Interim consolidated financial information and review report

Global Investment House – KSC (Closed) and Subsidiaries

Kuwait

30 June 2007 (Unaudited)

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Review report

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

Report on review of interim financial information

Introduction
We have reviewed the accompanying consolidated balance sheet of Global Investment House – KSC (Closed) (the parent company) and Subsidiaries (the group) as at 30 June 2007 and the related consolidated income statement for the three-month and six-month periods then ended, and the consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the six month period then ended. The directors of the parent company are responsible for the preparation and presentation of the interim consolidated financial information in accordance with basis of presentation set out in Note 2. Our responsibility is to express a conclusion on the interim consolidated financial information based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Report on other Legal and Regulatory Requirements
Furthermore, based on our review, the interim consolidated financial information is 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, as amended, have occurred that might have had a material effect on the business of the group or on its financial position.

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Kuwait
28 July 2007

Consolidated statement of income

	Notes	Three months ended (Unaudited) 30 June 2007	30 June 2006	Six months ended (Unaudited) 30 June 2007	30 June 2006
		KD'000	KD'000	**KD'000**	KD'000
Placement and advisory fees		**4,180**	4,347	**6,836**	8,696
Management fees		**4,371**	2,509	**7,786**	5,459
Interest income		**1,118**	1,298	**2,620**	2,629
Murabaha income		**359**	-	**495**	77
Dividend income		**3,625**	1,618	**8,236**	2,246
Realised gains from trading securities and investments		**13,795**	9,478	**18,062**	12,519
Unrealised gains from trading securities and investments		**11,756**	2,771	**17,259**	16,107
Gain/(loss) on sale of associate	3	**538**	-	**3,237**	(177)
Share of results from associates		**(232)**	-	**(40)**	33
Gain on sale of subsidiary	3	**-**	1,037	**9,649**	1,740
Rental income		**-**	-	**-**	21
Foreign exchange (losses)/gains		**(817)**	49	**(610)**	(94)
Income		**38,693**	23,107	**73,530**	49,256
Staff expenses		**2,764**	1,089	**5,043**	2,327
Depreciation		**241**	89	**367**	180
Other operating expenses		**1,585**	1,232	**2,907**	2,247
Interest expenses		**8,733**	4,374	**16,439**	7,646
Provision (reversal)/charge for credit losses		**(128)**	63	**(114)**	78
Expenses		**13,195**	6,847	**24,642**	12,478
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and provision for National Labour Support Tax		**25,498**	16,260	**48,888**	36,778
Contribution to KFAS		**(229)**	(146)	**(435)**	(320)
National Labour Support Tax		**(628)**	(363)	**(1,118)**	(793)
Profit for the period		**24,641**	15,751	**47,335**	35,665
Attributable to:					
Shareholders of the parent company		**24,202**	15,751	**46,679**	34,468
Minority interest		**439**	-	**656**	1,197
Profit for the period		**24,641**	15,751	**47,335**	35,665
Basic earnings per share attributable to the shareholders of the parent company	4	**29 Fils**	20 Fils	**56 Fils**	45 Fils
Diluted earnings per share attributable to the shareholders of the parent company	4	**28 Fils**	20 Fils	**55 Fils**	44 Fils

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Consolidated balance sheet

	Notes	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Assets				
Cash and cash equivalents	5	**59,610**	66,775	34,667
Trading securities	6	**49,643**	30,274	17,255
Investments	7	**513,409**	413,599	273,430
Murabaha receivables		**10,499**	10,177	-
Loans and advances		**29,388**	41,019	54,143
Investment in associates		**49,195**	52,062	29,414
Other assets	8	**106,557**	64,498	51,790
Goodwill	9	**4,327**	419	419
Property and equipment		**18,272**	13,068	4,509
Total assets		**840,900**	691,891	465,627
Equity and liabilities				
Equity attributable to the shareholders of the parent company				
Share capital	10	**85,956**	70,545	70,545
Share premium	10	**91,873**	91,040	91,040
Share options reserve		**1,365**	965	665
Statutory reserve		**18,307**	18,307	10,901
General reserve		**18,307**	18,307	10,901
Treasury shares	11	**(4,967)**	(20,467)	(23,053)
Treasury shares reserve		**2,483**	3,460	4,210
Fair value reserve		**1,184**	(286)	(314)
Foreign exchange translation reserve		**(69)**	(70)	-
Retained earnings		**60,953**	62,583	40,454
		275,392	244,384	205,349
Minority interest		**6,001**	4,582	4,129
Total equity		**281,393**	248,966	209,478
Liabilities				
Short terms borrowings	12	**222,585**	201,670	104,512
Wakala payables	12	**132,383**	134,286	117,991
Medium term borrowings	13	**89,423**	55,972	-
Bonds	14	**65,000**	20,000	20,000
Other liabilities	15	**50,116**	30,997	13,646
Total liabilities		**559,507**	442,925	256,149
Total equity and liabilities		**840,900**	691,891	465,627

