

**First Investment Company K.S.C. (Closed)
and its Subsidiaries**
**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**
30 SEPTEMBER 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 30 September 2012 and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine 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 nine months period ended 30 September 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 nine months period ended 30 September 2012.



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

12 November 2012
Kuwait



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 30 September 2012

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2012 KD	2011 KD	2012 KD	2011 KD
INCOME					
Murabaha and ijara income		15,623	27,852	58,302	64,634
Realised (loss) gain on financial assets at fair value through profit or loss		-	(120,679)	70,552	(958,474)
Unrealised (loss) gain on financial assets at fair value through profit or loss		(14,996)	54,007	(11,558)	1,674,476
Gain (loss) on disposal of investment properties		91,954	-	91,954	(93,392)
(Loss) gain on disposal of financial assets available-for-sale		(7,799)	-	1,690,196	(38,604)
Gain on disposal of properties under development		-	-	-	1,590,472
Unrealised gain on revaluation of investment properties	7	151,183	-	151,183	178,440
Management fees		204,385	127,810	426,914	326,823
Dividend income		1,794	42,042	110,533	188,723
Gain on disposal of associates	6	-	2,424,483	772,299	2,416,626
Share of results of associates		362,328	(18,111)	562,560	100,146
Gain on settlement of murabaha payables	9	-	-	1,110,365	-
Other income		252,737	94,474	538,783	209,083
		<u>1,057,209</u>	<u>2,631,878</u>	<u>5,572,083</u>	<u>5,658,953</u>
EXPENSES					
Provision/(reversal) against murabaha and ijara receivables – net		27,000	213,821	(76,338)	432,859
Impairment of financial assets available-for-sale	5	-	295,638	810,050	514,058
Provision and write off of other assets		-	-	176,342	1,659,751
Staff costs		457,208	459,261	1,590,579	1,016,910
Foreign exchange (gain) loss		(96,259)	140,013	(933,477)	995,348
Depreciation		41,939	39,842	101,112	59,489
Finance costs		377,118	1,239,717	1,319,467	3,862,207
Other expenses		234,746	230,438	647,503	557,631
		<u>1,041,752</u>	<u>2,618,730</u>	<u>3,635,238</u>	<u>9,098,253</u>
PROFIT (LOSS) BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT					
		15,457	13,148	1,936,845	(3,439,300)
Contribution to KFAS		-	-	(11,660)	-
NLST		-	-	(47,842)	-
Zakat		-	-	(19,043)	-
		<u>15,457</u>	<u>13,148</u>	<u>1,858,300</u>	<u>(3,439,300)</u>
PROFIT (LOSS) FOR THE PERIOD					
Attributable to:					
Owners of the Parent Company		58,317	58,336	1,994,345	(3,798,229)
Non-controlling interests		(42,860)	(45,188)	(136,045)	358,929
		<u>15,457</u>	<u>13,148</u>	<u>1,858,300</u>	<u>(3,439,300)</u>
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY					
	3	<u>0.1 fils</u>	<u>0.1 fils</u>	<u>3.1 fils</u>	<u>(5.8) 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 30 September 2012

	<i>Note</i>	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit (loss) for the period		15,457	13,148	1,858,300	(3,439,300)
Other comprehensive income					
Financial assets available-for-sale:					
Unrealised gain (loss) on financial assets available-for-sale		7,310	3,684,069	(1,284,901)	1,719,673
Impairment of financial assets available-for-sale	5	-	295,638	810,050	514,058
Net unrealised gain (loss) on financial assets available-for-sale		7,310	3,979,707	(474,851)	2,233,731
Share of other comprehensive income of associates		20,162	952,624	61,781	449,661
Exchange differences on translation of foreign operations		2,986	224,654	(474,781)	(1,159,888)
Other comprehensive income (loss) for the period		30,458	5,156,985	(887,851)	1,523,504
Total comprehensive income (loss) for the period		45,915	5,170,133	970,449	(1,915,796)
Attributable to:					
Owners of the Parent Company		98,009	5,181,343	1,055,992	(2,156,304)
Non-controlling interests		(52,094)	(11,210)	(85,543)	240,508
		45,915	5,170,133	970,449	(1,915,796)


The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

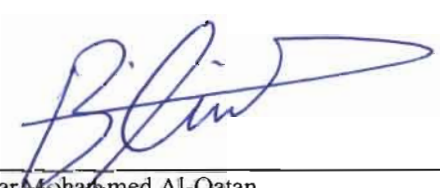
First Investment Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2012

