

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

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

31 MARCH 2015



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF FIRST INVESTMENT COMPANY K.S.C.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 2015 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of 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 and its executive regulations, or of the Articles of Association and Memorandum of Incorporation of the Parent Company during the three months period ended 31 March 2015 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 2015 that might have had material effect on the business of the Parent Company or on its financial position.

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

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2015

		Three months ended 31 March	
	Notes	2015 KD	2014 KD
INCOME			
Murabaha income		27,841	8,874
Rental income		-	45,276
Realised loss on sale of financial assets at fair value through profit or loss		(6,842)	-
Unrealised gain on financial assets at fair value through profit or loss		17,558	256,970
Gain on sale of financial assets available for sale		789	5,126
Management fees		101,457	120,047
Dividends income		4,346	-
Share of results of associates	6	1,064,609	198,253
Gain on disposal of properties under development		-	50,280
Other income		39,777	10,249
Foreign exchange gain		1,064,944	3,393
		<u>2,314,479</u>	<u>698,468</u>
EXPENSES			
Staff costs		418,577	383,662
Depreciation		37,070	40,338
Finance costs		426	301,808
Other expenses		134,216	142,534
		<u>590,289</u>	<u>868,342</u>
PROFIT (LOSS) BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT			
		1,724,190	(169,874)
Contribution to KFAS		(5,349)	-
Contribution to NLST		(18,030)	-
Zakat		(7,454)	-
		<u>1,693,357</u>	<u>(169,874)</u>
PROFIT (LOSS) FOR THE PERIOD			
		<u>1,693,357</u>	<u>(169,874)</u>
Attributable to:			
Equity holders of the Parent Company		1,753,119	(204,862)
Non-controlling interests		(59,762)	34,988
		<u>1,693,357</u>	<u>(169,874)</u>
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY			
	3	2.70 fils	(0.32) fils

The attached notes 1 to 12 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 2015

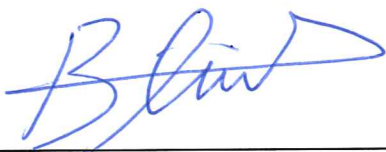
	<i>Three months ended 31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Profit (loss) for the period	1,693,357	(169,874)
Other comprehensive loss for the period		
<i>Other comprehensive loss to be reclassified to consolidated statement of income in subsequent periods:</i>		
Unrealised (loss) gain on financial assets available for sale	(1,078)	749
Share of other comprehensive income (loss) in associates	235,810	(11,791)
Exchange differences on translation of foreign operations	(921,278)	(61,437)
Other comprehensive loss for the period	(686,546)	(72,479)
Total comprehensive income (loss) for the period	1,006,811	(242,353)
Attributable to:		
Equity holders of the Parent Company	1,056,077	(253,452)
Non-controlling interests	(49,266)	11,099
	1,006,811	(242,353)


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2015

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Notes</i>			
ASSETS			
Cash and cash equivalents	4	35,433,113	36,920,815
Financial assets at fair value through profit or loss		576,012	671,839
Murabaha and ijara receivables		-	-
Financial assets available for sale	5	27,253,340	27,254,927
Investment in associates	6	47,037,061	46,293,802
Properties under development		2,182,294	2,169,445
Investment properties		29,506,076	29,567,473
Other assets		2,496,411	2,857,090
Property and equipment		930,787	950,540
TOTAL ASSETS		145,415,094	146,685,931
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	65,107,055	65,107,055
Share premium		18,250,362	18,250,362
Treasury shares	7	(232,526)	(142,918)
Statutory reserve		984,974	984,974
Share options reserve		3,016,890	3,016,890
Treasury shares reserve		1,118,684	1,118,684
Cumulative changes in fair values reserve		154,257	155,335
Foreign currency translation reserve		856,801	1,552,765
Retained earnings		10,194,557	8,441,438
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		99,451,054	98,484,585
Non-controlling interests		11,931,660	13,865,879
TOTAL EQUITY		111,382,714	112,350,464
LIABILITIES			
Murabaha and sukuk payables	8	27,713,119	27,766,048
Other liabilities		6,319,261	6,569,419
TOTAL LIABILITIES		34,032,380	34,335,467
TOTAL EQUITY AND LIABILITIES		145,415,094	146,685,931