Maha Khaled Al-Ghunaim
Chairperson and Managing Director

Khaled J. Al Wazzan
Vice Chairman

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Consolidated statement of cash flows

	Note	Six months ended 30 June 2007 (Unaudited)	Six months ended 30 June 2006 (Unaudited)
		KD'000	KD'000
OPERATING ACTIVITIES			
Profit for the period		**47,335**	35,665
Adjustments for:			
Cost of share based payment		**400**	300
Depreciation		**367**	180
Provision (reversal)/charge for credit losses		**(114)**	78
Interest and murabaha income		**(3,115)**	(2,706)
Dividend income		**(8,236)**	(2,246)
Interest expenses		**16,439**	7,646
Share of results from associates		**40**	(33)
Gain/(loss) on sale of associate		**(3,237)**	177
Gain on sale of subsidiary		**(9,649)**	(1,740)
		40,230	37,321
Changes in operating assets and liabilities:			
Trading securities		**(19,369)**	(8,393)
Investments		**(100,122)**	(114,853)
Murabaha receivables		**(322)**	-
Loans and advances		**11,745**	(3,918)
Other assets		**(42,059)**	(36,942)
Short term borrowings		**20,915**	49,716
Wakala payables		**(1,903)**	30,743
Other liabilities		**13,699**	4,099
Cash used in operations		**(77,186)**	(42,227)
Interest and murabaha income received		**3,115**	2,706
Dividend income received		**8,236**	2,246
Interest paid		**(16,439)**	(7,646)
Net cash used in operating activities		**(82,274)**	(44,921)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		**(4,921)**	(1,218)
Proceeds from sale of subsidiary		**13,178**	3,799
Investment in associates		**-**	(2,980)
Proceeds from sale of associate		**6,094**	1,803
Purchase of property and equipment		**(5,571)**	(3,983)
Proceeds from sale of investment property		**-**	28
Net cash from/(used in) investing activities		**8,780**	(2,551)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		**2,135**	84,685
Issue of bonds		**45,000**	-
Medium term borrowings		**33,451**	-
Purchase of treasury shares		**(22,605)**	(25,618)
Proceeds from sale of treasury shares		**37,128**	10,485
Dividends paid to shareholders of the parent company		**(28,780)**	(19,153)
Net cash from financing activities		**66,329**	50,399
(Decrease)/increase in cash and cash equivalents		**(7,165)**	2,927
Cash and cash equivalents at beginning of the period		**66,775**	31,740
Cash and cash equivalents at end of the period	5	**59,610**	34,667

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Consolidated statement of changes in equity