		30 September 2012 KD	(Audited) 31 December 2011 KD	30 September 2011 KD
ASSETS				
Bank balances and cash	4	8,858,100	9,314,660	8,528,353
Financial assets at fair value through profit or loss		1,482,473	1,804,747	23,697,004
Murabaha and ijara receivables		2,118,610	2,383,916	5,099,280
Financial assets available-for-sale	5	57,139,523	65,062,640	78,159,226
Investment in associates	6	52,531,665	55,293,202	61,824,131
Properties under development		18,408,274	17,857,359	29,276,268
Investment properties	7	1,333,519	6,383,054	3,012,500
Other assets		2,620,922	5,521,857	4,295,920
Property and equipment		1,155,125	1,193,129	1,224,029
TOTAL ASSETS		145,648,211	164,814,564	215,116,711
EQUITY AND LIABILITIES				
Equity				
Share capital	8	65,107,055	65,107,055	65,107,055
Share premium		18,250,362	18,250,362	18,250,362
Statutory reserve		216,274	216,274	-
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		158,578	632,864	81,411
Foreign currency translation reserve		515,835	979,902	(854,970)
Retained earnings (accumulated losses)		3,844,359	1,850,014	(3,798,229)
Equity attributable to owners of the Parent Company		92,199,892	91,143,900	82,893,058
Non-controlling interests		19,520,436	19,873,439	22,656,916
Total equity		111,720,328	111,017,339	105,549,974
Liabilities				
Murabaha and sukuk payables	9	29,403,617	48,939,220	104,358,908
Other liabilities	10	4,524,266	4,858,005	5,207,829
Total liabilities		33,927,883	53,797,225	109,566,737
TOTAL EQUITY AND LIABILITIES		145,648,211	164,814,564	215,116,711


Khalid S. Al-Sagheer
Chairman and Managing Director


Badar Mohammed Al-Qatan
Vice Chairman

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 30 September 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	-	-	-	-	-	-	-	1,994,345	1,994,345	(136,045)	1,858,300	
Other comprehensive (loss) income for the period	-	-	-	-	-	(474,286)	(464,067)	-	(938,353)	50,502	(887,851)	
Total comprehensive (loss) income for the period	-	-	-	-	-	(474,286)	(464,067)	1,994,345	1,055,992	(85,543)	970,449	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(267,460)	(267,460)	
At 30 September 2012	65,107,055	18,250,362	216,274	3,016,890	1,090,539	158,578	515,835	3,844,359	92,199,892	19,520,436	111,720,328	
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	-	-	-	-	-	-	-	(3,798,229)	(3,798,229)	358,929	(3,439,300)	
Other comprehensive income (loss) for the period	-	-	-	-	-	2,816,517	(1,174,592)	-	1,641,925	(118,421)	1,523,504	
Total comprehensive income (loss) for the period	-	-	-	-	-	2,816,517	(1,174,592)	(3,798,229)	(2,156,304)	240,508	(1,915,796)	
Write-off of accumulated losses (Note 8)	-	(3,240,221)	(7,275,988)	-	-	-	-	10,516,209	-	-	-	
Arising on a business combination	-	-	-	-	-	-	-	-	-	13,965,288	13,965,288	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(480,780)	(480,780)	
At 30 September 2011	65,107,055	18,250,362	-	3,016,890	1,090,539	81,411	(854,970)	(3,798,229)	82,893,058	22,656,916	105,549,974	

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 30 September 2012

	Notes	Nine months ended 30 September	
		2012 KD	2011 KD
OPERATING ACTIVITIES			
Profit (loss) for the period		1,858,300	(3,439,300)
Adjustments for:			
Depreciation		101,112	59,489
Finance costs		1,319,467	3,862,207
Murabaha and ijara income		(58,302)	(64,634)
Realised (gain) loss on financial assets at fair value through profit or loss		(70,552)	958,474
Unrealised loss (gain) on financial assets at fair value through profit or loss		11,558	(1,674,476)
(Gain) loss on disposal of financial assets available-for-sale		(1,690,196)	38,604
Gain on disposal of properties under development		-	(1,590,472)
Unrealised gain on revaluation of investment properties	7	(151,183)	(178,440)
(Gain) loss on disposal of investment properties		(91,954)	93,392
Gain on disposal of associates		(772,299)	(2,416,626)
Dividend income		(110,533)	(188,723)
Share of results of associates		(562,560)	(100,146)
Impairment of financial assets available-for-sale	5	810,050	514,058
(Reversal)/provision against murabaha and ijara receivables – net		(76,338)	432,859
Gain on settlement of murabaha payable	9	(1,110,365)	-
Provision and write-off of other assets		176,342	1,659,751
Foreign exchange (gain) loss		(933,477)	995,348
		(1,350,930)	(1,038,635)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		344,173	(1,176,068)
Murabaha and ijara receivables		445,664	147,028
Other assets		2,583,618	929,734
Other liabilities		(397,805)	104,550
		1,624,720	(1,033,391)
Murabaha and ijara income received		56,945	32,065
Finance costs paid		(1,785,839)	(3,975,384)
		(104,174)	(4,976,710)
INVESTING ACTIVITIES			
Arising on acquisition of a subsidiary		-	1,500,103
Dividend income received		110,533	188,723
Purchase of financial assets available-for-sale		-	(277,154)
Proceeds from disposal of financial assets available-for-sale		970,444	150,658
Proceeds from disposal of investment properties		6,117,856	1,856,801
Purchase of investment properties		(439,336)	-
Purchase of investment in associates		(1,912,169)	(5,568)
Proceeds from disposal of investment in associates		1,830,595	4,688,894
Dividends received from associates		319,992	-
Purchase of properties under development		(296,113)	(1,744,505)
Purchase of property and equipment		(63,108)	(114,525)
		6,638,694	6,243,427
FINANCING ACTIVITIES			
Additions in murabaha and sukuk payables		-	1,231,329
Repayment of murabaha and sukuk payables		(6,723,620)	(2,543,083)
Distribution to non-controlling interests		(267,460)	(480,780)
		(6,991,080)	(1,792,534)
NET DECREASE IN BANK BALANCES AND CASH		(456,560)	(525,817)
Bank balances and cash at 1 January		9,314,660	9,054,170
BANK BALANCES AND CASH AT 30 SEPTEMBER	4	8,858,100	8,528,353

