Annual Report 2005



Celebrating Success

Global
بيت الاستثمار العالمي
Global Investment House

Table of Contents

2 Board of Directors

3 Board of Directors' Report

6 Management

7 Management's Report

14 Financial Review

Financial Statements

20 Auditors' Report

21 Consolidated Statement of Income

22 Consolidated Balance Sheet

23 Consolidated Statement of Cash flow

24 Consolidated Statement of Changes in Equity

25 Notes to the Consolidated Financial Statements

Company Profile

Global Investment House "**Global**" was incorporated in 1998, and falls under the regulation of the Central Bank of Kuwait. Its underlying foundation is to meet the high expectations of local and international clients, and to enhance the investment service industry in Kuwait and the region. **Global** stock is traded today on Kuwait, Bahrain and Dubai Stock Markets.

Global plays an important role in promoting investment opportunities in the Arabian Gulf Peninsula to international investors through expert financial engineering. We provide investors with a diverse scope of national and international investment opportunities, and facilitate those investments by providing clients with services that target their individual needs, and exceed their expectations.

Global offers a wide spectrum of financial products and services, ranging from corporate finance to brokerage services, inclusive of investment banking and investment funds.

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Stock Information

Company Shares traded on	Listed on	Reuters Ticker	Bloomberg Ticker	Trading Ticker
Kuwait Stock Exchange	26 May 2003	GLOB.KW	GLOB KK	Global
Bahrain Stock Exchange	11 October 2004	GIHB.BH		Global
Dubai Financial Market	19 September 2005	GLOB.DU		Global

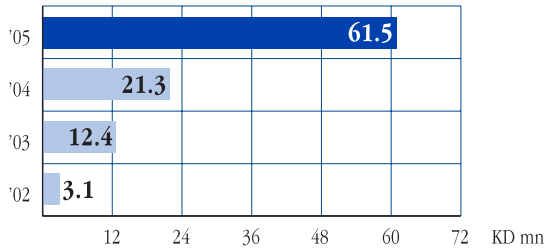
Investor Relations

Investors seeking more information on **Global** may:

1- Visit our website www.globalinv.net
2- Call us on (965) 2400551 ext. 206
3- Send an e-mail to investors@global.com.kw

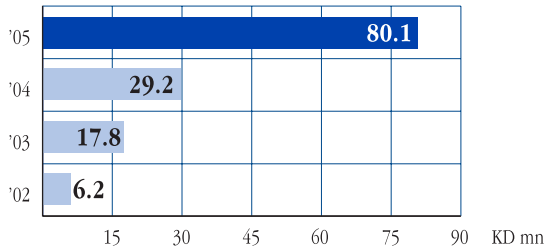
Net Profit

KD 61.5 Million



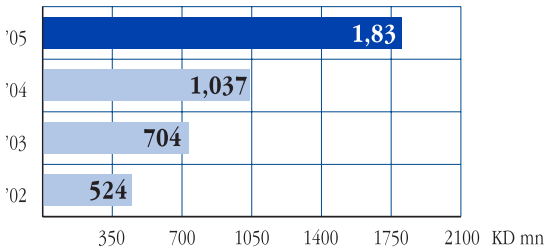
Revenues

KD 80.1 Million



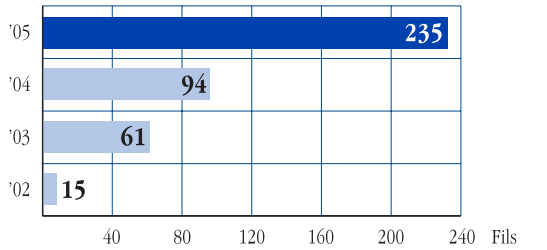
Assets Under Management

KD 1.83 Billion



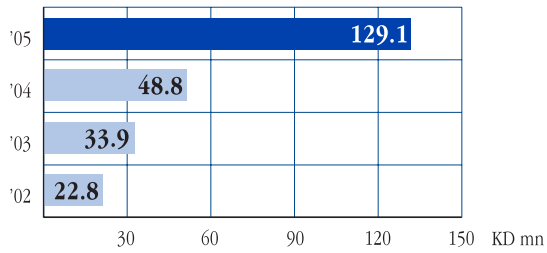
Earnings Per Share

235 Fils



Shareholders' Equity

KD 129.1 Million





His Highness
Sheikh Sabah Al-Ahmad
Al-Jaber Al-Sabah
Amir of the State of Kuwait



His Highness
Sheikh Nawaf Al-Ahmad
Al-Jaber Al-Sabah
Crown Prince



His Highness
Sheikh Nasser Mohamed
Al-Ahmad Al-Sabah
Prime Minister



Anwar A. Al-Nouri
Chairman

Appointed in 1998. Currently Manager / Partner of Arab Information Management Services, Member of the Board of Trustees of the Kuwait Foundation for the Advancement of Sciences, Vice Chairman of Kuwait American Foundation, Board Member of the Higher Council for Education, Chairman of the Board of Trustees of the Endowment for Support of Education, Deputy Chairman of Scientific Project Holding Co. owned by KFAS. Held several managerial and ministerial positions during his career.



Maha K. Al-Ghunaim
Vice Chairman & Managing Director

Appointed in 1998. Currently Board Member of the National Industries Group (NIG) and BankMuscat International (Bahrain), Vice Chairman of Al-Soor Finance Co., Chairman of Global Bahrain, and Vice Chairman of Shurooq Investment Services Co. (Oman).



Khaled J. Al-Wazzan
Board Member

Appointed in 1998. Currently Chairman of Jassem Al-Wazan & Sons Group of Companies and its subsidiaries and Board Member for Gulf Insurance Company.



Sheikh Abdullah J. A. Al-Sabah
Board Member

Appointed in 1998. Currently Deputy Director General at the Public Institution for Social Security (PIFSS), Chairman of Housing Finance Company (ISKAN) and Director at Al-Ahli Bank of Kuwait.



Marzook N. Al-Kharafi
Board Member

Appointed in 1998. Currently Chairman of Kuwait Food Co. “Americana”, Deputy President of Kharafi Group, Vice Chairman of Kuwaiti Syrian Holding Co., Board Member of Kharafi National for Mechanical & Electrical Co. and General Manager of Aluminium Industries.



Dear Shareholders,

First of all, I would like to express the company's deepest sadness and sorrow for the loss of HH Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah, a great leader who guided Kuwait through difficult times to prosperity and stability. I would also like to congratulate his successor our new Amir, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, under whose leadership Kuwait will continue to move forward.

During 2005, GCC economies witnessed high growth due to high oil prices, diversification of income streams and reforms undertaken by governments. The fiscal surplus is being invested in infrastructure projects which will further benefit other sectors of the economy. The region is moving forward in attracting both foreign direct investments as well as Arab wealth invested abroad.

During the year, Kuwait witnessed a KD2.65 billion surplus representing 16.12% of GDP and an 87.14% increase on 2004's surplus, and we expect this trend to continue in the coming years. These circumstances had a positive effect on the GCC stock markets in 2005. Kuwait market as measured by the market capitalization-weighted Global General Index appreciated by 67.59% during 2005. In addition, the primary market saw the listing of 33 companies on the KSE in 2005.

Kuwait is in the midst of structural changes which are part of the country's policy towards liberalization, spearheaded by the Build, Operate and Transfer (BOT) projects in the region. Prominent among

these are the tourist developments in Failaka, the Northern oil fields and Bubiyan which involves the construction of a new port, container terminal and residential and commercial infrastructure. Privatization aside, the government is providing a more supportive environment to attract foreign capital inflow contributing to the overall improvement of the economy.

Taking advantage of all these circumstances, Global continued to grow keeping in mind its aim of being the preferred investment bank in the Middle East while strictly adhering to its core values of trust, ethical approach, quality, commitment, creativity, innovation and providing world class products and services. Global reported a net profit of KD61.5 million in 2005 (USD210 million), translating into an earnings per share of 235 Fils and a Return on Equity of 64%. Consequent to the Board of Director's recommendations, Global has announced a cash dividend of 70% and stock dividend of 100% in addition to capital increase of 50% at the price of 100 fils par value and 500 fils premium.

"Global reported a net profit of KD61.5 million in 2005 (USD210 million)"

In line with its regional expansion and investment strategy, Global acquired stakes and closed deals in various companies in diverse fields. Global also participated in international offerings, acting as a member of exclusive distribution syndicates comprised of leading financial institutions in the region. Global's pioneering efforts in the funds management arena was marked by the launch of the Global Opportunistic Fund, the first pre-IPO fund in the GCC, and by the GCC Real Estate Fund, reflecting its ability to adapt creative ideas and execute them. The company has also been very active in the advisory and investment banking fields, resulting in the offering of numerous deals, products and services. The industry's recognition of Global's innovation and impeccable execution was highlighted by many awards received in 2005, recognizing our expertise in investment planning and strategies. The year was also marked by the listing of Global's stock on the Dubai Financial Market, the third largest GCC exchange.

Finally, on behalf of the Global family, I would like to extend my sincere thanks for the support and cooperation given by the Ministry of Commerce, Kuwait Stock Exchange, the Central Bank of Kuwait and other regulatory authorities in the region. I especially thank our clients for their loyalty and our shareholders for their ongoing support, with assurance that we will continuously strive to offer diversified products and services that will ensure the continuity of these achievements in the years to come. My gratitude also extends to Global's staff for their loyalty and hard work. We pray to Almighty Allah to provide us with guidance to serve our company as well as our country under the leadership of His Highness the Amir and His Highness the Crown Prince.