	Attributable to the shareholders of the parent company									Minority interest	Total
	Share capital KD'000	Share premium KD'000	Share options reserve KD'000	Reserves KD'000	Treasury shares KD'000	Treasury shares reserve KD'000	Fair value reserve KD'000	Retained earnings KD'000	Sub-total KD'000	KD'000	KD'000
Balance at 1 January 2007	70,545	91,040	965	36,544	(20,467)	3,460	(286)	62,583	244,384	4,582	248,966
Net changes in fair value	-	-	-	-	-	-	1,470	-	1,470	-	1,470
Decrease in treasury shares reserve	-	-	-	-	-	(977)	-	-	(977)	-	(977)
Foreign currency translation reserve	-	-	-	1	-	-	-	-	1	-	1
Net income recognised directly in equity	-	-	-	1	-	(977)	1,470	-	494	-	494
Profit for the period	-	-	-	-	-	-	-	46,679	46,679	656	47,335
Total recognised income and expense for the period	-	-	-	1	-	(977)	1,470	46,679	47,173	656	47,829
Issue of 20% bonus shares (Note 16)	14,109	-	-	-	-	-	-	(14,109)	-	-	-
Issue of shares under group performance schemes	1,302	833	-	-	-	-	-	-	2,135	-	2,135
Dividends paid (Note 16)	-	-	-	-	-	-	-	(34,200)	(34,200)	-	(34,200)
Cost of share based payment	-	-	400	-	-	-	-	-	400	-	400
Purchase of treasury shares	-	-	-	-	(22,605)	-	-	-	(22,605)	-	(22,605)
Sale of treasury shares	-	-	-	-	38,105	-	-	-	38,105	-	38,105
Net movement in minority	-	-	-	-	-	-	-	-	-	763	763
Balance at 30 June 2007	**85,956**	**91,873**	**1,365**	**36,545**	**(4,967)**	**2,483**	**1,184**	**60,953**	**275,392**	**6,001**	**281,393**

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Consolidated statement of changes in equity

	Attributable to the shareholders of the parent company									Minority interest	Total
	Share capital KD'000	Share premium KD'000	Share options reserve KD'000	Reserves KD'000	Treasury shares KD'000	Treasury shares reserve KD'000	Fair value reserve KD'000	Retained earnings KD'000	Sub-total KD'000	KD'000	KD'000
Balance at 1 January 2006	27,808	21,284	365	21,802	(6,990)	3,280	-	52,947	120,496	8,608	129,104
Net changes in fair value	-	-	-	-	-	-	(314)	-	(314)	-	(314)
Increase in treasury shares reserve	-	-	-	-	-	930	-	-	930	-	930
Net income recognised directly in equity	-	-	-	-	-	930	(314)	-	616	-	616
Profit for the period	-	-	-	-	-	-	-	34,468	34,468	1,197	35,665
Total recognised income for the period	-	-	-	-	-	930	(314)	34,468	35,084	1,197	36,281
Issue of share capital	13,904	69,520	-	-	-	-	-	-	83,424	-	83,424
Issue of 100% bonus shares	27,808	-	-	-	-	-	-	(27,808)	-	-	-
Issue of shares under group performance schemes	1,025	236	-	-	-	-	-	-	1,261	-	1,261
Dividends paid	-	-	-	-	-	-	-	(19,153)	(19,153)	-	(19,153)
Cost of share based payment	-	-	300	-	-	-	-	-	300	-	300
Purchase of treasury shares	-	-	-	-	(25,618)	-	-	-	(25,618)	-	(25,618)
Sale of treasury shares	-	-	-	-	9,555	-	-	-	9,555	-	9,555
Net movement in minority	-	-	-	-	-	-	-	-	-	(5,676)	(5,676)
Balance at 30 June 2006	70,545	91,040	665	21,802	(23,053)	4,210	(314)	40,454	205,349	4,129	209,478

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial statements (Unaudited)

30 June 2007

1 Incorporation and activities

This interim consolidated financial information of Global Investment House – KSC (Closed) and its Subsidiaries (the group) for the period ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 28 July 2007.

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 and other Middle Eastern countries.

2 Significant accounting policies

Basis of presentation

The interim consolidated financial information of the group has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2006. The annual consolidated financial statements for the year ended 31 December 2006 were prepared in accordance with the regulations of the State 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 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's (CBK) requirement for a minimum general provision as described below.

2 Significant accounting policies (continued)

The impairment provision for credit facilities complies in all material respects with the specific provision requirements of the CBK and IFRS. In March 2007, the CBK issued a circular amending the basis of making minimum general provisions on facilities changing the rate from 2% to 1% for cash facilities and 0.5% for non cash facilities. The required rates were to be applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral during the reporting period. The minimum general provision in excess of the present 1% for cash facilities and 0.5% for non cash facilities would be retained as a general provision until further directive from the CBK.

The interim consolidated financial information does not contain all information and disclosures required for full financial information prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six months ended 30 June 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2006.