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 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 nine months period ended 30 September 2012 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 12 November 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, Kuwait.

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 nine months ended 30 September 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 nine months period ended 30 September 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 (loss) earnings per share is computed by dividing the (loss) profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
Profit (loss) for the period attributable to owners of the Parent Company (KD)	<u>58,317</u>	<u>58,336</u>	<u>1,994,345</u>	<u>(3,798,229)</u>
Weighted average number of shares outstanding during the period	<u>651,070,551</u>	<u>651,070,551</u>	<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>0.1 fils</u>	<u>0.1 fils</u>	<u>3.1 fils</u>	<u>(5.8) 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 30 September 2012

4 BANK BALANCES AND CASH

	<i>30 September</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>30 September</i> <i>2011</i> <i>KD</i>
Cash	400	400	400
Bank balances	8,857,700	9,314,260	8,527,953
	<u>8,858,100</u>	<u>9,314,660</u>	<u>8,528,353</u>

Bank balances include KD 2,199,333 as at 31 December 2011 and KD 2,208,463 as at 30 September 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>30 September</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>30 September</i> <i>2011</i> <i>KD</i>
Unquoted equity securities	32,545,959	33,884,881	47,192,899
Quoted equity securities	208,705	6,905,703	6,348,719
Sukuk	23,871,719	23,655,161	23,393,352
Unquoted and managed funds	160,417	264,172	684,033
Real estate portfolios	352,723	352,723	540,223
	<u>57,139,523</u>	<u>65,062,640</u>	<u>78,159,226</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 30 September 2012 in respect of these investments.

During the period, a 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 9) resulting in a gain of KD 1,556,750 which is recognised in the interim condensed consolidated statement of income.

During the period, the Group has recorded impairment loss of KD Nil (30 September 2011: KD 422,767) on quoted equity securities, KD Nil (30 September 2011: KD 91,291) on unquoted managed funds and KD 810,050 (30 September 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 30 September 2012

6 INVESTMENT IN ASSOCIATES

	County of incorporation	30 September 2012		(Audited)		30 September 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%	1,525,338	40.00%	1,643,592	40.00%	1,654,726
Arkan Al-Kuwait Real Estate Company K.S.C. (Closed)	Kuwait	29.03%	10,471,789	28.86%	10,265,005	28.86%	10,284,406
Burgan Company for Well Drilling K.S.C. (Closed)	Kuwait	20.46%	24,749,711	20.07%	24,303,578	20.07%	24,303,578
First Education Company K.S.C. (Closed)	Kuwait	17.16%	2,494,667	16.49%	2,390,696	16.49%	2,272,220
First Investment Bank B.S.C. (Closed) ("FIB") (a)	Bahrain	-	-	26.66%	1,619,935	26.66%	8,187,817
First Real Estate Investment Company K.S.C. (Closed) (b)	Kuwait	-	-	19.79%	3,240,414	19.79%	3,271,696
Sahab Al-Khalij Real Estate Company B.S.C. (Closed)	Bahrain	35.29%	1,075,546	35.29%	1,385,403	35.29%	1,358,728
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	10,802,578	37.40%	10,444,579	37.40%	10,490,960
Al Jazeera Al Oula Real Esate (W.L.L.) (c)	Saudi Arabia	20.90%	1,412,036	-	-	-	-
			<u>52,531,665</u>		<u>55,293,202</u>		<u>61,824,131</u>

a) During the 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 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 9) 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.

c) During the period, the Parent Company has invested in Al Jazeera Al Oula Real Estate W.L.L. ("JORE") of KD 1,412,036 which represents 20.90% of the net assets of JORE. Currently, the Parent Company also holds 79.10% of the net assets of JORE in a fiduciary capacity which is not reflected in the Group's interim condensed consolidated statement of financial position.