Anwar A. Al-Nouri
Chairman



Maha K. Al-Ghunaim

Vice Chairman & Managing Director

Founder of the company. 23 years experience in portfolio management, investment banking and a member of many financial institutions, in addition to Dubai International Financial Exchange Practitioners Committee.



Bader A. AL-Sumait

Executive Vice President – Local & GCC Investments

Co-founder of the company. Over 26 years experience in the local capital market and held several executive positions during his career. Currently Vice Chairman of Gulf Franchising Holding Company, Chairman of Al-Manar Financing & Leasing Company and Member of Dubai International Financial Exchange Practitioners Committee.



Omar M. El-Quqa, CFA

Executive Vice President – Corporate Finance & Treasury

Co-founder of the company. 23 years experience in the financial sector, primarily in asset management and corporate finance. Currently Vice Chairman of Iraq Holding Company, Housing Finance Co. (ISKAN), and Jordan Trade Facilities Co. (Jordan), and Board Member of several companies such as Al-Manar Financing and Leasing Co., Umniah Mobile Co. (Jordan), Amwal Invest Co. (Jordan), Real Estate Development Co. (Jordan), Real Estate Finance Co. "REEF" (Bahrain) and others.



Sameer A. Al-Gharaballi

Executive Vice President – Investment Funds

Co-founder of the company. 23 years experience in managing investment funds, the first to launch a mutual fund in Kuwait in 1985. Currently Deputy Chairman of Gulf Clearing Co. and Gulf Company for Takaful Insurance and Board Member of Al-Mazaya Holding Co.



Dear Shareholders,

2005 was a very challenging year for Global, despite the continued robust performance of the capital markets during the year. For us at Global, the challenge was not only to report high returns but to continue to generate high quality revenues that go in line with the fee-based strategy that we have adopted since the inception of the company in 1998. I'm proud to say that we have successfully over-achieved the target we had set for ourselves for the year.

Operational Performance

On the business front, our achievements have been extraordinary in 2005, in both the asset management and corporate finance. These services are major components of Global's business model, which ensures that a big portion of the company's revenues are fee-based.

At the end of year 2005, the assets under Global's management stood at KD1.8 billion (USD6.2 billion) – a huge increase of 77% during the year. This increase was the result of new investments coming from new and existing clients, and the appreciation of the assets Global manages in the local, regional and international markets.

At the product level, Global Distressed Fund was ranked 7th best in the world, based on Sharpe

Ratio by Barclays Group, a leading research institution dedicated to serving institutional and high net worth clients worldwide in the field of hedge funds. The fund's objective is to grow the capital by investing in funds that invest in distressed securities predominantly in the United States. In December 2005, we re-offered the Global Distressed Fund.

Global focused on launching products in the GCC region – two funds and the GCC portfolio services. The GCC Real Estate Fund was launched to address the investment needs arising from the growing demand of housing in the GCC region with focus on middle-to-low cost residential sectors.

"Global focused on launching products in the GCC region"

The Global Opportunistic Fund, the first Pre-IPO fund in the GCC, was launched to capitalize on equity and equity-related IPO and Pre-IPO securities, where the eventual exist strategy will be mainly through listing on the stock exchanges. We were able to raise USD550 million through this fund, which makes it the biggest fund in the region.

The Al-Durra Islamic Fund recorded an 88% return in 2005, making it the best performing Islamic fund in Kuwait for the year.

In December, we re-opened the Global Increasable Guaranteed Fund for new investments. The fund is a unique investment opportunity in the Kuwaiti market that offers a minimum 100% guarantee on the invested capital when invested for the life of the fund. Its strategy is to re-invest the capital gains and dividends, as well as to invest in both equities and fixed-income instruments. The fund has recorded a return of about 19% since its inception in December 2004 till end of 2005 and, accordingly, the guaranteed limit has been increased to 119%.

Corporate finance at Global has continued to be one of the most active in the region during the year, offering its services to selected number of clients in investment banking, structured finance, listing and advisory services.

Investment banking deals have earned Global recognition over the past years, providing our clients with exceptional performance. This year, we privately placed over KD220 million (USD753 million) for 13 companies – ranging from start-ups to existing companies (including pre-listing offerings). I'm proud to mention that all those private placement issues were oversubscribed many times, which reflects our strong distribution network and the brand equity we enjoy amongst our clients.

We assisted in the private placement of two regional issues in the telecommunication sector, along with Credit Suisse First Boston (CSFB), HSBC and Citigroup, during the year. The first issue was the IPO for Investcom, an international wireless telecom player providing services across Africa, Middle East and Europe with over 4 million subscribers. Investcom's Global Depository Shares were listed on the London Stock Exchange in October 2005. Global acted as a member of the exclusive Distribution Syndicate comprising of leading financial institutions in the region.

"This year, we privately placed over KD220 million (USD753 million) for 13 companies"

The second issue was an IPO for Telecom Egypt, Egypt's sole provider of fixed-line voice telecommunication services with the largest voice telephony subscriber base in the MENA region of over 10 million subscribers. Telecom Egypt's IPO of Ordinary Shares and Global Depository Receipts is among the largest international equity offerings out of the MENA region to date. Global acted as a member of the selling syndicate for the issue.

"We continued with our initiatives in expanding the regional capital markets during the year"

On the debt side, we managed and arranged bonds and Islamic financing issues for several corporate clients with the total amount exceeding KD243 million (USD829 million). We are highly committed to further develop the corporate bond and Islamic financing market in the region – a reflection of our confidence of their benefits to the corporate borrower.

We continued with our initiatives in expanding the regional capital markets during the year, and acted as the listing advisor for seven companies on the Kuwait Stock Exchange. Three of the companies were in the real estate sector – Al-Mazaya Holding Company, Tijara & Real Estate Investment Company and Al-Tameer Real Estate Investment Company. In addition, three companies in the investment sector – Housing Finance Company, Kadhma Holding Company and Iraq Holding Company; and Gulf Franchising Company in the services sector too were listed during the year.

Our efforts are well reflected in the Kuwait Stock Exchange. The market capitalization of the 18 companies we have listed over the past years reached KD2.44 billion (USD8.34 billion) as at 31 December 2005, representing almost 6% of the total market cap of the KSE.

Our research has expanded its reports to cover new markets such as Syria, Egypt, Lebanon and Jordan, over and above new sectors and companies. We also added new indexes to our existing Global Indexes for the Kuwait Stock Exchange. We launched an index for the Kingdom of Bahrain, another one for Qatar and two covering the GCC markets – the Global GCC Investable 100 Index and the Global GCC Large Cap 30 Index.

Financial Performance

Global's financial performance during 2005 was exemplary. The company's revenues during the year reached KD80.1 million (USD274 million), an increase of 174% over 2004. It recorded a net profit of KD61.5 million (USD210 million) for the year, compared to KD21 million (USD72 million) in 2004, an increase of 188%. The Earning Per Share (EPS) during the year was 235 fils, compared to 94 fils in 2004. Simultaneously, the return on equity saw an increase from 52% in 2004 to 64% in 2005.

The board of the company has approved to recommend to the General Assembly the distribution of 70% cash dividend (70 fils/share), 100% stock dividend, in addition to a capital increase of 50% at par value of 100 fils per share and a premium of 500 fils per share.

Strategy

"The return on equity saw an increase from 52% in 2004 to 64% in 2005"

In 2005, Global continued with its geographical expansion strategy, acquiring stakes in a number of companies in the financial sector, as well as in the educational and telecommunication sectors in the Middle East. We also joined hands with several well known companies in the region. Furthermore, Global expanded its presence in the region by opening its office in Jordan as well as representative offices in Dubai and Abu Dhabi. Our expansion went even further by listing Global shares on Dubai Financial Market in September 2005, thus enabling our shareholders to trade our stock in Kuwait, Bahrain and Dubai, adding to the tremendous liquidity enjoyed by the company's stock.

Awards & Rewards

This year was also a year of recognitions and appreciations and witnessed our achievements being recognized by a number of prominent local, regional and international names. While we were focusing on our business, our performance on various aspects of our business – at the company level, management level as well as on the product level – came in for acclaim.

Global received the Gulf Excellence Award, which was presented by His Highness Sheikh Khalifa Bin Salman Al Khalifa, Bahrain's Prime Minister.

"This year was also a year of recognitions and appreciations"

The company was also named "Best Equity House in Kuwait" and "Best Real Estate Investment House in Kuwait" by the renowned magazine Euromoney.

Additionally, several hedge fund managers that Global Umbrella Fund Asia/Japan invests with were selected among the world's best hedge fund managers by Eurekahedge, the world's largest independent hedge funds research company. This vindicates the high quality due diligence process that Global has adopted in selecting its hedge fund managers.

I would like to take this opportunity to stress that the recognitions we received in 2005 be considered benchmarks for our future performance. We will have to work even harder in the years to come to maintain our leading role in the industry.

Global has managed to reach its leading position due, in no small measure, to the hard work and dedication put in by its highly qualified and experienced staff. This year, the number of our employees

increased to 292 (including our regional offices) from 191 at the beginning of the year. This increase was essential to drive the strategy of the company to expand geographically and to offer more products and services in the market.

