Interim condensed consolidated financial statements and review report

Global Investment House – KSC (Closed) and Subsidiaries

Kuwait

30 September 2006 (Unaudited)

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Review report

To the board of directors of
Global Investment House – KSC (Closed)
Kuwait

We have reviewed the accompanying consolidated balance sheet of Global Investment House – KSC (Closed) (the parent company) and its subsidiaries (the Group) at 30 September 2006, and the related consolidated statement of income for the three month and nine month periods then ended, and the related consolidated statements of changes in equity and cash flows for the nine month period then ended. These interim condensed consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of the parent company's personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with the basis of presentation set out in Note 2.

Furthermore, based on our review, the interim condensed consolidated financial statements are in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association of the parent company have occurred 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 review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the period ended 30 September 2006.

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Kuwait
18 October 2006

Consolidated statement of income

	Notes	Three months ended (Unaudited) 30 Sept. 2006 KD	30 Sept. 2005 KD	Nine months ended (Unaudited) 30 Sept. 2006 KD	30 Sept. 2005 KD
Placement and advisory fees		**6,036,877**	6,953,923	**14,810,072**	13,064,152
Management fees		**2,338,825**	2,579,381	**7,798,117**	5,580,129
Interest income		**1,424,940**	966,973	**4,054,303**	2,110,053
Murabaha income		**-**	148,254	**-**	545,515
Dividend income		**399,444**	1,143,717	**2,645,279**	2,258,710
Realised gains from investments		**4,901,500**	3,436,763	**17,420,030**	7,768,163
Unrealised gains from investments		**15,056,657**	11,309,433	**31,163,186**	21,391,212
Loss on disposal of associate		**-**	-	**(177,136)**	-
Share of results of associates		**(93,656)**	-	**(61,160)**	-
Gain on disposal of subsidiaries	3	**558,772**	-	**2,299,018**	-
Rental income		**296,459**	-	**317,836**	-
Foreign exchange differences		**51,167**	24,220	**(43,196)**	(173,603)
Other income		**-**	12	**197**	460
Income		**30,970,985**	26,562,676	**80,226,546**	52,544,791
Staff expenses		**2,873,145**	1,507,907	**5,199,478**	3,477,569
Depreciation		**49,634**	57,258	**229,911**	146,392
Other operating expenses		**1,538,413**	680,563	**3,785,735**	1,680,338
Interest expenses		**5,292,980**	1,829,515	**12,938,409**	3,642,529
Provision reversal/(charge) for credit losses		**(149,451)**	164,077	**(71,098)**	526,358
Expenses		**9,604,721**	4,239,320	**22,082,435**	9,473,186
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and provision for National Labour Support Tax		**21,366,264**	22,323,356	**58,144,111**	43,071,605
Contribution to KFAS		**(190,930)**	(200,910)	**(511,160)**	(387,644)
Provision for National Labour Support Tax		**(472,551)**	(497,253)	**(1,265,120)**	(959,420)
Net profit for the period		**20,702,783**	21,625,193	**56,367,831**	41,724,541
Attributable to:					
Shareholders of the parent company		**20,550,952**	21,625,193	**55,019,235**	41,724,541
Minority interest		**151,831**	-	**1,348,596**	-
Net profit for the period		**20,702,783**	21,625,193	**56,367,831**	41,724,541
Basic earnings per share	4	**29 Fils**	43 Fils	86 Fils	75 Fils
Diluted earnings per share	4	**29 Fils**	43 Fils	84 Fils	75 Fils

The notes set out on pages 6 to 13 form an integral part of these interim condensed consolidated financial statements.

