

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

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

**31 MARCH 2012**

## 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 (together, the "Group") as at 31 March 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and 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 Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company during the three months period ended 31 March 2012 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, to the best of our knowledge and belief, we have not become aware of any material 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 three months period ended 31 March 2012.



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LICENCE NO. 68 A  
OF ERNST & YOUNG



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 31 March 2012

	Notes	Three months ended 31 March	
		2012 KD	2011 KD
<b>INCOME</b>			
Murabaha and ijara income		27,455	18,400
Realised gain (loss) on financial assets at fair value through profit or loss		65,590	(845,801)
Unrealised gain on financial assets at fair value through profit or loss		36,019	1,691,405
Loss on disposal of investment properties		-	(94,002)
Gain (loss) on disposal of financial assets available-for-sale	5	1,556,750	(30,234)
Gain on disposal of properties under development		-	1,600,864
Management fees		82,795	109,062
Dividend income		108,739	44,582
Gain on disposal of associates	6	772,299	-
Share of results of associates		37,853	(1,414)
Gain on settlement of murabaha payables	8	1,110,365	-
Other income		53,804	59,398
		<u>3,851,669</u>	<u>2,552,260</u>
<b>EXPENSES</b>			
(Reversal)/provision against murabaha and ijara receivables - net		(206,000)	134,431
Impairment of financial assets available-for-sale	5	810,050	12,573
Provision and write off other assets		279,004	-
Staff costs		511,476	256,843
Foreign exchange (gain) loss		(552,930)	493,694
Depreciation		36,409	12,744
Finance costs		577,668	1,304,135
Other expenses		262,254	126,684
		<u>1,717,931</u>	<u>2,341,104</u>
<b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>			
		2,133,738	211,156
Contribution to KFAS		(17,974)	-
NLST		(59,825)	-
Zakat		(23,376)	-
		<u>2,032,563</u>	<u>211,156</u>
<b>PROFIT FOR THE PERIOD</b>			
<b>Attributable to:</b>			
Owners of the Parent Company		2,049,649	(194,719)
Non-controlling interests		(17,086)	405,875
		<u>2,032,563</u>	<u>211,156</u>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>			
	3	<u>3.1 fils</u>	<u>(0.3) fils</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

Period ended 31 March 2012

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2012</i>	<i>2011</i>
		<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>		<b>2,032,563</b>	211,156
<b>Other comprehensive income</b>			
Financial assets available-for-sale:			
Unrealised loss on financial assets available-for-sale		(1,316,012)	(349,088)
Impairment of financial assets available-for-sale	5	810,050	12,573
Net unrealised loss on financial assets available-for-sale		(505,962)	(336,515)
Share of other comprehensive loss of associates		(19,747)	(320,049)
Exchange differences on translation of foreign operations		(637,946)	(843,980)
<b>Other comprehensive loss for the period</b>		<b>(1,163,655)</b>	(1,500,544)
<b>Total comprehensive income (loss) for the period</b>		<b>868,908</b>	(1,289,388)
<b>Attributable to:</b>			
Owners of the Parent Company		872,425	(1,519,294)
Non-controlling interests		(3,517)	229,906
		<b>868,908</b>	(1,289,388)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2012

		(Audited)		
	31 March	31 December	31 March	
	2012	2011	2011	
Notes	KD	KD	KD	
<b>ASSETS</b>				
Bank balances and cash	4	15,620,354	9,314,660	5,907,514
Financial assets at fair value through profit or loss		1,870,964	1,804,747	23,480,501
Properties held for trading		874,804	876,239	-
Murabaha and ijara receivables		2,220,487	2,383,916	2,828,376
Financial assets available-for-sale	5	57,596,156	65,062,640	88,993,730
Investment in associates	6	50,337,930	55,293,202	48,893,066
Properties under development		16,975,834	16,981,120	27,701,737
Investment properties		6,796,116	6,383,054	-
Other assets		4,741,436	5,521,857	9,415,067
Property and equipment		1,176,401	1,193,129	62,947
<b>TOTAL ASSETS</b>		<b>158,210,482</b>	<b>164,814,564</b>	<b>207,282,938</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	65,107,055	65,107,055	65,107,055
Share premium		18,250,362	18,250,362	21,490,583
Statutory reserve		216,274	216,274	7,275,988
Share options reserve		3,016,890	3,016,890	3,016,890
Treasury shares reserve		1,090,539	1,090,539	1,090,539
Cumulative changes in fair value reserve		126,902	632,864	(3,132,089)
Foreign currency translation reserve		308,640	979,902	(607,970)
Retained earnings (accumulated losses)		3,899,663	1,850,014	(10,710,928)
<b>Equity attributable to owners of the Parent Company</b>		<b>92,016,325</b>	<b>91,143,900</b>	<b>83,530,068</b>
Non-controlling interests		19,869,922	19,873,439	9,161,806
<b>Total equity</b>		<b>111,886,247</b>	<b>111,017,339</b>	<b>92,691,874</b>
<b>Liabilities</b>				
Murabaha and sukuk payables	8	32,469,960	48,939,220	108,431,792
Other liabilities	9	13,854,275	4,858,005	6,159,272
<b>Total liabilities</b>		<b>46,324,235</b>	<b>53,797,225</b>	<b>114,591,064</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>158,210,482</b>	<b>164,814,564</b>	<b>207,282,938</b>