Bader Mohammed Al-Qatan
Chairman


Eisa A. S. Alweggian
Chief Executive Officer

The attached notes 1 to 12 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 2015

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 2015	65,107,055	18,250,362	(142,918)	984,974	3,016,890	1,118,684	155,335	1,552,765	8,441,438	98,484,585	13,865,879	112,350,464
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,753,119	1,753,119	(59,762)	1,693,357
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(1,078)	(695,964)	-	(697,042)	10,496	(686,546)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	(1,078)	(695,964)	1,753,119	1,056,077 (89,608)	(49,266)	1,006,811 (89,608)
Purchase of treasury shares	-	-	(89,608)	-	-	-	-	-	-	-	-	-
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,884,953)	(1,884,953)
At 31 March 2015	65,107,055	18,250,362	(232,526)	984,974	3,016,890	1,118,684	154,257	856,801	10,194,557	99,451,054	11,931,660	111,382,714
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 (loss) income for the period	-	-	-	-	-	-	749	(49,339)	-	(48,590)	(23,889)	(72,479)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	749	(49,339)	(204,862)	(253,452)	11,099	(242,353)
Addition to non-controlling interests	-	-	-	-	-	-	-	-	-	-	42,342	42,342
At 31 March 2014	65,107,055	18,250,362	(142,918)	539,218	3,016,890	1,118,684	276,779	552,230	4,445,444	93,163,744	19,662,690	112,826,434

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2015

		Three months ended 31 March	
		2015	2014
Note	KD	KD	
OPERATING ACTIVITIES			
Profit (loss) for the period before KFAS, NLST and Zakat		1,724,190	(169,874)
Adjustments to reconcile profit (loss) for the period to net cash flows:			
Murabaha income		(27,841)	(8,874)
Realised loss on sale of financial assets at fair value through profit or loss		6,842	-
Unrealised gain on financial assets at fair value through profit or loss		(17,558)	(256,970)
Gain on sale of financial assets available for sale		(789)	(5,126)
Dividends income		(4,346)	-
Share of results of associates		(1,064,609)	(198,253)
Gain on disposal of properties under development		-	(50,280)
Foreign exchange gain		(1,064,944)	(3,393)
Depreciation		37,070	40,338
Finance costs		426	301,808
		(411,559)	(350,624)
Changes in operating assets and liabilities:			
Net movement on financial assets at fair value through profit or loss		110,889	88,026
Other assets		405,521	918,903
Other liabilities		(196,334)	(528,715)
		(91,483)	127,590
Murabaha income received		27,841	8,874
Finance costs paid		(426)	-
Net cash flows (used in) from operating activities		(64,068)	136,464
INVESTING ACTIVITIES			
Proceeds from sale of financial assets available for sale		2,616	399,153
Purchase of investment properties		(60,395)	(222,896)
Proceeds from sale of investments properties		121,792	-
Addition to investment in associates		(276,979)	-
Dividends received from associates		834,139	98,338
Purchase of properties under development		-	(807,489)
Proceeds from disposal of properties under development		-	436,920
Purchase of property and equipment		(17,317)	(4,738)
Net cash flows from (used in) investing activities		603,856	(100,712)
FINANCING ACTIVITIES			
Repayment of murabaha and sukuk payables		(52,929)	-
Purchase of treasury shares		(89,608)	-
(Distributions) addition to non-controlling interests		(1,884,953)	42,342
Net cash flows (used in) from financing activities		(2,027,490)	42,342
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,487,702)	78,094
Cash and cash equivalents at 1 January		36,920,815	5,622,420
CASH AND CASH EQUIVALENTS AT 31 March	4	35,433,113	5,700,514

The attached notes 1 to 12 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)

As at 31 March 2015

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 2015 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 14 May 2015.