Consolidated balance sheet

	Notes	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Assets				
Cash and cash equivalents	5	**39,467,141**	31,739,588	9,710,218
Investments	6	**397,856,256**	182,082,359	138,859,283
Loans and advances		**46,819,660**	50,303,470	45,033,341
Investment in associates		**29,471,933**	14,577,700	14,769,096
Investment in unconsolidated subsidiaries		**-**	2,058,923	15,904,694
Other assets	7	**56,883,663**	17,223,150	20,937,438
Goodwill	8	**419,302**	2,003,449	-
Property and equipment		**10,291,860**	706,761	679,398
Total assets		**581,209,815**	300,695,400	245,893,468
Equity and liabilities				
Equity attributable to the shareholders of the parent company				
Share capital	9	**70,545,319**	27,807,830	27,807,830
Share premium	9	**91,039,748**	21,284,252	21,284,252
Share options reserve		**815,452**	365,452	274,089
Statutory reserve	10	**10,900,873**	10,900,873	4,541,264
General reserve	10	**10,900,873**	10,900,873	4,541,264
Treasury shares	11	**(21,447,756)**	(6,990,552)	(6,237,505)
Treasury shares reserve		**3,671,722**	3,280,312	2,610,097
Cumulative changes in fair value	12	**(300,920)**	-	-
Foreign exchange revaluation reserve		**12**	-	-
Retained earnings		**61,004,874**	52,947,373	46,004,838
		227,130,197	120,496,413	100,826,129
Minority interest		**4,945,742**	8,607,552	-
Total equity		**232,075,939**	129,103,965	100,826,129
Liabilities				
Borrowings	13	**178,260,921**	54,795,990	54,142,144
Wakala payables	13	**126,592,874**	87,248,300	64,178,640
Bonds	14	**20,000,000**	20,000,000	20,000,000
Other liabilities	15	**24,280,081**	9,547,145	6,746,555
Total liabilities		**349,133,876**	171,591,435	145,067,339
Total equity and liabilities		**581,209,815**	300,695,400	245,893,468

Anwar Abdulla Al-Noori
Chairman

Maha Khaled Al-Ghunaim
Vice Chairman and Managing Director

The notes set out on pages 6 to 13 form an integral part of these interim condensed consolidated financial statements.

Consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2006 (Unaudited)	Nine months ended 30 Sept. 2005 (Unaudited)
		KD	KD
OPERATING ACTIVITIES			
Net profit for the period		56,367,831	41,724,541
Adjustments for:			
Cost of share based payment		450,000	274,089
Depreciation		229,911	146,392
Provision (reversal)/charge for credit losses		(71,098)	526,358
Interest and murabaha income		(4,054,303)	(2,655,568)
Dividend income		(2,645,279)	(2,258,710)
Interest expenses		12,938,409	3,642,529
Share of results from associates		61,160	-
Loss on disposal of associate		177,132	-
Gain on disposal of subsidiaries		(2,299,018)	-
Operating profit before changes in operating assets and liabilities		61,154,745	41,399,631
Changes in operating assets and liabilities:			
Investments		(231,480,308)	(74,486,108)
Murabaha investment		-	4,600
Loans and advances		3,554,908	(26,317,872)
Other assets		(39,569,631)	(14,583,952)
Borrowings		123,464,931	50,076,479
Wakala payables		39,344,574	43,600,712
Other liabilities		14,732,937	136,937
Cash from operations		(28,797,844)	19,830,427
Interest and murabaha income received		4,054,303	2,270,672
Dividend income received		2,645,279	2,258,710
Interest paid		(12,938,409)	(2,763,058)
Net cash (used in)/from operating activities		(35,036,671)	21,596,751
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		(7,980,861)	-
Proceeds from disposal of subsidiaries		19,556,600	-
Investment in associates		(14,894,233)	(13,973,191)
Proceeds from disposal of associate		4,432,272	-
Investment in unconsolidated subsidiaries		-	(14,908,282)
Purchase of property and equipment		(9,815,011)	(403,744)
Net cash used in investing activities		(8,701,233)	(29,285,217)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		84,685,155	25,993,292
Purchase of treasury shares		(26,326,729)	(22,578,980)
Proceeds from sale of treasury shares		12,260,935	21,173,714
Dividends paid to shareholders of the parent company		(19,153,904)	(14,520,528)
Net cash used in financing activities		51,465,457	10,067,498
Increase in cash and cash equivalents		7,727,553	2,379,032
Cash and cash equivalents at beginning of the period		31,739,588	7,331,186
Cash and cash equivalents at end of the period	5	39,467,141	9,710,218