Muhammad M. Al-Ghariba  
Chairman

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 31 March 2012

	Attributable to owners of the Parent Company							Non-controlling interests	Total equity		
	Share capital KD	Share premium KD	Statutory reserve KD	Share options reserve KD	Treasury shares reserve KD	Cumulative changes in fair value reserve KD	Foreign currency translation reserve KD			Retained earnings (accumulated losses) KD	Sub-total KD
As at 1 January 2012	65,107,055	18,250,362	216,274	3,016,890	1,090,539	632,864	979,902	1,850,014	91,143,900	19,873,439	111,017,339
Profit (loss) for the period	-	-	-	-	-	-	-	2,049,649	2,049,649	(17,086)	2,032,563
Other comprehensive (loss) income for the period	-	-	-	-	-	(505,962)	(671,262)	-	(1,177,224)	13,569	(1,163,655)
Total comprehensive (loss) income for the period	-	-	-	-	-	(505,962)	(671,262)	2,049,649	872,425	(3,517)	868,908
<b>At 31 March 2012</b>	<b>65,107,055</b>	<b>18,250,362</b>	<b>216,274</b>	<b>3,016,890</b>	<b>1,090,539</b>	<b>126,902</b>	<b>308,640</b>	<b>3,899,663</b>	<b>92,016,325</b>	<b>19,869,922</b>	<b>111,886,247</b>
As at 1 January 2011	65,107,055	21,490,583	7,275,988	3,016,890	1,090,539	(2,735,106)	319,622	(10,516,209)	85,049,362	8,931,900	93,981,262
(Loss) profit for the period	-	-	-	-	-	-	-	(194,719)	(194,719)	405,875	211,156
Other comprehensive loss for the period	-	-	-	-	-	(396,983)	(927,592)	-	(1,324,575)	(175,969)	(1,500,544)
Total comprehensive (loss) income for the period	-	-	-	-	-	(396,983)	(927,592)	(194,719)	(1,519,294)	229,906	(1,289,388)
<b>At 31 March 2011</b>	<b>65,107,055</b>	<b>21,490,583</b>	<b>7,275,988</b>	<b>3,016,890</b>	<b>1,090,539</b>	<b>(3,132,089)</b>	<b>(607,970)</b>	<b>(10,710,928)</b>	<b>83,530,068</b>	<b>9,161,806</b>	<b>92,691,874</b>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