The Annual General Assembly of the shareholders of the Parent Company for the year ended 31 December 2014 has not yet been held and consequently these consolidated financial statements are subject to the approval of this Assembly.

The Parent Company is a Kuwaiti public shareholding company incorporated on 26 July 1997 and 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 investment and financial services and all activities are carried out in compliance with the Memorandum of Incorporation, the Articles 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 transitions 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 funds 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the three months period ended 31 March 2015 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual audited consolidated financial statements for the year ended 31 December 2014.

The annual audited consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Capital Market Authority and 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 that are not provided specifically.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014. In the opinion of the Parent Company's 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 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Amendments to International Financial Reporting Standards (IFRSs) which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

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

Basic and diluted earnings (loss) per share are calculated by dividing the profit (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group.

	<i>Three months ended</i> <i>31 March</i>	
	<i>2015</i>	<i>2014</i>
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	<u>1,753,119</u>	<u>(204,862)</u>
Weighted average number of shares outstanding during the period	<u>649,703,884</u>	<u>649,870,551</u>
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	<u>2.70 fils</u>	<u>(0.32) fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2015

4 CASH AND CASH EQUIVALENTS

	31 March 2015 KD	(Audited) 31 December 2014 KD	31 March 2014 KD
Cash	400	400	400
Bank balances	13,001,635	35,352,260	5,612,088
Cash retained in portfolios	1,545,799	1,568,155	88,026
Deposits with original maturity of less than 3 months	20,885,279	-	-
	<u>35,433,113</u>	<u>36,920,815</u>	<u>5,700,514</u>

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	31 March 2015 KD	(Audited) 31 December 2014 KD	31 March 2014 KD
Unquoted equity securities	27,198,658	27,198,658	28,589,848
Quoted equity securities	1,365	4,270	7,065
Managed funds	53,317	51,999	86,988
	<u>27,253,340</u>	<u>27,254,927</u>	<u>28,683,901</u>

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. 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 2015 in respect of these investments.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

6 INVESTMENT IN ASSOCIATES

	31 March 2015		(Audited) 31 December 2014		31 March 2014	
	County of incorporation	Percentage of ownership	Amount KD	Percentage of ownership	Amount KD	Amount KD
Adeem Capital (Saudi Shareholders Closed Company)	Saudi Arabia	40.00%	1,243,161	40.00%	1,283,999	1,448,608
Arkan Al-Kuwait Real Estate Company K.S.C.P.	Kuwait	29.06%	11,830,762	29.06%	11,648,058	10,816,972
Burgan Company for Well Drilling K.S.C.P.	Kuwait	20.46%	15,467,232	20.46%	15,467,232	25,471,800
First Education Company K.S.C. (Closed) ("FEDCO")	Kuwait	21.32%	3,545,081	21.32%	3,545,081	3,409,369
Sahab Al-Khalij Real Estate Company B.S.C. (Closed) (Under liquidation)	Bahrain	35.29%	67,483	35.29%	69,599	368,913
Taameer Investment Company (O.L.L.C.)	Oman	37.40%	12,161,619	37.40%	11,903,956	11,213,145
Al Jazeera Al Oula Real Estate (W.L.L) ("JOIRE")	Saudi Arabia	20.90%	2,721,723	20.90%	2,375,877	2,290,516
			<u>47,037,061</u>		<u>46,293,802</u>	<u>55,019,323</u>

Shares of investment in associate with carrying value of KD 15,131,248 (31 December 2014: KD 15,002,823 and 31 March 2014: 18,826,915) are pledged as collateral against Murabaha payables (Note 8).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2015