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

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7 INVESTMENT PROPERTIES

	<i>30 September</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>30 September</i> <i>2011</i> <i>KD</i>
At 1 January	6,383,054	1,950,803	1,950,803
Additions/Transfers	807,336	8,750,141	2,834,060
Disposals	(6,025,902)	(4,784,863)	(1,950,803)
Revaluation gain	151,183	467,458	178,440
Foreign currency adjustment	17,848	(485)	-
	<u>1,333,519</u>	<u>6,383,054</u>	<u>3,012,500</u>

8 SHARE CAPITAL AND DIVIDENDS

At 30 September 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 30 September 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.

On 9 May 2011, the Annual General Assembly of the shareholders of the Parent Company approved no cash dividends or bonus shares for the year ended 31 December 2010. It also approved the write-off of accumulated losses of KD 10,516,209 as of 31 December 2010, against statutory reserve of KD 7,275,988 and share premium of KD 3,240,221.

9 MURABAHA AND SUKUK PAYABLES

	<i>30 September</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>30 September</i> <i>2011</i> <i>KD</i>
Murabaha payables	2,203,617	21,672,220	62,261,908
Sukuk payable (Note 11)	27,200,000	27,267,000	42,097,000
	<u>29,403,617</u>	<u>48,939,220</u>	<u>104,358,908</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.

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.

10 OTHER LIABILITIES

	<i>30 September</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>30 September</i> <i>2011</i> <i>KD</i>
Other payables	2,782,538	2,307,431	1,960,980
Accrued expenses	1,741,728	2,550,574	3,246,849
	<u>4,524,266</u>	<u>4,858,005</u>	<u>5,207,829</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2012

11 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	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>Nine months ended 30 September</i>	
			Total 2012 KD	<i>Total 2011 KD</i>
Management fees	-	33,364	33,364	99,794
Gain on disposal of investment properties	91,954	-	91,954	-
Finance costs	-	1,057,664	1,057,664	1,630,729
Provision for other assets	-	-	-	1,659,751

Interim condensed consolidated statement of financial position	<i>Other related parties KD</i>	Total 30 September 2012 KD	<i>(Audited)</i>	
			<i>31 December 2011 KD</i>	<i>30 September 2011 KD</i>
Due from related parties	-	-	-	3,319,503
Provision against due from related parties	-	-	-	3,319,503
Management fees receivable	17,119	17,119	13,429	21,295
Murabaha payables	-	-	-	4,900,000
Sukuk payable (Note 9)	27,200,000	27,200,000	27,267,000	42,097,000

Key management personnel compensation

	<i>Nine months ended 30 September</i>	
	2012 KD	<i>2011 KD</i>
Salaries and other short term benefits	198,100	172,700
Terminal benefits	122,014	55,100
	320,114	<u>227,800</u>

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 46,037,858 (31 December 2011: KD 65,372,152 and 30 September 2011: KD 37,573,562) 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 30 September 2012

12 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
Nine months ended 30 September								
Revenue	3,178,229	609,057	2,141,117	5,099,909	252,737	(50,013)	5,572,083	5,658,953
Expenses	(3,879,082)	(5,788,122)	713,660	(3,218,840)	(469,816)	(91,291)	3,635,238	(9,098,253)
Results -(Loss) profit	(700,853)	(5,179,065)	2,854,777	1,881,069	(217,079)	(141,304)	1,936,845	(3,439,300)
At 30 September								
Operating assets	54,505,934	61,396,323	70,747,791	111,896,012	20,394,486	41,824,376	145,648,211	215,116,711
Operating liabilities	32,035,640	99,796,424	1,600,660	4,870,313	291,583	4,900,000	33,927,883	109,566,737

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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At 30 September 2012

13 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>30 September 2012 KD</i>	<i>(Audited) 31 December 2011 KD</i>	<i>30 September 2011 KD</i>
Uncalled capital of financial assets available-for-sale	-	-	250,000
Capital commitments for properties under development	11,935,860	11,827,581	11,696,676
Operating lease rentals due within one year	18,083	72,330	18,083
	<u>11,953,943</u>	<u>11,899,911</u>	<u>11,964,759</u>

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 1,364,769 (31 December 2011: KD 1,364,769 and 30 September 2011: KD 1,364,769) for which the management anticipates that no material liabilities will arise. These expire within a period of 6 months from the reporting date.