I would also like to extend our gracious appreciation to our clients for their loyalty, to our shareholders for their trust and commitment, and to our Board of Directors for their merit in guiding the company.

Our gratitude goes out to our regulators, the Central Bank of Kuwait, the Ministry of Commerce & Industry and the Kuwait Stock Exchange, for their support and guidance.

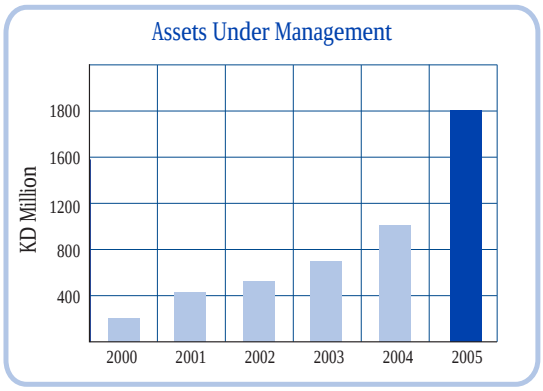


Maha K. Al-Ghunaim
Vice Chairman & Managing Director

Financial Performance

Global's results for the period ending December 31st 2005, its seventh consecutive profitable fiscal year, reflects the stability in our earning streams and the excellence in our people and management. Having positioned ourselves for future growth during the past few challenging years, we at Global are witnessing the rewards of our strategy, performing well throughout 2005 and achieving the best results since our inception. Net operating income and net profit for the year 2005 were at KD80.1mn and KD61.5mn, which represents a 174% and 188% increase over 2004 fiscal. Return on average shareholder's equity was at 64% for the year 2005. Each of our three principal lines of business – Corporate Finance & Treasury, Local& GCC Investments and Investment Funds – performed as per our expectations and are favorably positioned for another record breaking year going forward.

Assets Under Management



The total assets under management at Global grew significantly over the last few years from KD25mn in 1999 to KD1,831.1mn as of end 2005. The increase in funds managed has been both on account of increase in subscriptions to existing funds and subscriptions to new funds launched during the period. Our efforts in the search of superior returns and our focus on finding long-term growth for our investors has always been our cornerstone in our fund management business. Of the total funds under management, about 70% was in local funds and portfolios, with the balance invested in international portfolios and funds. We expect to grow this amount significantly in 2006 and beyond.

Global currently has over 4,395 clients who have invested in the various funds and companies launched by the company. The significant increase in the quantum of assets under management is on account of the fact that several of Global's funds have been amongst the best performing funds not only in Kuwait but also in the region.

Global focused on the local and regional capital markets in 2005 due to the excellent performance exhibited by the corporates in the region during the year. During the year, Global launched several funds including the GCC Large Cap Fund, US Real Estate Fund and Global Opportunistic Fund which received an encouraging response from investors.

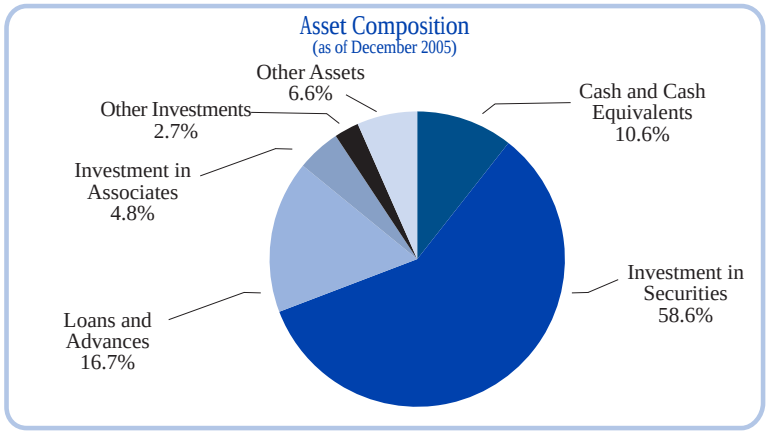
Assets and Liabilities

In 2005, our balance sheet grew three-fold, reflecting the higher activity levels in our trading and investing businesses and our willingness to deploy our capital to best serve our clients. During the last 5 years, 2001-2005, the total asset size

of Global has increased by a CAGR of 83%. As of December 2005, the total assets of the group stood at KD300.7mn, an increase of 203% over December 2004. Of this, cash and cash equivalents accounted for 7.4% of the total assets of the group, while investments in securities, and loans and advances accounted for 66.3% and 19.4% of the total assets of the company respectively.

Year ending December (KD mn)	2001	2002	2003	2004	2005	CAGR
Shareholders Equity	20.47	22.84	33.85	48.76	129.10	58%
Total Assets	26.68	32.06	50.12	99.13	300.69	83%

The increase in asset levels has been funded by significant increase in retained earnings, increases in share capital and share premium, and by increase in borrowings and wakala payables. The authorized and issued capital of the group raised from KD20.8mn in 2004 to KD27.8mn in 2004. Money market borrowings stood at KD54.79mn as of December 2005, as against KD4.06mn as of December 2005. Shareholders equity accounted for about 42.9% of the total liabilities and equity, while the rest was accounted for by bonds, wakala payables, money market borrowings and other liabilities.



Investments

Global has investments in several listed and unlisted securities. The value of the investments of the group stood at KD176.12mn as of end 2005 and accounted for 58.57% of the total assets of the group as of December 31, 2005.

Year ending December (KD mn)	2001	2002	2003	2004	2005
Investments at fair value	8.56	12.60	26.69	62.12	167.26
Securities held for trading	4.78	4.47	2.39	3.59	8.86
Total Investments	13.34	17.08	29.08	65.71	176.12

The increase in the value of investments during 2005 was largely on account of significant increases in unquoted and quoted equity securities and managed funds. Investments in unquoted equity securities increased from over KD46.9mn in 2004 to KD92.2mn in 2005. Similarly, investments in quoted equity securities and managed funds increased from KD14.9mn in 2004 to KD75mn in 2005.

Loans and Advances

Loans and Advances accounted for about 16.7% of the total assets of the group as of December 2005 and grew by 2.6 times over the previous year. Due to the stringent credit procedures followed by the group, there are currently no non-performing loans. However, the group has made a general provision of 2% on all credit facilities as per the provisioning requirements of the CBK.

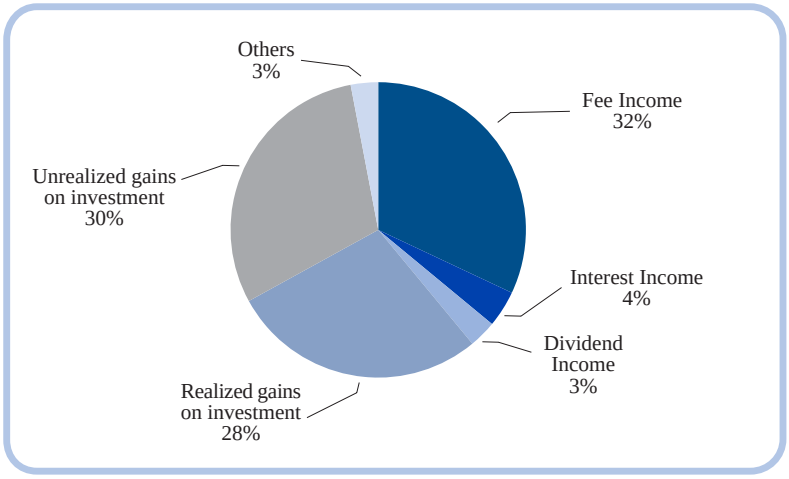
Year Ending December	2001	2002	2003	2004	2005
Gross Loans and Advances (KD mn)	6.04	6.22	8.67	19.63	51.33
Net Loans and Advances (KD mn)	5.92	6.09	8.50	19.24	50.30
% of total assets	*22.2*	*19.0*	*17.0*	*19.4*	*16.7*
Provision for credit losses (KD mn)	0.120	0.124	0.173	0.392	1.026
% of gross loans & advances	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*

Operating Income

Revenues of the group which stood at KD29.21mn in 2004 increased by 174% to reach KD80.1mn in 2005. The group has recorded a CAGR of 97% in its operating income during the five year period 2001-2005.

	2001	2002	2003	2004	2005
Fee Income (KD mn)	5.15	4.89	11.82	16.20	25.64
% of total	*96.5*	*79.3*	*66.4*	*55.5*	*32.0*
Non Fee Income (KD mn)	0.18	1.28	5.99	13.01	54.46
% of total	*3.5*	*20.7*	*33.6*	*44.5*	*68.0*
Total Income (KD mn)	5.34	6.17	17.81	29.21	80.1

For the first time in Global's history, non-fee based revenues outpaced the fee-based revenue stream. Placement and advisory fees and management fees income accounted for 32% of the total operating income in 2005. Because of significant realized and unrealized gains from investments, the non-fee income segment contributed 68% of the total income in 2005.



Placement and advisory services accounted for 21.9% of the total operating income, while management fee income contributed nearly 10.1% of the total operating income of the group. Realized gains from investments accounted for 28.3% and unrealized gains on securities accounted for 29.8% of the total operating income in 2005.