3 Gain on sale of subsidiaries and associates

3.1 During the period the group initially reduced its stake in Kadhma Holding Company - KSC (Holding) from 77.5% to 68.11% through multiple sales transactions. Subsequently, its ownership interest of 65.78% was sold for a consideration of KD13.178 million. The remaining interest of 2.33% is accounted as investments carried at fair value through income statement. The group's pro rata share in the net income of the subsidiary up to the date of final sale, initial multiple sales, and final sale of 65.78% stake to a single party resulted in a net gain of KD9.649 million.

In the group's 31 December 2006 financial statements the following results of Kadhma Holding Company – KSC (Holding) were included:

	KD'000
Loss for the year	(216)
Total assets	1,857
Total liabilities	30
Net cash inflow from operating, investing and financing activities	155
Cash and cash equivalents at end of the year	161

3.2 During the period, the group also sold, in various transactions, 17.1% of its ownership interest in its associate, Real Estate Development Company - JSC, for an aggregate amount of KD6.094 million resulting into a gain of KD3.237 million. The group's remaining interest in the associate at the balance sheet date was 24.6%.

4 Earnings per share

Basic earnings per share is computed by dividing the 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 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).

4 Earnings per share (continued)

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

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 Jun. 2007	30 Jun. 2006	**30 Jun. 2007**	30 Jun. 2006
Profit for the period attributable to the shareholders of the parent company (KD'000)	**24,202**	15,751	**46,679**	34,468
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	**839,134**	769,361	**831,676**	771,164
Effect of dilution from weighted average number of share options outstanding	**25,093**	7,612	**20,574**	7,612
Adjusted weighted average number of ordinary shares for diluted earnings per share	**864,227**	776,973	**852,250**	778,776
Basic earnings per share	**29 Fils**	20 Fils	**56 Fils**	45 Fils
Diluted earnings per share	**28 Fils**	20 Fils	**55 Fils**	44 Fils

The denominators for the purpose of calculating the both basic and diluted earnings per share have been adjusted to reflect the bonus share issue in March 2007 (Note 16).

5 Cash and cash equivalents

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

	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Bank balances and cash	**57,039**	34,064	28,370
Investment in money market instruments	**2,571**	32,711	6,297
	59,610	66,775	34,667

6 Trading securities

	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Local	**6,800**	7,155	2,237
International	**42,843**	23,119	15,018
	49,643	30,274	17,255

7 Investments

	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Designated on initial recognition:			
Unquoted debt securities	**14,876**	11,023	4,967
Unquoted equity securities	**166,065**	135,047	124,512
Quoted securities and managed funds	**299,959**	267,115	143,576
Total investment carried at fair value through statement of income	**480,900**	413,185	273,055
Available for sale securities :			
Quoted equity securities	**6,848**	-	-
Unquoted equity securities	**814**	-	-
Total available for sale securities	**7,662**	-	-
Real estate investments	**24,847**	414	375
Total investments	**513,409**	413,599	273,430

Investments designated on initial recognition include investments amounting to KD166.065 million (31 December 2006: KD135.047 million and 30 June 2006: KD124.512 million) 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 KD1.412 million (31 December 2006: KD10.290 million and 30 June 2006: KD1.162 million) resulting from fair value estimated using above valuation techniques.

8 Other assets

	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Accrued income	**12,068**	13,045	8,906
Receivables for settlement of sale of securities	**37,145**	8,009	-
Deposits, prepayments and other receivables	**51,843**	29,064	40,808
Advances for purchase of investments	**4,639**	13,054	-
Positive fair value of forward foreign exchange contract	**-**	-	130
Amount due from related parties (Note 17)	**862**	1,326	1,946
	106,557	64,498	51,790

9 Goodwill

During the period the group took the effective control of Nibrass Holding Company KSC (Closed) with 88.2% ownership (previously less than effective control ownership accounted as 'Investments carried at fair value through statement of income'). Details of net assets acquired are as follows:

	KD'000
Purchase consideration	**10,888**
Share of fair value of net assets acquired	**(7,738)**
Goodwill	**3,150**
Net cash outflow arising on acquisition:	
Cash consideration paid	**(10,888)**
Cash and cash equivalents acquired	**5,967**
	4,921

10 Share capital and share premium

	Authorised			Issued and fully paid		
	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000	**30 Jun. 2007 (Unaudited) KD'000**	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Shares of KD0.100 each	**85,956**	70,545	70,545	**85,956**	70,545	70,545

The annual general meeting of the shareholders held on 14 March 2007 approved an increase in the authorised capital from KD70.545 million to KD85.956 million by issue of 141,090,634 bonus shares and 13,013,617 shares under the group's performance bonus scheme and share option scheme.