The notes set out on pages 6 to 13 form an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in equity

	Attributable to the shareholders of the parent company									Minority interest	Total
	Share capital KD	Share premium KD	Share options reserve KD	Reserves (Note 10) KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2006	27,807,830	21,284,252	365,452	21,801,746	(6,990,552)	3,280,312	-	52,947,373	120,496,413	8,607,552	129,103,965
Cumulative changes in fair value	-	-	-	-	-	-	(300,920)	-	(300,920)	-	(300,920)
Increase in treasury shares reserve	-	-	-	-	-	391,410	-	-	391,410	-	391,410
Net income recognised directly in equity	-	-	-	-	-	391,410	(300,920)	-	90,490	-	90,490
Net profit for the period	-	-	-	-	-	-	-	55,019,235	55,019,235	1,348,596	56,367,831
Total recognised income for the period	-	-	-	-	-	391,410	(300,920)	55,019,235	55,109,725	1,348,596	56,458,321
Issue of share capital	13,903,915	69,519,575	-	-	-	-	-	-	83,423,490	-	83,423,490
Issue of shares under group performance schemes	1,025,744	235,921	-	-	-	-	-	-	1,261,665	-	1,261,665
Issue of 100% bonus shares (Note 16)	27,807,830	-	-	-	-	-	-	(27,807,830)	-	-	-
Dividends paid (Note 16)	-	-	-	-	-	-	-	(19,153,904)	(19,153,904)	-	(19,153,904)
Cost of share based payment	-	-	450,000	-	-	-	-	-	450,000	-	450,000
Purchase of treasury shares	-	-	-	-	(26,326,729)	-	-	-	(26,326,729)	-	(26,326,729)
Sale of treasury shares	-	-	-	-	11,869,525	-	-	-	11,869,525	-	11,869,525
Foreign exchange difference	-	-	-	12	-	-	-	-	12	-	12
Net movement in minority	-	-	-	-	-	-	-	-	-	(5,010,406)	(5,010,406)
Balance at 30 September 2006	**70,545,319**	**91,039,748**	**815,452**	**21,801,758**	**(21,447,756)**	**3,671,722**	**(300,920)**	**61,004,874**	**227,130,197**	**4,945,742**	**232,075,939**
Balance at 1 January 2005	20,809,112	208,767	-	9,082,528	(3,483,689)	1,261,547	-	20,881,736	48,760,001	-	48,760,001
Increase in treasury shares reserve	-	-	-	-	-	1,348,550	-	-	1,348,550	-	1,348,550
Net income recognised directly in equity	-	-	-	-	-	1,348,550	-	-	1,348,550		1,348,550
Net profit for the period	-	-	-	-	-	-	-	41,724,541	41,724,541	-	41,724,541
Total recognised income for the period	-	-	-	-	-	1,348,550	-	41,724,541	43,073,091	-	43,073,091
Issue of share capital	4,161,822	20,809,111	-	-	-	-	-	-	24,970,933	-	24,970,933
Issue of shares under group performance schemes	755,985	266,374	-	-	-	-	-	-	1,022,359	-	1,022,359
Issue of 10% bonus shares	2,080,911	-	-	-	-	-	-	(2,080,911)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(14,520,528)	(14,520,528)	-	(14,520,528)
Cost of share based payment	-	-	274,089	-	-	-	-	-	274,089	-	274,089
Purchase of treasury shares	-	-	-	-	(22,578,980)	-	-	-	(22,578,980)	-	(22,578,980)
Sale of treasury shares	-	-	-	-	19,825,164	-	-	-	19,825,164	-	19,825,164
Balance at 30 September 2005	27,807,830	21,284,252	274,089	9,082,528	(6,237,505)	2,610,097	-	46,004,838	100,826,129	-	100,826,129

The notes set out on pages 6 to 13 form an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements (Unaudited)

30 September 2006

1 Incorporation and activities

These interim condensed consolidated financial statements of Global Investment House – KSC (Closed) (the parent company) and its Subsidiaries (the group) for the period ended 30 September 2006 were authorised for issue in accordance with a resolution of the directors on 18 October 2006.