Period ended 31 March 2012

	Notes	Three months ended 31 March	
		2012 KD	2011 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		2,032,563	211,156
Adjustments for:			
Depreciation		36,409	12,744
Finance costs		577,668	1,304,135
Murabaha and ijara income		(27,455)	(18,400)
Realised (gain) loss on financial assets at fair value through profit or loss		(65,590)	845,801
Unrealised gain on financial assets at fair value through profit or loss		(36,019)	(1,691,405)
(Gain) loss on disposal of financial assets available-for-sale		(1,556,750)	30,234
Gain on disposal of properties under development		-	(1,600,864)
Loss on disposal of investment properties		-	94,002
Gain on disposal of associates		(772,299)	-
Dividend income		(108,739)	(44,582)
Share of results of associates		(37,853)	1,414
Impairment of financial assets available-for-sale	5	810,050	12,573
(Reversal)/provision against murabaha and ijara receivables		(206,000)	134,431
Gain on settlement of murabaha payable		(1,110,365)	-
Provision and write off other assets		279,004	-
Foreign exchange (gain) loss		(552,930)	493,694
		<u>(738,306)</u>	<u>(215,067)</u>
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		-	(2,018,646)
Murabaha and ijara receivables		375,965	39,250
Other assets		560,763	138,562
Other liabilities		9,524,324	(91,491)
		<u>9,722,746</u>	<u>(2,147,392)</u>
Murabaha and ijara income received		20,919	11,560
Finance costs paid		(1,130,077)	(3,214,824)
		<u>8,613,588</u>	<u>(5,350,656)</u>
<b>INVESTING ACTIVITIES</b>			
Dividend income received		-	44,582
Proceeds from disposal of financial assets available-for-sale		-	77,464
Proceeds from disposal of investment properties		-	1,856,801
Purchase of investment properties		(413,062)	-
Purchase of investment in associates		(118,382)	(5,567)
Proceeds from disposal of investment in associates		1,624,309	-
Dividends received from associates		319,992	-
Purchase of property and equipment		(19,681)	(619)
		<u>1,393,176</u>	<u>1,972,661</u>
<b>FINANCING ACTIVITIES</b>			
Additions in murabaha and sukuk payables		-	1,231,339
Repayment of murabaha and sukuk payables		(3,701,070)	(1,000,000)
		<u>(3,701,070)</u>	<u>231,339</u>
Net cash flows (used in) from financing activities			
		<u>(3,701,070)</u>	<u>231,339</u>
<b>NET INCREASE (DECREASE) IN BANK BALANCES AND CASH</b>		<u>6,305,694</u>	<u>(3,146,656)</u>
Bank balances and cash at 1 January		9,314,660	9,054,170
<b>BANK BALANCES AND CASH AT 31 MARCH</b>	4	<u>15,620,354</u>	<u>5,907,514</u>

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 31 March 2012

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of First Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (together, the "Group") for the three months period ended 31 March 2012 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 May 2012.

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 and is regulated by the 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.

The Parent Company is principally engaged in the provision of investment and financial services. All activities of the Parent Company are carried out in compliance with the Islamic Sharia.

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2012 has been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* except as noted below.

The annual consolidated financial statements for the year ended 31 December 2011 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by CBK. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for IAS 39 *Financial Instruments: Recognition and Measurement* requirement for a collective impairment provision, which has been replaced by CBK's requirement for a minimum general provision made on all applicable credit facilities that are not provided specifically.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011. 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 three months period ended 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

#### New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2011.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Basic and diluted earnings (loss) per share is computed by dividing the profit (loss) for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended 31 March	
	2012	2011
Profit (loss) for the period attributable to owners of the Parent Company (KD)	<u>2,049,649</u>	<u>(194,719)</u>
Weighted average number of shares outstanding during the period	<u>651,070,551</u>	<u>651,070,551</u>
Basic and diluted earnings (loss) per share attributable to owners of the Parent Company	<u>3.1 fils</u>	<u>(0.3) fils</u>

The Parent Company had no outstanding dilutive potential shares.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2012

4 BANK BALANCES AND CASH

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Cash	400	400	400
Bank balances	<u>15,619,954</u>	<u>9,314,260</u>	<u>5,907,114</u>
	<u>15,620,354</u>	<u>9,314,660</u>	<u>5,907,514</u>

Bank balances include KD 2,199,333 as at 31 December 2011 and KD 2,765,394 as at 31 March 2011, held with portfolio managers, which can only be used for trading in securities listed on the Saudi Stock Exchange (Tadawul).

5 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Unquoted equity securities	33,074,637	33,884,881	46,868,817
Quoted equity securities	312,262	6,905,703	17,708,185
Sukuk	23,586,378	23,655,161	23,538,042
Unquoted managed funds	270,156	264,172	878,686
Real estate portfolios	352,723	352,723	-
	<u>57,596,156</u>	<u>65,062,640</u>	<u>88,993,730</u>

Unquoted equity securities are carried 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 investments and the Group intends to hold them for the long term. Management has performed a review of its unquoted equity securities and is of the view that no further impairment is required as at 31 March 2012 in respect of these investments.

During the current period, certain quoted equity security with a carrying value of KD 6,593,439 and acquisition cost of KD 6,060,911 has been transferred to a financial institution against settlement of murabaha payables of KD 7,617,661 (Note 8) resulting in a gain of KD 1,556,750 which is recognised in the interim condensed consolidated statement of income.

During the current period, the Group has recorded impairment loss of Nil (31 March 2011: KD 12,573) on quoted equity securities and KD 810,050 (31 March 2011: Nil) on unquoted equity securities where there has been a significant or prolonged decline in fair value.