Operating Expenses

The operating expenses of the company in 2005 increased by 132% over the previous year. Operating expenses as a proportion of the operating income have declined in 2005 on account of the significantly higher operating income recorded during the year. The group's strategy of increasing revenues from fee based services requires substantial investment in human capital, which is reflected in the increase in staff expenses over the years. Staff costs are the largest component of operating expenses and accounted for 40% of the total operating costs in 2005, which indicates the emphasis that the group lays on human capital. The group offers its employees attractive performance bonus and a share purchase scheme in order to retain employees and encourage them to perform well.

	2001	2002	2003	2004	2005
Staff Expenses (KD mn)	1.59	1.64	2.80	3.76	6.60
% of total operating expenses	*59.1*	*54.5*	*56.1*	*52.9*	*40.0*
Total Operating Expenses (KD mn)	2.69	3.01	4.98	7.10	16.50
Operating Expenses / Op. income (%)	*50.4*	*48.8*	28.0	24.3	20.6

Profitability

Global has continuously improved its profit levels over the years. For the year ended 2005, the profits of the group have increased to KD61.46mn as against KD21.32mn for the year 2004, an increase of 188%. This large growth in the profits of the group during the year can be attributed partly to significant increase in fee income on account of investment banking activities and partly due to the increase in client assets under management. Also, significant increase in realized and unrealized gains from investments also contributed to the profit increase. The net profits of the group have increased at a CAGR of 122% over the five year period 2001-2005. This was to a large extent on account of the exceptional performance in 2005. The return on equity has grown over the last few years from 12.9% in 2001 to 51.6% in 2004. This trend continued in 2005, with the return on equity increasing significantly to 69.1%.

	2001	2002	2003	2004	2005
Operating Profits (KD mn)	2.64	3.16	12.83	22.11	63.57
Net Profits (KD mn)	2.54	3.08	12.44	21.32	61.46
Return on Average Equity (%)	12.9	14.2	43.9	51.6	69.1

For the year 2005, the basic EPS of the group stood at 235 fils. The book value has also grown in line with the increase in earnings and stood at 494 fils per share as of end 2005. The group has declared a cash dividend of 70 fils per share and a stock dividend of 100%. The cash dividend announced amounts to a payout ratio of 30%.

	2001	2002	2003	2004	2005
EPS (fils / share)	12	15	61	104	235
Book Value (fils / share)	135	147	214	234	494
Cash Dividend (fils / share)	8	10	30	70	70
Stock Dividend%	-	-	30	10	100
Cash Dividend Payout Ratio	47%	50%	49%	68%	30%

Consolidated Financial Statements

20 Auditors' Report
21 Consolidated Statement of Income
22 Consolidated Balance Sheet
23 Consolidated Statement of Cash Flow
24 Consolidated Statement of Changes in Equity
25 Notes to the Consolidated Financial Statements

AUDITORS' REPORT TO THE SHAREHOLDERS OF
GLOBAL INVESTMENT HOUSE K.S.C. (CLOSED) - Kuwait

We have audited the accompanying consolidated balance sheet of Global Investment House – KSC (Closed) (the parent company) and its subsidiaries (the Group) as at 31 December 2005, and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards applied in the State of Kuwait.

Furthermore, in our opinion proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the parent company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of Commercial Companies Law, as amended, nor of the articles of association have occurred during the year that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our audit we have not become aware of any material violations of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

ANWAR Y. AL-QATAMI, F.C.C.A.
LICENCE NO. 50 - A
OF GRANT THORNTON-
ANWAR AL-QATAMI & CO.

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

Kuwait
12 February 2006

Consolidated Statement of Income
Year ended 31 December 2005

	Notes	2005 KD	2004 KD
Placement and advisory fees		17,557,142	10,988,514
Management fees		8,083,455	5,215,652
Interest income		3,323,623	1,004,391
Murabaha income		809,511	58,452
Dividend income		2,341,966	441,727
Realised gains from investments carried at fair value through statement of income		22,672,654	2,200,822
Unrealised gains from investments carried at fair value through statement of income	5	23,871,484	5,828,383
Income from associates		684,770	-
Rental income		15,424	-
Gain on sale of investment property		838,793	3,387,638
Foreign exchange differences		(114,125)	75,183
Other income		13,724	12,254
INCOME		80,098,421	29,213,016
Staff expenses		6,601,711	3,759,647
Depreciation		260,113	199,019
Other operating expenses		3,023,870	1,693,652
Interest expenses		5,982,724	1,232,553
Provision charge for credit losses		633,911	219,239
EXPENSES		16,502,329	7,104,110
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for National Labour Support Tax and Directors' fees		63,596,092	22,108,906
Contribution to KFAS		(571,672)	(198,980)
Provision for National Labour Support Tax		(1,411,138)	(489,976)
Directors' fees		(150,000)	(100,000)
NET PROFIT FOR THE YEAR		61,463,282	21,319,950
Attributable to:			
Shareholders of the parent company		61,386,294	21,319,950
Minority interest		76,988	-
NET PROFIT FOR THE YEAR		61,463,282	21,319,950
Basic earnings per share	3	235 Fils	94 Fils
Diluted earnings per share	3	230 Fils	93 Fils

The attached notes 1 to 33 form part of these consolidated financial statements.

Financial Statements

Consolidated Balance Sheet
At 31 December 2005

	Notes	2005 KD	2004 KD
ASSETS			
Cash and cash equivalents	4	31,739,588	7,331,186
Investments carried at fair value through statement of income	5	176,122,986	65,711,195
Murabaha investment		-	4,600
Loans and advances	6	50,303,470	19,241,827
Investment in associates	7	14,577,700	795,905
Investment in unconsolidated subsidiaries		2,058,923	996,412
Investment properties		5,959,373	-
Other assets	8	17,223,150	4,630,570
Goodwill	9	2,003,449	-
Equipment	10	706,761	422,046
TOTAL ASSETS		300,695,400	99,133,741
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	11	27,807,830	20,809,112
Share premium	11	21,284,252	208,767
Share options reserve		365,452	-
Statutory reserve	12	10,900,873	4,541,264
General reserve		10,900,873	4,541,264
Treasury shares	13	(6,990,552)	(3,483,689)
Treasury shares reserve		3,280,312	1,261,547
Retained earnings		52,947,373	20,881,736
		120,496,413	48,760,001
Minority interest		8,607,552	-
Total Equity		129,103,965	48,760,001
Liabilities			
Borrowings	14	54,795,990	4,065,665
Wakala payables	14	87,248,300	20,577,928
Bonds	15	20,000,000	20,000,000
Other liabilities	16	9,547,145	5,730,147
Total liabilities		171,591,435	50,373,740
TOTAL EQUITY AND LIABILITIES		300,695,400	99,133,741

Anwar Abdulla Al-Nouri
Chairman

Maha Khaled Al-Ghunaim
Vice Chairman & Managing Director

The attached notes 1 to 33 form part of these consolidated financial statements.

	Notes	2005 KD	2004 KD
OPERATING ACTIVITIES			
Net profit for the year		61,463,282	21,319,950
Adjustments for:			
Cost of share based payment		365,452	-
Depreciation		260,113	199,019
Provision charge for credit losses		633,911	219,239
Interest and murabaha income		(4,133,134)	(1,062,843)
Dividend income		(2,341,966)	(441,727)
Interest expenses		5,982,724	1,232,553
Income from associates		(684,770)	-
Gain on disposal of equipment		-	(12,254)
Gain on sale of investment property		(838,793)	(3,387,638)
Negative goodwill		(12,969)	-
Operating profit before changes in operating assets and liabilities		60,693,850	18,066,299
Changes in operating assets and liabilities:			
Investments carried at fair value through statement of income		(110,146,805)	(36,630,920)
Murabaha investment		4,600	1,095,400
Loans and advances		(31,695,554)	(10,961,986)
Other assets		(12,252,848)	(1,446,533)
Borrowings		50,730,325	(9,427,137)
Other liabilities		3,594,872	2,704,337
Cash used in operations		(39,071,560)	(36,600,540)
Interest and murabaha income received		4,133,134	1,062,843
Dividend income received		2,341,966	441,727
Interest paid		(5,982,724)	(1,232,553)
Net cash used in operating activities		(38,579,184)	(36,328,523)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		3,511,561	-
Investment in associates		(13,097,025)	(795,905)
Investment in unconsolidated subsidiaries		(1,062,511)	(996,412)
Purchase of equipment		(516,764)	(262,534)
Purchase of investment property		(10,787,565)	(12,452,500)
Proceeds from disposal of equipment		-	24,508
Proceeds from sale of investment property		8,338,020	15,840,138
Net cash (used in)/from investing activities		(13,614,284)	1,357,295
FINANCING ACTIVITIES			
Proceeds from issue of share capital		25,993,292	358,020
Wakala payables		66,670,372	20,577,928
Proceeds from issue of bonds		-	20,000,000
Purchase of treasury shares		(27,663,700)	(14,060,324)
Proceeds from sale of treasury shares		26,175,602	11,963,951
Dividends paid to shareholders of the parent company		(14,520,528)	(4,430,329)
Dividends paid to minority interest		(53,168)	-
Net cash from financing activities		76,601,870	34,409,246
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		24,408,402	(561,982)
Cash and cash equivalents at beginning of the year		7,331,186	7,893,168
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	31,739,588	7,331,186

The attached notes 1 to 33 form part of these consolidated financial statements.