Global Investment House – KSC (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, Bahrain Stock Exchange and Dubai Financial Market. The parent company is regulated by the Central Bank of Kuwait as an investment company.

The group comprises the parent company and its subsidiaries.

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 Co-operation Council countries.

2 Significant accounting policies

Basis of presentation

These interim condensed consolidated financial statements of the group have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and the Central Bank of Kuwait regulations regarding general provisions against credit facilities.

The impairment provision for murabaha investment and loans and advances complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In this respect, the Central Bank of Kuwait requires a general provision of 2% on all credit facilities not subject to specific provision.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2005.

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

Operating results for the period are not necessarily indicative of the results that may be expected for the year ending 31 December 2006.

3 Gain on disposal of subsidiaries

During the period the group sold part of their ownership interests in the following subsidiaries:

- The group sold 19.86% ownership interest in Real Estate Development Co- JSC (Jordan) for a consideration of KD8,588,207 resulting into a net profit of KD1,372,512. As a result of sale of interest in the subsidiary Real Estate Development Co. – JSC (Jordan) is accounted for as an associate.
- The group sold 30.73% ownership interest in Kadhma Holding Company – KSCC (Kuwait) for a consideration of KD3,628,963 resulting into a net loss of KD110,691. The new ownership interest in the subsidiary is 69.27%.
- During the period the group sold interests in Arabian Seas Insurance Co. (SAL) (previously unconsolidated subsidiary) for a consideration of KD7,339,430 resulting into a net profit of KD1,037,197. The remaining interest (below 20%) in the investee is accounted for as investment carried at fair value through statement of income.

4 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 period.

Diluted earnings per share is calculated by dividing the net profit attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period (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:

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2006	30 Sept. 2005	**30 Sept. 2006**	30 Sept. 2005
Net profit for the period attributable to the shareholders of the parent company (KD)	**20,550,952**	21,625,193	**55,019,235**	41,724,541
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	**700,734,030**	498,297,174	**642,899,919**	555,970,640
Effect of dilution from weighted average number of share options outstanding	**11,065,844**	292,258	**11,336,762**	213,084
Adjusted weighted average number of ordinary shares for diluted earnings per share	**711,799,874**	498,589,432	**654,236,681**	556,183,724
Basic earnings per share	**29 Fils**	43 Fils	**86 Fils**	75 Fils
Diluted earnings per share	**29 Fils**	43 Fils	**84 Fils**	75 Fils

The denominators for the purpose of calculating both basic and diluted earnings per share have been adjusted to reflect the bonus issue and the bonus element of the right issue in 2006 (Note 9).

5 Cash and cash equivalents

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

	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Bank balances and cash	**34,952,308**	25,545,169	4,164,644
Investment in money market instruments	**4,514,833**	6,194,419	5,545,574
	39,467,141	31,739,588	9,710,218

6 Investments

	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Held for trading:			
Quoted securities and managed funds	**20,316,109**	8,862,139	7,115,106
Designated on initial recognition:			
Unquoted debt securities	**7,139,846**	33,000	1,538,009
Unquoted equity securities	**157,591,097**	92,224,566	66,311,622
Quoted securities and managed funds	**172,724,758**	75,003,281	63,894,546
	337,455,701	167,260,847	131,744,177
Total investment carried at fair value through statement of income	**357,771,810**	176,122,986	138,859,283
Real estate investments	**40,084,446**	5,959,373	-
	397,856,256	182,082,359	138,859,283

Investments designated on initial recognition include investments amounting to KD157,591,097 (31 December 2005: KD92,224,566 and 30 September 2005: KD66,311,622) whose fair values are determined using secondary market transaction prices and are, therefore, not based on observable market prices or rates.