Sukuk are carried at cost as their fair values cannot be measured reliably. Management is of the opinion that there is no impairment in the value of these sukuk and given the difficulty in arriving at a reliable valuation, it is more appropriate to carry these at cost.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2012

6 INVESTMENT IN ASSOCIATES

	County of incorporation	31 March 2012		(Audited) 31 December 2011		31 March 2011	
		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%	1,558,208	40.00%	1,643,592	40.00%	1,730,979
Arkan Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	29.03%	10,060,238	28.86%	10,265,005	28.90%	9,966,763
Asian Petroleum Facilities Maintenance Company W.L.L.	Kuwait	-	-	-	-	50.00%	-
Burgan Company for Well Drilling K.S.C. (Closed)	Kuwait	20.35%	24,482,420	20.07%	24,303,578	-	-
First Education Company K.S.C. (Closed)	Kuwait	16.49%	2,390,696	16.49%	2,390,696	16.49%	2,324,638
First Energy Resource Company K.S.C. (Closed)	Kuwait	-	-	-	-	33.21%	6,312,969
First Investment Bank B.S.C. (Closed) ("FIB") (a)	Bahrain	-	-	26.66%	1,619,935	26.66%	8,316,864
First Real Estate Investment Company K.S.C. (Closed) (b)	Kuwait	-	-	19.79%	3,240,414	19.79%	3,111,792
Mashair Al-Ola L.L.C.	Saudi Arabia	-	-	-	-	30.00%	4,497,980
Q80 Valve Industries Factory	Kuwait	-	-	-	-	50.00%	325,534
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	1,381,933	35.29%	1,385,403	35.29%	1,858,011
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	10,464,435	37.40%	10,444,579	37.40%	10,447,536
			<b>50,337,930</b>		<b>55,293,202</b>		<b>48,893,066</b>

a) During the current period, FIB has been liquidated. Accordingly, the Group has received final payment of KD 1,624,309 as its proportionate share in the net assets on its liquidation and recorded a gain of KD 4,374 in the interim condensed consolidated statement of income.

b) During the current period, the Parent Company has transferred its entire stake in First Real Estate Company K.S.C. (Closed) with a carrying value of KD 3,240,286 to a financial institution against settlement of a murabaha payable amounting to KD 3,938,662 (Note 8) and accrued profit amounting to KD 69,549 resulting in a gain of KD 767,925 which is recognised in the interim condensed consolidated statement of income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2012

**7 SHARE CAPITAL AND DIVIDENDS**

At 31 March 2012, the authorised, issued and fully paid up capital of the Parent Company amounted to 651,070,551 (31 December 2011: 651,070,551 and 31 March 2011: 651,070,551) shares of 100 fils each.

On 8 May 2012, the Annual General Assembly of the shareholders of the Parent Company approved no cash dividends or bonus shares for the year ended 31 December 2011.

**8 MURABAHA AND SUKUK PAYABLES**

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2012</i>	<i>2011</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Murabaha payables	5,269,960	21,672,220	66,334,792
Sukuk payable (Note 10)	27,200,000	27,267,000	42,097,000
	<u>32,469,960</u>	<u>48,939,220</u>	<u>108,431,792</u>

During the current period, the management of the Parent Company has settled its murabaha payables amounting to KD 12,666,688 with certain banks and financial institutions by transfer of certain assets (which includes financial assets available-for-sale (Note 5) and investment in associates (Note 6)) resulting in total gain on transfer of assets of KD 2,324,675 which has been recognised in the interim condensed consolidated financial information. On settlement of murabaha payables the Parent Company received a discount of KD 1,110,365 which has been recognised in the interim condensed consolidated statement of income.

Murabaha payables represent murabaha contracts with various financial institutions. The average effective cost attributable to these contracts ranges from 2.50% to 5.00% (31 December 2011: 3.58% to 5.00% and 31 March 2011: 1.95% to 5.00%) per annum.

As of 31 December 2011, murabaha facility amounting to KD 3,719,365 (31 March 2011: KD 5,181,330) was 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.

As of 31 March 2012, the Group has overdue murabaha obligations which amounted to KD 300,000.

Sukuk payables are repayable in four semi-annual instalments starting from 31 March 2014. 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2012

9 OTHER LIABILITIES

	31 March 2012 KD	(Audited)	31 March 2011 KD
		31 December 2011 KD	
Obligation to a financial institution	9,384,095	-	-
Other payables	2,712,219	2,307,431	4,645,334
Accrued expenses	1,757,961	2,550,574	1,513,938
	<u>13,854,275</u>	<u>4,858,005</u>	<u>6,159,272</u>

Subsequent to the reporting date, the obligation to a financial institution was settled.