	Attributable to the shareholders of the parent company									Minority Interest KD	Total KD
	Share Capital KD	Share Premium KD	Share Options Reserve KD	Statutory Reserve KD	General Reserve KD	Treasury Shares KD	Treasury Shares Reserve KD	Retained Earnings KD	Sub-total KD		
Balance as at 31 December 2003	15,804,509	113,997	-	2,330,373	2,330,373	(444,200)	318,431	13,397,424	33,850,907	-	33,850,907
Issue of 30% bonus shares	4,741,353	-	-	-	-	-	-	(4,741,353)	-	-	-
Issue of shares under group performance scheme	263,250	94,770	-	-	-	-	-	-	358,020	-	358,020
Dividends paid	-	-	-	-	-	-	-	(4,672,503)	(4,672,503)	-	(4,672,503)
Net profit for the year	-	-	-	-	-	-	-	21,319,950	21,319,950	-	21,319,950
Transfer to reserves	-	-	-	2,210,891	2,210,891	-	-	(4,421,782)	-	-	-
Purchase of treasury shares	-	-	-	-	-	(14,060,324)	-	-	(14,060,324)	-	(14,060,324)
Sale of treasury shares	-	-	-	-	-	11,020,835	943,116	-	11,963,951	-	11,963,951
Balance as at 31 December 2004	20,809,112	208,767	-	4,541,264	4,541,264	(3,483,689)	1,261,547	20,881,736	48,760,001	-	48,760,001
Issue of share capital (Note 11)	4,161,822	20,809,111	-	-	-	-	-	-	24,970,933	-	24,970,933
Issue of 10% bonus shares (Note11)	2,080,911	-	-	-	-	-	-	(2,080,911)	-	-	-
Issue of shares under group performance schemes (Note 11)	755,985	266,374	-	-	-	-	-	-	1,022,359	-	1,022,359
Cost of share based payment	-	-	365,452	-	-	-	-	-	365,452	-	365,452
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	8,583,732	8,583,732
Dividends paid (Note 17)								(14,520,528)	(14,520,528)	-	(14,520,528)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(53,168)	(53,168)
Net profit for the year	-	-	-	-	-	-	-	61,386,294	61,386,294	76,988	61,463,282
Transfer to reserves	-	-	-	6,359,609	6,359,609	-	-	(12,719,218)	-	-	-
Purchase of treasury shares	-	-	-	-	-	(27,663,700)	-	-	(27,663,700)	-	(27,663,700)
Sale of treasury shares	-	-	-	-	-	24,156,837	2,018,765	-	26,175,602	-	26,175,602
Balance as at 31 December 2005	27,807,830	21,284,252	365,452	10,900,873	10,900,873	(6,990,552)	3,280,312	52,947,373	120,496,413	8,607,552	129,103,965

The attached notes 1 to 33 form part of these consolidated financial statements.

1 INCORPORATION AND ACTIVITIES

The consolidated financial statements of Global Investment House K.S.C. (Closed) and its Subsidiaries (the group) for the year ended 31 December 2005 were authorised for issue in accordance with a resolution of the directors on 12 February 2006.

Global Investment House K.S.C. (Closed), the parent company, is a closed shareholding company incorporated on 16 June 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company's shares are listed on Kuwait Stock Exchange. The parent company is regulated by the Central Bank of Kuwait as an investment company. Details of subsidiary companies are set out in note 23.

The group is principally engaged in the provision of investment services. Its registered office is at Souk Al Safat, Abdulla Mubarak Street, Kuwait City.

The group primarily operates in the Gulf Cooperation Council countries.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments carried at fair value through statement of income, investment properties and derivatives.

The consolidated financial statements have been presented in Kuwaiti dinars which is the functional currency of the parent company.

In 2003 and 2004, International Accounting Standards Board (IASB) issued a series of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS). The new IFRS and revised IAS became effective for annual periods beginning 1 January 2005. All new IFRS and revised IAS have been adopted by the group during the year, except for IAS 39 and IAS 32 which were early adopted in prior year, but have either no or insignificant impact on the financial position or results of operations of the group except for IFRS 2 "Share-based Payment". The main impact of IFRS 2 on the group is disclosed below.

The accounting policies, with the exception of adoption of IFRS described below, are consistent with those used in the previous year.

Adoption of IFRS 2 "Share-Based Payment"

IFRS 2 "Share-Based Payment" requires an expense to be recognised where the group buys goods or services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The main impact of IFRS 2 on the group is disclosed in Note 24.

The effect of the revised policy has decreased consolidated current period profits by KD365,452 (2004: Nil) due to an increase in the employee benefits expense with a corresponding increase in equity.

The effect of the revised policy due to the adoption of IFRS 2 on basic and diluted earnings per share is as follows:

- For the year ended 31 December 2005, a decrease in basic earnings per share by 1 fils (31 December 2004: Nil impact);
- For the year ended 31 December 2005, a decrease in diluted earnings per share by 1 fils (31 December 2004: Nil impact).

Basis of consolidation

Subsidiaries are those enterprises controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries, other than those that are acquired with a view to disposal in the near future, are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiary are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the net identifiable assets of the acquired subsidiary or associate as at the date of the acquisition. Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Any excess, at the date of acquisition, of the Group's share in the fair value of the net identifiable assets acquired over the cost of the acquisition is recognised as negative goodwill.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the consolidated statement of income.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Fee income

Placement and advisory fees are recognized when securities are sold or when specific advisory services are rendered. Management fees relating to portfolios, fund management and custody services are recognized when earned. Other fees receivable are recognized when earned.

Interest income

Interest income considered an integral part of the effective yield of a loan, is recognized using the effective yield method. The recognition of interest income is suspended when loans become impaired, such as when overdue by more than 90 days. Notional interest is recognized on impaired loans and other financial assets based on the rate used to discount future cash flows to their net present value.

Murabaha income

Murabaha income is recognized on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

Share-based payment transactions
Employees (including directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

Equity-settled transactions
The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the market value of the parent company's shares at each reporting date and the date of final settlement to the exercise price with any change in intrinsic value recognised in the statement of income.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees exercise their rights. The cumulative expense recognised for equity-settled transactions at each reporting date until the exercise date reflects the extent to which the exercise period has expired and the number of awards that, in the opinion of the directors at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of the outstanding options is reflected as additional share dilution in the computation of the earnings per share (see note 3).

Gain on sale of investment property
Gain on sale of investment property is recognised when the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

Cash and cash equivalents
Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Investments carried at fair value through statement of income
All investments are initially recognised at fair value. After initial recognition, investments are re-measured at fair value. Unrealised gains and losses are included in the consolidated statement of income.

Fair values
For securities traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected discounted cash flows.

The determination of fair value is done for each investment individually.

Use of estimates
The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the date of the consolidated financial statements. The use of estimates is principally limited to the determination of fair values of unquoted securities, investment properties, and impairment provision for financial assets.

Murabaha investment
Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. As the credit risk of the transaction is attributable to a financial institution, the amount due has been classified as a murabaha investment. Murabaha investment is stated at cost less provision for impairment, if any.

Impairment and uncollectability of financial assets
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset, or group of similar assets, may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the statement of income. For assets carried at amortised cost, future anticipated cash flows are discounted at the financial instrument's original effective interest rate. For assets carried at fair value, impairment is the difference between cost and fair value.

In addition, in accordance with the Central Bank of Kuwait instructions, a minimum general provision of 2% on all credit facilities net of certain restricted categories of collateral, and not subject to specific provision, is provided.

The provision for impairment of loans and advances also covers losses where there is objective evidence that probable losses are present in components of the loans and advances portfolio at the balance sheet date. These have been estimated based on historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

Recognition and derecognition of financial assets and liabilities
A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognised either when the group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and settlement date accounting
All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Loans and advances
Loans and advances are stated at cost net of interest suspended and provisions for impairment and credit losses.

Investment in associates
The group's investments in associates are accounted for under the equity method of accounting. These are entities in which the company has between 20% to 50% of the voting power or over which it exercises significant influence. Investments in associates are carried in the balance sheet at cost, plus post-acquisition changes in the group's shares of net assets of the associate, less any impairment in value. The consolidated statement of income reflects the company's share of the results of its associates.

Investment properties
Investment properties are initially recorded at cost being its purchase price and any directly attributable acquisition costs. After initial recognition, investment properties are remeasured at fair value. Unrealised gain or loss arising from a change in the fair value of investment properties are reported in the consolidated statement of income for the year in which it arises.

The carrying amounts are reviewed at each balance sheet date on an individual basis by reference to their fair value to assess whether they are recorded in excess of their recoverable amount. Provisions for impairment losses, if any, are made where carrying values exceed the recoverable amount.

Equipment
Equipment are recorded at cost less accumulated depreciation and impairment losses. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts assets are written down to their recoverable amount.

Depreciation
Depreciation is provided on all equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. The estimated useful lives of assets are between 3 to 5 years.

Money market borrowings
All money market borrowings are carried at cost less amounts repaid.

Wakala payables
Wakala payables are stated at amortised cost.

Bonds
Bonds are carried on the balance sheet at their principal amount, net of directly related costs of issuing the bonds to the extent that such costs have not been amortised. These costs are amortised through the consolidated statement of income over the life of the bonds using the effective interest rate method.

Interest is charged as an expense as it accrues, with unpaid amounts included in other liabilities.