Unrealised gains from investments carried at fair value through income statement include unrealised gains of KD19,111,093 for nine months ended 30 September 2006 (30 September 2005: KD7,735,350) and KD4,430,306 for three months ended 30 September 2006 (30 September 2005: KD7,855,980) resulting from fair value estimated using above valuation techniques.

Real estate investments include two properties in Dubai (UAE) amounting to KD39,708,912 which are registered in the name of a related party with whom the group has signed a custody agreement transferring all the risk and rewards to the parent company.

7 Other assets

	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Accrued income	**11,819,312**	6,099,814	5,185,652
Deposits, prepayments and other receivables	**42,941,102**	8,255,737	6,885,399
Amount due from related parties (Note 17)	**2,062,784**	2,860,698	8,866,387
Positive fair value of forward foreign exchange contracts (Note 21)	**60,465**	6,901	-
	56,883,663	17,223,150	20,937,438

8 Acquisition of subsidiary

During the period the group acquired 60.27% of the share capital of Jordan Trade Facilities. Details of net assets acquired are as follows:

	KD
Purchase consideration	**2,599,257**
Share of fair value of net asset acquired	**(2,179,955)**
Goodwill	**419,302**

9 Share capital and share premium

	Authorised			Issued and fully paid		
	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD	**30 Sept. 2006 (Unaudited) KD**	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Shares of KD0.100 each	**70,545,319**	27,807,830	27,807,830	**70,545,319**	27,807,830	27,807,830

The annual general meeting of the shareholders held on 21 March 2006 approved an increase in the authorised capital from KD27,807,830 to KD70,545,319 by issue of 278,078,300 bonus shares and 10,257,440 shares under the group's performance bonus scheme and share option scheme. The shareholders also approved the increase of 50% of paid up capital totalling to 139,039,150 shares at 600 fils, including a share premium of 500 fils.

Share premium is not available for distribution.

10 Reserves

	Statutory reserve KD	**General reserve KD**	**Foreign currency translation reserve KD**	**Total KD**
Balance at 1 January 2006 and 30 September 2006	10,900,873	10,900,873	12	21,801,746
Balance at 1 January 2005 and 30 September 2005	4,541,264	4,541,264	-	9,082,528

11 Treasury shares

The details of treasury shares are as follows:

	30 Sept. 2006 (Unaudited)	31 Dec. 2005 (Audited)	30 Sept. 2005 (Unaudited)
Number of shares	**18,693,017**	2,935,237	2,811,737
Percentage holding	**2.649%**	1.056%	1.011%
Market value (KD)	**19,440,738**	7,925,140	6,242,056

12 Cumulative changes in fair value

This has arisen on equity accounting of an associate and represents group's share of post-acquisition changes in the account.

13 Borrowings and wakala payables

Borrowings are due to local, regional and international financial institutions with maturities ranging from less than 3 months to 36 months from the date of borrowings and are unsecured. The average effective interest range between 6% and 7.25% (31 December 2005 : 3.85% and 6.4%; 30 September 2005 : 4.5% and 6%).

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 range between 6.14% to 8.25% per annum (31 December 2005 : 5.0% to 6.5% per annum and 30 September 2005: 3.5% to 6% per annum).

14 Bonds

On 23 June 2004, the company issued unsecured bonds in the principal amount of KD 20,000,000 composed of bonds in two series as follows:

	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) 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	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	12,000,000
	20,000,000	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.

