company K.S.C. P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2014

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 December 2013	Level: 1 KD	Level: 3 KD	Total fair value KD
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	813,050	-	813,050
- Managed funds and portfolios	-	1,447,203	1,447,203
<i>Financial assets available for sale:</i>			
- Equity securities	6,314	-	6,314
- Managed funds and portfolios	-	87,108	87,108
	<u>819,364</u>	<u>1,534,311</u>	<u>2,353,675</u>
31 March 2013			
<i>Financial assets at fair value profit or loss:</i>			
- Equity securities	259,146	-	259,146
- Managed funds and portfolios	-	1,063,895	1,063,895
<i>Financial assets available for sale:</i>			
- Equity securities	134,222	-	134,222
- Managed funds and portfolios	-	164,090	164,090
	<u>393,368</u>	<u>1,227,985</u>	<u>1,621,353</u>

The following table shows a reconciliation of the beginning and closing balances of level 3 financial assets which are recorded at fair value.

	At 1 January 2014 KD	Gain recorded in the consolidated statement of income KD	Loss recorded in equity KD	Net purchases, sales, transfers and settlements KD	At 31 March 2014 KD
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,447,203	142,154	-	(2,486)	<b>1,586,871</b>
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	87,108	-	(120)	-	<b>86,988</b>
	At 1 January 2013 KD	Gain / (loss) recorded in the consolidated statement of income KD	Gain recorded in equity KD	Net purchases, sales, transfers and settlements KD	At 31 December 2013 KD
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,029,976	50,059	-	367,168	1,447,203
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	160,557	(28,244)	9,468	(54,673)	87,108



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2014

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>At 1 January 2013 KD</i>	<i>Gain recorded in the consolidated statement of income KD</i>	<i>Gain recorded in equity KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 31 March 2013 KD</i>
<i>Financial assets at fair value through profit or loss</i>					
- Managed funds and portfolios	1,029,976	27,751	-	6,168	1,063,895
<i>Financial assets available-for-sale</i>					
- Managed funds and portfolios	160,557	-	3,533	-	164,090