Repurchase and resale agreements
Investments sold with a simultaneous commitment to repurchase at a specified future date (repos) are retained in the financial statements as 'investments carried at fair value through consolidated statement of income'. The counterparty liability for amounts received under these agreements is included in 'other liabilities'. The difference between sale and repurchase price is treated as interest expense using the effective yield method. Investments purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in other assets. The difference between purchase and resale price is treated as interest income using the effective yield method.

Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Treasury shares
The parent company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is non distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Fiduciary assets
Assets held in trust or in a fiduciary capacity are not treated as assets of the group and accordingly are not included in these consolidated financial statements.

Foreign currencies
With the exception of forward contracts, transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

Forward foreign exchange contracts
Forward foreign exchange contracts outstanding at the year end are translated at the forward rate current at the balance sheet date with any resultant gains or losses being taken to the consolidated statement of income.

3 EARNINGS PER SHARE
Basic earnings per share is computed by dividing the net profit for the period attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2005	*2004*
Net profit for the year attributable to the shareholders of the parent company (KD)	61,386,294	21,319,950
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	261,383,765	226,146,334
Effect of dilution from weighted average number of share options outstanding	5,043,864	3,018,188
Adjusted weighted average number of ordinary shares for diluted earnings per share	266,427,629	229,164,522
Basic earnings per share	235 Fils	94 Fils
Diluted earnings per share	230 Fils	93 Fils

The denominators for the purpose of calculating both basic and diluted earnings per share have been adjusted to reflect the bonus issue in June 2005 (Note 11).

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows include the following balance sheet amounts:

	2005 KD	*2004* KD
Bank balances and cash	25,545,169	1,749,051
Investment in money market instruments	6,194,419	5,582,135
	31,739,588	7,331,186

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2005 KD	*2004* KD
Held for trading:		
Quoted securities and managed funds	8,862,139	3,591,179
Designated on initial recognition:		
Unquoted debt securities	33,000	233,937
Unquoted equity securities	92,224,566	46,957,057
Quoted securities and managed funds	75,003,281	14,929,022
	167,260,847	62,120,016
	176,122,986	65,711,195

Investments designated on initial recognition include investments amounting to KD91,460,142 (2004: KD46,957,057) whose fair values are determined using valuation techniques that are not based on observable market prices or rates.

Unrealised gains from investments carried at fair value through income statement include unrealised gains of KD1,162,195 (2004: KD3,394,342) resulting from fair value estimated using valuation techniques that are not based on observable market prices or rates.

6 LOANS AND ADVANCES

Loans and advances are classified as receivables originated by the group.

	2005 KD	*2004* KD
Commercial business	11,977,280	3,813,116
Private individuals	39,352,791	15,821,401
	51,330,071	19,634,517
Less: Provision for credit losses	(1,026,601)	(392,690)
	50,303,470	19,241,827

Loans are granted to GCC companies and individuals and are secured against investments in the funds and securities held in fiduciary portfolios on behalf of the borrowers.

The policy of the group for calculation of the provision for credit losses for loans and advances complies in all material respects with the specific and general provision requirements of Central Bank of Kuwait. In this respect the Central Bank of Kuwait requires a general provision of at least 2% on all credit facilities not subject to specific provision.

7 INVESTMENT IN ASSOCIATE

Details of associates are set out below

Name	*Country of Incorporation*	*Voting Capital Held %*	*Purpose*
National Int'l Holding – KSC (Closed) (quoted)	*Kuwait*	*26*	*Investment services*
Adel Falah Rashidi – WLL (unquoted)	*Kuwait*	*21*	*Contracting services*

	2005 KD	*2004* KD
Aggregate share of associates' balance sheet:		
Current assets	2,454,398	446,266
Non-current assets	10,357,844	695,620
Current liabilities	(894,436)	(217,310)
Non-current liabilities	(73,631)	(42,463)
Net assets	11,844,175	882,113
Aggregate share of associates' revenue and profit:		
Revenue	2,225,086	77,953
Profit	633,909	57,367
Aggregate carrying amount of the associates	14,577,700	795,905
Aggregate fair value of quoted associates	14,782,402	-

8 OTHER ASSETS

	2005 KD	*2004* KD
Accrued income	6,099,814	2,397,392
Deposits, prepayments and other receivables	8,255,737	576,598
Amount due from related parties (Note 18)	2,860,698	1,654,013
Positive fair value of forward foreign exchange contracts (Note 21)	6,901	2,567
	17,223,150	4,630,570

9 ACQUISITION OF SUBSIDIARIES

9.1 During the year the group acquired 62.88% of the share capital of Real Estate Development Company JSC, a real estate investment company in Jordan. Details of the net assets acquired are as follows:

	KD	KD
Purchase consideration		15,193,453
Fair value of net assets	20,977,348	
Share of fair value of net assets acquired		(13,190,004)
Goodwill		2,003,449

	KD
Purchase consideration settled in cash	15,193,453
Cash and cash equivalents in subsidiary acquired	(18,033,165)
Cash inflow on acquisition	2,839,712

9.2 During the year, the group acquired 65% of the share capital of Shurooq Investment Services Company SAOG, an investment services company in Oman. Details of the net assets acquired are as follows:

	KD	KD
Purchase consideration		987,414
Fair value of net assets	1,539,051	
Share of net fair value of assets acquired		1,000,383
Negative goodwill		(12,969)

	KD
Purchase consideration settled in cash	987,414
Cash and cash equivalents in subsidiary acquired	(1,659,263)
Cash inflow on acquisition	671,849

10 EQUIPMENT

	Furniture and fixtures	*Office equipment and computers*	*Total*
	KD	*KD*	*KD*
Balance at 1 January 2005, net of accumulated depreciation	263,220	158,826	422,046
Arising on acquisition of subsidiaries	17,820	10,244	28,064
Additions	225,650	291,114	516,764
Depreciation for the year	(128,427)	(131,686)	(260,113)
Balance at 31 December 2005, net of accumulated depreciation	378,263	328,498	706,761
Equipment			
At cost	1,106,689	1,092,731	2,199,420
Accumulated deprecation	(728,426)	(764,233)	(1,492,659)
Net carrying amount at 31 December 2005	378,263	328,498	706,761

11 SHARE CAPITAL AND SHARE PREMIUM

	Authorised		*Issued and fully paid*	
	2005	*2004*	*2005*	*2004*
	KD	*KD*	*KD*	*KD*
Shares of KD 0.100 each	27,807,830	20,809,112	27,807,830	20,809,112

The annual general meeting of the shareholders held on 13 March 2005 approved an increase in the authorised capital from KD20,809,112 to KD27,807,830 by issue of 20,809,112 (2004 : 47,413,530) bonus shares and 7,559,847 (2004 : 2,632,500) shares under the group's performance bonus scheme and share option scheme. The shareholders also approved the increase of 20% of paid up capital totalling to 41,618,223 shares (2004: Nil) at 600 fils, including a share premium of 500 fils. During the year, 7,559,847 shares under group's performance bonus scheme and share option scheme and 41,618,223 shares under the 20% share capital increase were issued and fully paid. The excess over the nominal value of shares issued has been credited to share premium.

Subsequent to the balance sheet date, the directors have proposed an increase of 50% of paid up capital at 600 fils including a share premium of 500 fils, which is subject to the approval of the shareholders at the annual general meeting.

Share premium is not available for distribution.

12 STATUTORY RESERVE

In accordance with the Commercial Companies Law and the parent company's Articles of Association, 10% of the net profit for the year has been transferred to statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

13 TREASURY SHARES

As at 31 December 2005 the parent company held 2,935,237 (2004: 3,907,500) of its own shares at a carrying amount of KD6,990,552 (2004: KD3,483,689), equivalent to 1.055% of the total issued share capital at that date (2004: 1.9%). The market value of these shares at the balance sheet date was KD7,925,140 (2004: KD3,868,425).

14 BORROWING AND WAKALA PAYABLES

Borrowings are due to local financial institutions and are repayable within 12 months from the date of borrowings and are unsecured. The average effective interest ranges between 3.85% and 6.4% (2004: 2.9% and 4%).

Wakala payables represent wakala contracts with local financial institutions maturing within 6 months from the balance sheet date. The average effective cost attributable to these contracts ranges between 5.0% to 6.5.% per annum (2004 : 3% to 5%).

15 BONDS

On 23 June 2004, the company issued unsecured bonds in the principal amount of KD20,000,000 composed of bonds in two series as follows:

	2005 KD	2004 KD
Fixed rate bonds due on 23 June 2009 (bearing fixed interest at the rate of 5% per annum payable semi-annually)	8,000,000	8,000,000
Floating rate bonds due on 23 June 2009 (bearing interest at the rate of 1% per annum over the six-month KIBOR in effect on the rate fixing date payable semi-annually)	12,000,000	12,000,000
	20,000,000	20,000,000

The company has the option of early redemption on all bonds (together) at any time after two years from the date of issue at face value plus accrued interest.

16 OTHER LIABILITIES

	2005 *KD*	*2004* *KD*
Accrued expenses	5,986,267	1,799,360
Amounts due under repurchase agreement	-	2,150,916
Other payables	3,560,878	1,779,871
	9,547,145	5,730,147

17 PROPOSED DIVIDENDS

Subsequent to the balance sheet date, the directors have proposed a cash dividend of 70 Fils per share and bonus shares of 100% of paid up share capital which is subject to the approval of the shareholders at the annual general meeting.