15 Other liabilities

	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Accrued expenses	**3,346,949**	5,986,267	3,090,431
Dividend payable	**2,568**	83,076	-
Other payables	**20,930,565**	3,477,802	3,640,461
Negative fair value of forward foreign exchange contracts (Note 21)	**-**	-	15,663
	24,280,082	9,547,145	6,746,555

16 Dividends paid

At the annual general meeting of the shareholders held on 21 March 2006, cash dividends of 70 fils (2005 : 70 fils) per share amounting to KD19,153,904 (2005 : KD14,520,528) and bonus shares of 100% (2005 : 10%) of paid up capital amounting to KD27,807,830 (2005 : KD2,080,911) were approved.

17 Related party transactions

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

	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Transactions included in the balance sheet:			
Loans to directors and senior management	**2,384,550**	2,380,353	2,029,058
Amount due from related parties (Note 7)	**2,062,784**	2,860,698	8,866,387
Borrowings	**100,000**	100,000	2,484,027
Wakala payables	**22,999,413**	61,748,300	44,178,640
Transactions included in the statement of income:			
Interest income	**135,523**	118,343	59,180
Gain on disposal of subsidiaries	**1,036,941**	-	-
Interest expense	**2,291,740**	804,126	466,626
Key management compensation			
Salaries and other short term benefits	**620,557**	1,659,737	1,225,730
Cost of share based payment	**450,000**	365,452	274,089
Terminal benefits	**219,948**	353,265	255,945

18 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
Three months ended 30 September 2006 (Unaudited)			
Segment income	**22,595,283**	**8,375,702**	**30,970,985**
Segment profit	**15,588,034**	**5,778,230**	**21,366,264**
Unallocated expenses			**(663,481)**
Net profit for the period			**20,702,783**
Three months ended 30 September 2005 (Unaudited)			
Segment income	17,029,372	9,533,304	26,562,676
Segment profit	14,311,537	8,011,819	22,323,356
Unallocated expenses			(698,163)
Net profit for the period			21,625,193

18 Segmental information (continued)

	Proprietary investment management KD	Investment management and advisory services KD	Total KD
Nine months ended 30 September 2006 (Unaudited)			
Segment income	**57,618,357**	**22,608,189**	**80,226,546**
Segment profit	**41,758,848**	**16,385,263**	**58,144,111**
Unallocated expenses			**(1,776,280)**
Net profit for the period			**56,367,831**
Nine months ended 30 September 2005 (Unaudited)			
Segment income	33,900,510	18,644,281	52,544,791
Segment profit	27,788,661	15,282,944	43,071,605
Unallocated expenses			(1,347,064)
Net profit for the period			41,724,541

19 Liquid assets

In accordance with the company's liquidity management policies a minimum percentage of total assets are maintained in financial assets for which there is a liquid market.

	30 Sept. 2006 (Unaudited) KD	31 Dec. 2005 (Audited) KD	30 Sept. 2005 (Unaudited) KD
Cash and equivalents	**39,467,141**	31,739,588	9,710,215
Quoted securities and managed funds	**193,040,867**	83,865,420	71,009,652
Total	**232,508,008**	115,605,008	80,719,870

Total liquid assets include investments amounting to KD14,559,207 (30 September 2005: KD14,001,550) in the managed funds representing the regulatory minimum 5 percent investment in such funds.

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 30 September 2006 amounted to KD2,020,545,769 (31 December 2005 : KD1,831,122,749 and 30 September 2005 : KD1,712,967,996).

21 Derivative financial instruments

	30 Sept. 2006 (Unaudited)		31 Dec. 2005 (Audited)		30 Sept. 2005 (Unaudited)	
	Notional amount KD	Positive fair value KD	Notional amount KD	Positive fair value KD	Notional amount KD	Negative fair value KD
Forward foreign exchange contracts	**38,854,164**	**60,465**	7,888,800	6,901	76,030,784	(15,663)

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.

22 Commitments

At 30 September 2006, the group had commitment to invest in venture capital funds and securities amounting to KD32,131,644 (31 December 2005: KD4,793,802 and 30 September 2005: KD3,100,398), after deducting commitments by the group's clients.

23 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current period's presentation.