6 INVESTMENT IN ASSOCIATES (continued)

The movement in the carrying value of investment in associates is as follows:

	31 March 2015	(Audited) 31 December 2014	31 March 2014
At 1 January	46,293,802	55,164,535	55,164,535
Additions	276,979	-	-
Redemption	-	(272,110)	-
Dividends received	(834,139)	(331,008)	(331,008)
Impairment	-	(10,101,113)	-
Foreign currency translation adjustment	235,810	338,314	(12,457)
Cumulative change in fair value	-	(119,812)	-
Share of results	1,064,609	1,614,996	198,253
At 31 December	<u>47,037,061</u>	<u>46,293,802</u>	<u>55,019,323</u>

7 SHARE CAPITAL, DIVIDENDS AND TREASURY SHARES

(i) Share Capital

At 31 March 2015, the authorised, issued and fully paid up capital of the Parent Company comprises of 651,070,551 (31 December 2014: 651,070,551 and 31 March 2014: 651,070,551) shares of 100 fils each. All shares are paid in cash.

(ii) Dividends

The Board of Directors of the Parent Company proposed cash dividends of 5 fils / share for the year ended 31 December 2014 (31 December 2013: Nil). This proposal is subject to the approval of the Annual General Assembly Meeting which is not yet held, accordingly those dividends are not recognized as a liability as at 31 March 2015.

(iii) Treasury shares

	31 March 2015	(Audited) 31 December 2014	31 March 2014
Number of treasury shares	2,200,000	1,200,000	1,200,000
Percentage of issued shares	0.34%	0.18%	0.18%
Cost of treasury shares in KD	232,526	142,918	142,918
Market value (KD)	184,800	124,800	114,000

The balance in the treasury share reserve account is not available for distribution.

8 MURABAHA AND SUKUK PAYABLES

	31 March 2015 KD	(Audited) 31 December 2014 KD	31 March 2014 KD
Murabaha payables	27,713,119	27,766,048	-
Sukuk payable	-	-	27,200,000
	<u>27,713,119</u>	<u>27,766,048</u>	<u>27,200,000</u>

During last year, the Parent Company signed settlement agreement with the Sukuk holder to swap the Sukuk payable and its profits amounting to KD 27,200,000 and KD 379,331 respectively, with part of its investment properties with a carrying a value of KD 26,900,000. According to the new settlement agreement, the Parent Company will transfer the ownership title of the investment property within one year of signing the agreement with further grace period of six months subject to Sukuk holder approval, meanwhile the Sukuk payable has been transferred to Murabaha payable.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

8 MURABAHA AND SUKUK PAYABLES (continued)

As part of the settlement agreement, the Parent Company pledged as a collateral for Murabaha payables, 18,895,812 shares of Burgan Company for Well Drilling K.S.C.P.(Associate) and 48,860,532 shares of Arkan Al-Kuwait Real Estate Company K.S.C.P (Associate) (Note 6).

9 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	Three months ended 31 March	
	2015 KD	2014 KD
Management fees	3,768	3,389
Finance costs	-	301,808

Interim condensed consolidated statement of financial position	31 March 2015 KD	(Audited) 31 December 2014 KD	31 March 2014 KD
Management fees and other receivables	51,500	41,158	93,219
Murabaha and sukuk payables (Note 8)	-	27,579,331	27,200,000

Key management personnel compensation

	Three months ended 31 March	
	2015 KD	2014 KD
Salaries and other short term benefits	49,050	37,550
Terminal benefits	6,978	5,315
	<u>56,028</u>	<u>42,865</u>

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 4,949,591 (31 December 2014:KD 6,908,304 and 31 March 2014: KD 6,709,484) 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)