During 2005, cash dividends of 70 Fils (2004: 30 Fils) per share totalling KD14,520,528 (2004: KD4,672,503) and bonus shares of 10% (2004: 30%) of paid up capital for the year ended 31 December 2004 were approved at the annual general meeting on 13 March 2005 and were paid in 2005 following that approval.

18 RELATED PARTY TRANSACTIONS

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) entered into by the group in the ordinary course of business.

	2005 KD	*2004* KD
Transactions included in the balance sheet:		
Loans to directors and senior management	2,380,353	1,002,143
Amounts due from related parties (Note 8)	2,860,698	1,654,013
Borrowings	100,000	2,000,000
Wakala payables	61,748,300	3,385,285
Transactions included in the statement of income:		
Interest income	118,343	47,601
Interest expense	804,126	45,940
Key management compensation		
Salaries and other short term benefits	1,659,737	405,324
Cost of share based payment	365,452	-
Terminal benefits	353,265	84,744

Information in relation to share options granted prior to 7 November 2002 has been disclosed in note 24.

19 SEGMENTAL INFORMATION

For management purposes the group is organised into two major business segments:

- Proprietary investment management comprises of investing of company funds in securities, lending to corporate and individual customers and managing the company's liquidity requirements.

- Investment management and advisory services comprise of discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

The group primarily operates in one geographical region GCC (Kuwait and the other GCC countries) and accordingly does not have a secondary segment.

	Proprietary investment management KD	*Investment management and advisory services* KD	*Total* KD
31 December 2005			
Segment income	54,437,824	25,660,597	80,098,421
Segment profit	43,222,236	20,373,856	63,596,092
Unallocated expenses			(2,132,810)
Net profit for the year			61,463,282
31 December 2004			
Segment income			
Segment profit	13,008,850	16,204,166	29,213,016
Unallocated expenses	9,845,318	12,263,588	22,108,906
Net profit for the year			(788,956)
			21,319,950

	Proprietary investment management KD	*Investment management and advisory services* KD	*Total* KD
31 December 2005			
Total assets	300,695,400	9,010,884	309,706,284
Total liabilities	(180,602,319)	-	(180,602,319)
Net assets	120,093,081	9,010,884	129,103,965
Capital expenditure	516,764	-	516,764
Depreciation	260,113	-	260,113
31 December 2004			
Total assets	99,133,741	2,166,078	101,299,819
Total liabilities	(52,539,818)	-	(52,539,818)
Net assets	46,593,923	2,166,078	48,760,001
Capital expenditure	262,534	-	262,534
Depreciation	194,796	4,223	199,019

20 FIDUCIARY ACCOUNTS

The group manages portfolios on behalf of others, mutual funds, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the group's balance sheet. Assets under management at 31 December 2005 amounted to KD 1,831,122,749 (2004: KD1,036,862,545).

21 DERIVATIVE FINANCIAL INSTRUMENTS

	2005 Notional amounts KD	*2004 Notional amounts KD*	*2005 Positive fair value KD*	*2004 Negative fair value KD*
Forward foreign exchange contracts	7,888,800	6,771,064	6,901	2,567

Forward foreign exchange contracts mature within 3 months of the balance sheet date.

Forward foreign exchange contracts primarily comprise contracts both with clients and offsetting contracts with bank counter parties to cover the exposure to the group arising therefrom. The net currency exposure to the group is disclosed in Note 28.

22 COMMITMENTS

At 31 December 2005, the group had commitment to invest in venture capital funds and securities amounting to KD4,793,802 (2004: KD20,745,124), after deducting commitments by the group's clients.

23 SUBSIDIARY COMPANIES

Details of significant subsidiary companies are set out below:

Name	*Country of incorporation*	*Voting capital held %*	*Purpose*
Safi Financial Services – KSC (Closed)	Kuwait	100	Financial Brokerage Co,
Al Muthana Holding – KSC (Closed) (Previously Third Economic Consultancy Co – WLL)	Kuwait	100	Economic Consultancy
Safa Al Dawalia Company – WLL	Kuwait	100	Economic Consultancy
Hanadi International General Trading & Contracting Co. – WLL	Kuwait	100	General Trading & Contracting
Kuwait International Labour Recruitment Company –WLL	Kuwait	100	Labour Recruitment
Lial for Super Market Company – WLL	Kuwait	100	Investment Activities
National Company for Educational Development – WLL	Kuwait	100	Educational Services
Gulf Real Estate Fund Company – WLL	Kuwait	100	Investment Activities
United Burgan Consultancy – KSC (Closed)	Kuwait	100	Investment Activities
Eighth Project Management Company – WLL	Kuwait	100	Project Management Consultancy
Tenth Project Management Company – WLL	Kuwait	100	Project Management Consultancy
Eleventh Project Management Company – WLL	Kuwait	100	Project Management Consultancy
Thirteenth Project Management Company – WLL	Kuwait	100	Project Management Consultancy
Fourteenth Project Management Company – WLL	Kuwait	100	Project Management Consultancy
Second Computer Consultancy – KSC (Closed)	Kuwait	100	Computer Consultancy
Second Economic Consultancy Company – WLL	Kuwait	100	Economic consultancy services
Third Marketing Consultancy Company – WLL	Kuwait	100	Marketing Consultancy
Fourth Marketing Consultancy Company – WLL	Kuwait	100	Marketing Consultancy
Fifth Economic Consultancy Company – WLL	Kuwait	100	Economic Consultancy

Continued next page

Name	*Country of incorporation*	*Voting capital held %*	*Purpose*
Sixth Economic Consultancy – WLL	Kuwait	100	Economic Consultancy
Kazma Holding Company – KSC (Closed) (Previously Second Marketing Consultancy Company – WLL)	Kuwait	79	Marketing Consultancy
Global Investment House – BSC (Closed)	Bahrain	100	Investment Activities
Global Investment House – JSC (Closed)	Jordan	100	Investment Activities
Real Est. Development Co. Company – JSC	Jordan	62.88	Real Estate Investment activities
Shurooq Investment Services Company – SAOG	Oman	65	Investment Activities
Shurooq Securities Company – LLC	Oman	50	Brokerage activities

During the year, due to increase in share capital subscribed by outside shareholders, following companies are no longer subsidiaries:

- First Qatar Real Estate Development Company – KSC (Closed) [Previously Al Shamiya Holding Company – KSC (Closed)]
- Nawadi for Real Estate – KSC (Closed) (previously Al Thuraya International Holding Company – KSC (Closed))
- First Bahrain Real Estate Development Company – KSC (Closed) [previously Al Buraq Al Khalij Holding Company – KSC (Closed)]
- Kuwait Business Town – KSC (Closed) [Previously Second Administration Consultancy Company – WLL]

24 PROFIT-SHARING SCHEMES

The parent company operates two profit-sharing schemes to reward the performance of its employees, namely a performance bonus scheme (PBS) and a share option scheme (SOS). Both schemes are in operation for a period of 10 years, with the first year being the fiscal year ended 31 December 1999. The total capital increase to meet the requirements of the schemes should not exceed 15% of the parent company's share capital at the end of 2009.

The PBS covers all employees who are entitled to receive a portion of their annual bonus in shares to be issued by the company. The SOS covers senior executives who are granted an option to subscribe for shares allotted to them at the commencement of each year of a three-year period, at the end of which the employee may exercise the option. The subscription price for the shares allotted under both the schemes is the book value per share at the beginning of each year.

	2005		2004	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	6,747,978	0.136	6,503,107	0.134
Granted during the year	8,808,346	0.148	2,877,371	0.140
Forfeited during the year	-	-	-	-
Exercised during the year	(7,559,847)	0.138	(2,632,500)	0.136
Expired during the year	-	-	-	-
Outstanding at the end of the year	7,996,477	0.148	6,747,978	0.136
Exercisable at the end of the year	2,978,876	0.148	1,063,920	0.142

The weighted average share price at the date of exercise of share options exercised during the year (which were all vested at 31 December 2004) was KD0.142. The options outstanding at 31 December 2005 had a weighted average exercise price of KD0.148 and a weighted average remaining contractual life of one year.

The fair value of share options granted during the year is KD21,590,488 (2004 : KD2,877,371) for which an expense of KD365,452 was recognised in the consolidated statement of income.

During the year 1,063,920 shares (2004 : 2,632,500 shares) were exercised under the PBS at a price of KD0.142 per share (2004 : KD0.136). Also during the year 6,495,927 options were exercised under SOS at KD0.135 per share (2004 : Nil).

At 31 December 2005, options outstanding under the SOS amounted to 5,017,601 shares (2004 : 5,684,058) exercisable after 30 June 2008. Included within this outstanding balance are options of 5,017,601 shares that have not been expensed in accordance with IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

Share options outstanding at the end of the year have the following exercise prices:

Expiry Date	Exercise price KD	2005 No.	2004 No.
1 January 2005	0.142	-	1,063,920
30 June 2005	0.136	-	5,684,058
1 January 2006	0.148	2,978,876	-
30 June 2008	0.148	5,017,601	-
		7,996,477	6,747,978

25 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of lending activities. It also obtains security when appropriate.

Information on other significant concentrations of credit risk is set out in Note 26.