10 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 income statement	Other related parties KD	Three months ended 31 March	
		Total 2012 KD	Total 2011 KD
Management fees	14,345	14,345	39,605
Finance costs	375,801	375,801	540,641

Interim condensed consolidated statement of financial position	Other related parties KD	Total 31 March 2012 KD	(Audited)	31 March 2011 KD
			31 December 2011 KD	
Due from related parties	-	-	-	3,319,503
Provision for due from related parties	-	-	-	1,659,752
Management fees receivable	18,624	18,624	13,429	26,931
Murabaha payables	-	-	-	5,000,000
Sukuk payable (Note 8)	27,200,000	27,200,000	27,267,000	42,097,000

Key management personnel compensation

	Three months ended 31 March	
	2012 KD	2011 KD
Salaries and other short term benefits	63,900	50,900
Terminal benefits	6,133	12,598
	<u>70,033</u>	<u>63,498</u>

Other transactions

The Group also manages portfolios on behalf of related parties amounting to KD 46,277,568 (31 December 2011: KD 65,372,152 and 31 March 2011: KD 41,450,936) which are not reflected in the Group's interim condensed consolidated statement of financial position.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2012

11 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	
	2012	2011	2012	2011	2012	2011	2012	2011
	KD	KD	KD	KD	KD	KD	KD	KD
<b>Three months ended 31 March</b>								
Revenue	2,090,655	5,481	1,699,290	2,519,370	61,724	27,409	3,851,669	2,552,260
Expenses	(1,720,176)	(2,301,845)	479,120	(39,259)	(476,875)	-	(1,717,931)	(2,341,104)
Results – Profit (loss)	370,479	(2,296,364)	2,178,410	2,480,111	(415,151)	27,409	2,133,738	211,156
<b>At 31 March</b>								
Operating assets	54,539,411	48,221,317	84,149,911	117,203,598	19,521,160	41,858,023	158,210,482	207,282,938
Operating liabilities	44,635,026	100,205,392	1,401,153	9,098,196	288,056	5,287,476	46,324,235	114,591,064

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2012

**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 bank balances and cash, 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 and sukuk payables at the reporting date is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on management's estimate of liquidation of those assets and liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of assets and liabilities are as follows:

<i>At 31 March 2012</i>	<i>Maturing within one year</i>			<i>Sub-total KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
	<i>Within 3 months KD</i>	<i>3 to 6 months KD</i>	<i>6 to 12 months KD</i>			
<b>TOTAL ASSETS</b>	19,113,496	23,652,213	25,846,170	68,611,879	89,598,603	158,210,482
<b>TOTAL LIABILITIES</b>	13,321,003	2,344,140	631,904	16,297,047	30,027,188	46,324,235
<b>NET LIQUIDITY GAP</b>	<b>5,792,493</b>	<b>21,308,073</b>	<b>25,214,266</b>	<b>52,314,832</b>	<b>59,571,415</b>	<b>111,886,247</b>

<i>At 31 December 2011 (Audited)</i>	<i>Maturing within one year</i>			<i>Sub-total KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
	<i>Within 3 months KD</i>	<i>3 to 6 months KD</i>	<i>6 to 12 months KD</i>			
<b>TOTAL ASSETS</b>	26,350,709	2,916,517	20,807,724	50,074,950	114,739,614	164,814,564
<b>TOTAL LIABILITIES</b>	22,807,310	1,327,677	236,068	24,371,055	29,426,170	53,797,225
<b>NET LIQUIDITY GAP</b>	<b>3,543,399</b>	<b>1,588,840</b>	<b>20,571,656</b>	<b>25,703,895</b>	<b>85,313,444</b>	<b>111,017,339</b>

**13 COMMITMENTS AND CONTINGENCIES**

**Commitments**

	<i>31 March 2012 KD</i>	<i>(Audited) 31 December 2011 KD</i>	<i>31 March 2011 KD</i>
Uncalled capital of financial assets available-for-sale	-	-	250,000
Capital commitments for properties under development	11,793,189	11,827,581	-
Operating lease rentals due within one year	54,248	72,330	54,248
	<b>11,847,437</b>	<b>11,899,911</b>	<b>304,248</b>

**Contingencies**

At the reporting date, the Group had bank guarantees amounting to KD 1,364,769 (31 December 2011: KD 1,364,769 and 31 March 2011: KD 1,364,769) for which the management anticipates that no material liabilities will arise. These expire within a period of 12 months from the reporting date.