As at 31 March 2015

10 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	KD	KD	KD	KD	KD	KD	KD	KD
Three months ended 31 March								
Income	1,075,581	482,376	1,098,708	195,712	140,190	20,380	2,314,479	698,468
Expenses	(485,277)	(770,947)	(105,012)	(97,395)	-	-	(590,289)	(868,342)
Results – Profit (loss) before contribution to KFAS, NLST and ZAKAT	590,304	(288,571)	993,696	98,317	140,190	20,380	1,724,190	(169,874)
As at 31 March								
Total assets	63,928,500	52,642,242	63,519,480	74,130,042	17,967,114	16,822,724	145,415,094	143,595,008
Total liabilities	29,218,040	28,766,366	4,630,170	2,002,208	184,170	-	34,032,380	30,768,574

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

11 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>31 March 2015 KD</i>	<i>(Audited) 31 December 2014 KD</i>	<i>31 March 2014 KD</i>
Operating lease rentals due within one year	54,248	72,330	54,248
	<u>54,248</u>	<u>72,330</u>	<u>54,248</u>

Contingencies

At the reporting date, the Group has provided bank guarantees amounting to KD 596,868 (31 December 2014: KD 596,868 and 31 March 2014: KD 1,364,769) for which the management anticipates that no material liabilities will arise.

12 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 27,198,658 (31 December 2014: KD 27,198,658 and 31 March 2014: KD 28,589,848) and certain financial assets at fair value through profit or loss carried at cost amounting to KD 197,558 (31 December 2014: KD 197,558 and 31 March 2014: 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 KD</i>	<i>Level: 3 KD</i>	<i>Total fair value KD</i>
31 March 2015			
<i>Financial assets at fair value through profit or loss:</i>			
- Equity securities	193,058	-	193,058
- Managed funds and portfolios	-	185,396	185,396
<i>Financial assets available for sale:</i>			
- Equity securities	1,365	-	1,365
- Managed funds and portfolios	-	53,317	53,317
	<u>194,423</u>	<u>238,713</u>	<u>433,136</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	Level 1 KD	Level 3 KD	Total KD
<i>31 December 2014</i>			
Financial assets at fair value through profit or loss			
- Equity securities	288,057	-	288,057
- Managed funds and portfolios	-	186,224	186,224
Financial assets available-for-sale			
- Equity securities	4,270	-	4,270
- Managed funds and portfolios	-	51,999	51,999
	<u>292,327</u>	<u>238,223</u>	<u>530,550</u>
	Level: 1 KD	Level: 3 KD	Total fair value KD
<i>31 March 2014</i>			
Financial assets at fair value through profit or loss:			
- Equity securities	927,652	-	927,652
- Managed funds and portfolios	-	1,498,845	1,498,845
Financial assets available for sale:			
- Equity securities	7,065	-	7,065
- Managed funds and portfolios	-	86,988	86,988
	<u>934,717</u>	<u>1,585,833</u>	<u>2,520,550</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 2015 KD	Loss recorded in the consolidated statement of income KD	Gain recorded in other comprehensive income KD	Net purchases, sales, transfers and settlements KD	At 31 March 2015 KD
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	186,224	(828)	-	-	185,396
Financial assets available for sale					
- Managed funds and portfolios	51,999	-	1,318	-	53,317
	At 1 January 2014 KD	Gain (loss) recorded in the consolidated statement of income KD	Gain recorded in other comprehensive income KD	Net purchases, sales, transfers and settlements KD	At 31 December 2014 KD
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	566,964	212,332	-	(593,072)	186,224
Financial assets available-for-sale					
- Managed funds and portfolios	87,108	(37,402)	2,293	-	51,999

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2015

12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>At 1 January 2014 KD</i>	<i>Gain recorded in the consolidated statement of income KD</i>	<i>Loss recorded in other comprehensive income KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>At 31 March 2014 KD</i>
Financial assets at fair value through profit or loss					
- Managed funds and portfolios	566,964	142,154	-	789,727	1,498,845
Financial assets available for sale					
- Managed funds and portfolios	87,108	-	(120)	-	86,988