26 CONCENTRATION OF ASSETS

The distribution of assets by geographic region and industry sector was as follows:

	GCC KD	*Asia* KD	*Europe* KD	*U.S.A.* KD	*Total* KD
At 31 December 2005					
Geographic region:					
Cash and cash equivalents	13,888,397	12,335,945	9,732	5,505,514	31,739,588
Investments carried at fair value through statement of income	146,075,610	25,576,960	915,081	3,555,335	176,122,986
Loans and advances	50,303,470	-	-	-	50,303,470
Investment in associates	14,577,700	-	-	-	14,577,700
Investment in unconsolidated subsidiaries	-	2,058,923	-	-	2,058,923
Investment Properties	-	5,959,373	-	-	5,959,373
Other assets	15,386,271	530,013	114,272	1,192,594	17,223,150
Goodwill	-	2,003,449	-	-	2,003,449
Equipment	673,244	33,517	-	-	706,761
	240,904,692	48,498,180	1,039,085	10,253,443	300,695,400
Industry sector:					
Trading and manufacturing	798,800	1,191,666	149,132	34,888	2,174,486
Banks and financial institutions	60,202,722	20,118,074	9,732	6,584,485	86,915,013
Real estate	55,250,730	12,716,337	-	935,728	68,902,795
Others	124,652,440	14,472,103	880,221	2,698,342	142,703,106
	240,904,692	48,498,180	1,039,085	10,253,443	300,695,400
At 31 December 2004					
Geographic region:					
Cash and cash equivalents	7,082,547	113,539	33,230	101,870	7,331,186
Investments carried at fair value through statement of income	62,459,403	965,603	1,062,398	1,223,791	65,711,195
Murabaha investment	4,600	-	-	-	4,600
Loans and advances	19,241,827	-	-	-	19,241,827
Investment in associates	-	795,905	-	-	795,905
Investment in unconsolidated subsidiaries	-	996,412	-	-	996,412
Other assets	4,485,322	-	145,248	-	4,630,570
Equipment	422,046		-	-	422,046
	93,695,745	2,871,459	1,240,876	1,325,661	99,133,741
Industry sector:					
Trading and manufacturing	-	1,393,911	176,413	102,634	1,672,958
Banks and financial institutions	30,955,032	908,634	33,230	101,870	31,998,766
Real estate	13,161,836	-	-	472,152	13,633,988
Others	49,578,877	568,914	1,031,233	649,005	51,828,029
	93,695,745	2,871,459	1,240,876	1,325,661	99,133,741

27 INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The group is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. The Board has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The group's interest rate sensitivity position based on earlier of contractual repricing arrangements and maturity at 31 December 2005 was as follows:

	Up to 1 month KD	*1-3 months KD*	*3-12 months KD*	*Over 1 year KD*	*Non interest bearing items KD*	*Total KD*	*Effective interest rate %*
Cash and cash equivalents	-	6,194,419	-	-	25,545,169	31,739,588	4.45-5.25
Investments carried at fair value through statement of income	-	-	3,649,076	-	172,473,910	176,122,986	4.5-7.5
Loans and advances	2,337,010	7,300,582	32,792,606	7,873,272	-	50,303,470	4.35-9.25
Investment in associates	-	-	-	-	14,577,700	14,577,700	-
Investment in unconsolidated subsidiaries	-	-	-	-	2,058,923	2,058,923	-
Investment properties	-	-	-	-	5,959,373	5,959,373	-
Other assets	-	-	224,320	-	16,998,830	17,223,150	6.50
Goodwill	-	-	-	-	2,003,449	2,003,449	-
Equipment	-	-	-	-	706,761	706,761	-
Total assets	2,337,010	13,495,001	36,666,002	7,873,272	240,324,115	300,695,400	
Borrowings	32,847,690	21,948,300	-	-	-	54,795,990	3.85-6.40
Wakala payables	27,239,320	40,008,980	20,000,000	-	-	87,248,300	5-6.50
Bonds	-	-	-	20,000,000	-	20,000,000	
Other liabilities	-	-	1,727,063	-	7,820,082	9,547,145	3.85-6.50
Total liabilities	60,087,010	61,957,280	21,727,063	20,000,000	7,820,082	171,591,435	

The company's interest sensitivity position based on earlier of contractual repricing arrangements and maturity at 31 December 2004 was as follows:

	Up to 1 month KD	*1-3 months KD*	*3-12 months KD*	*Over 1 year KD*	*Non interest bearing items KD*	*Total KD*	*Effective interest rate %*
Cash and cash equivalents	-	5,582,135	-	-	1,749,051	7,331,186	2-5
Investments carried at fair value through statement of income	-	-	2,787,085	-	62,924,110	65,711,195	2-7
Murabaha investment	-	4,600	-	-	-	4,600	5.25
Loans and advances	7,075,174	976,611	8,819,759	2,370,283	-	19,241,827	4-6.25
Investment in associates	-	-	-	-	795,905	795,905	-
Investment in unconsolidated subsidiaries	-	-	-	-	996,412	996,412	-
Other assets	-	-	84,314	-	4,546,256	4,630,570	5.25
Equipment	-	-	-	-	422,046	422,046	-
Total assets	7,075,174	6,563,346	11,691,158	2,370,283	71,433,780	99,133,741	
Borrowings	590,190	1,475,475	2,000,000	-	-	4,065,665	2.9-4
Wakala payables	10,327,928	250,000	10,000,000	-	-	20,577,928	3-5
Bonds	-	-	-	20,000,000	-	20,000,000	3.2-5
Other liabilities	-	-	216,301	-	5,513,846	5,730,147	2.9-5
Total liabilities	10,918,118	1,725,475	12,216,301	20,000,000	5,513,846	50,373,740	

28 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the group does not hedge foreign currency exposure. The group had the following significant net long exposures denominated in foreign currencies at 31 December 2005:

	2005 KD Equivalent	*2004 KD Equivalent*
US Dollar	7,314,630	8,428,752
Japanese Yen	42,623	72,623
Sterling Pound	6,954	1,857
Euro	227,018	49,055
Bahraini Dinars	7,523,890	3,309,467
Qatari Riyals	3,087,772	794,812
Jordanian Dinars	33,927,692	668,934
Other	31,708,381	6,591,214
Total	83,838,960	19,916,714

29 LIQUIDITY RISK

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarises the maturity profile of the group's assets and liabilities. Except for investments carried at fair value through statement of income, the maturities of assets and liabilities have been determined on the basis of the remaining period from the balance sheet date to the contractual maturity date. The maturity profile for investments carried at fair value through statement of income is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities at 31 December 2005:

	Up to 1 month KD	*1 - 3 months KD*	*3 - 12 months KD*	*Over 1 year KD*	*Total KD*
ASSETS					
Cash and cash equivalents	25,545,169	6,194,419	-	-	31,739,588
Investments carried at fair value through statement of income	-	8,862,139	3,649,076	163,611,771	176,122,986
Murabaha investment	-	-	-	-	-
Loans and advances	2,337,010	7,300,582	32,792,606	7,873,272	50,303,470
Investment in associates	-	-	-	14,577,700	14,577,700
Investment in unconsolidated subsidiaries	-	-	-	2,058,923	2,058,923
Investment Property	-	-	-	5,959,373	5,959,373
Other assets	639,231	12,646,383	3,875,462	62,074	17,223,150
Goodwill	-	-	-	2,003,449	2,003,449
Equipment	-	-	-	706,761	706,761
	28,521,410	35,003,523	40,317,144	196,853,323	300,695,400
LIABILITIES					
Borrowings	32,847,690	21,948,300	-	-	54,795,990
Wakala payables	27,239,320	40,008,980	20,000,000	-	87,248,300
Bonds	-	-	-	20,000,000	20,000,000
Other liabilities	6,356,879	2,305,516	204,931	679,819	9,547,145
	66,443,889	64,262,796	20,204,931	20,679,819	171,591,435

Maturity profile of assets and liabilities at 31 December 2004:

	Up to 1 month KD	*1 - 3 months* KD	*3 - 12 months* KD	*Over 1 year* KD	*Total* KD
ASSETS					
Cash and cash equivalents	1,749,051	5,582,135	-	-	7,331,186
Investments carried at fair value through statement of income	-	7,562,391	2,787,085	55,361,719	65,711,195
Murabaha investment	-	4,600	-	-	4,600
Loans and advances	7,075,174	976,611	8,819,759	2,370,283	19,241,827
Investment in associates	-	-	-	795,905	795,905
Investment in unconsolidated subsidiaries	-	-	-	996,412	996,412
Other assets	365,808	4,264,762	-	-	4,630,570
Equipment	-	-	-	422,046	422,046
	9,190,033	18,390,499	11,606,844	59,946,365	99,133,741
LIABILITIES					
Borrowings	590,190	1,475,475	2,000,000	-	4,065,665
Wakala payables	10,327,928	250,000	10,000,000	-	20,577,928
Bonds	-	-	-	20,000,000	20,000,000
Other liabilities	3,942,619	788,956	650,490	348,082	5,730,147
	14,860,737	2,514,431	12,650,490	20,348,082	50,373,740

30 MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The group is exposed to market risk with respect to its investments.

The group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international equity and bond markets. In addition, the group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

31 EQUITY PRICE RISK

Equity price risk arises from the change in fair values of equity investments. The group manages this risk though diversification of investments in terms of geographical distribution and industry concentration.

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

In the opinion of management the fair value of financial instruments approximates their carrying values.

33 COMPARATIVE AMOUNTS

Certain corresponding figures for 2004, have been reclassified in order to conform with the presentation for the current year. Such reclassifications do not affect previously reported net profit or shareholders' equity.