Share premium is not available for distribution.

11 Treasury shares

The details of treasury shares are as follows:

	30 Jun. 2007 (Unaudited)	31 Dec. 2006 (Audited)	30 Jun. 2006 (Unaudited)
Number of shares ('000)	**5,977**	17,939	19,666
Percentage holding	**0.69%**	2.543%	2.788%
Carrying cost (KD'000)	**4,967**	20,467	23,053
Market value (KD'000)	**5,380**	19,733	20,453

12 Short term borrowings and wakala payables

Borrowings are due to local and regional financial institutions and are repayable within 12 months from the date of borrowings and are unsecured. The average effective interest range between 5.45% and 8.25% (31 December 2006: 6.32% and 8.25%; 30 June 2006:5.80% and 8%).

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% to 8.25% per annum (31 December 2006: 6.35% to 8.25% per annum and 30 June 2006: 6.05% to 8% per annum).

13 Medium term borrowings

Medium term borrowings were obtained for general financing purposes and are due to regional and international financial institutions under the following facilities:

a) 3 year US$300 million syndicated loan facility, maturing in June 2010;

b) US$ 10 million facility maturing in October 2009.

These facilities carry a floating rate interest of 6 month LIBOR plus a margin ranging from 0.8% to 1% per annum.

14 Bonds

	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
On 23 June 2004, the parent company issued unsecured bonds in the principal amount of KD20,000,000 composed of bonds in two series as follows:			
• Fixed rate bonds due on 23 June 2009 (bearing fixed interest at the rate of 5% per annum payable semi-annually)	**8,000**	8,000	8,000
• 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**	12,000	12,000
On 25 April 2007, the parent company issued unsecured bonds in the principal amount of KD45,000,000 composed of bonds in two series as follows:			
• Fixed rate bonds due on 25 April 2012 (bearing fixed interest rate of 7% payable semi annually)	**20,000**	-	-
• Floating rate bonds due on 25 April 2012 (bearing interest at the rate of 1% per annum over KIBOR in effect on the rate fixing date payable semi-annually)	**25,000**	-	-
	65,000	20,000	20,000

The parent 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 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Accrued expenses	**8,960**	9,973	4,136
Payable for settlement of purchase of securities	**27,401**	12,928	-
Dividend payable	**5,240**	-	-
Other payables	**7,327**	7,962	9,510
Negative fair value of forward foreign exchange contracts (Note 20)	**1,188**	134	-
	50,116	30,997	13,646

16 Dividends paid

At the annual general meeting of the shareholders held on 14 March 2007, cash dividends of 50 fils (2006: 70 fils) per share amounting to KD34.200 million (2006: KD19.154 million) and bonus shares of 20% (2006 : 100%) of paid up capital amounting to KD14.109 million (2006 : KD27.807 million) 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) entered into by the group in the ordinary course of business.

	30 Jun. 2007 (Unaudited) KD'000	31 Dec. 2006 (Audited) KD'000	30 Jun. 2006 (Unaudited) KD'000
Transactions included in the balance sheet:			
Loans to directors and senior management	**1,346**	2,369	2,386
Amount due from related parties (Note 8)	**862**	1,326	1,946
Borrowings	**-**	-	100
Wakala payables	**24,375**	7,198	47,754
Transactions included in the statement of income:			
Interest income	**276**	181	89
Interest expense	**1,176**	2,453	1,519
Gain on sale of subsidiary	**-**	1,037	-
Key management compensation:			
Salaries and other short term benefits	**397**	1,535	393
Cost of share based payment	**400**	600	300
Terminal benefits	**52**	393	136

18 Segmental information

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

- Proprietary investment management comprises of investing of group's funds in securities, lending to corporate and individual customers and managing the group'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, GCC and other Middle East countries) and accordingly does not have a secondary segment.

	Proprietary investment management KD'000	Investment management and advisory services KD'000	Total KD'000
Three months ended 30 June 2007 (Unaudited)			
Segment income	**30,141**	**8,552**	**38,693**
Segment profit	**19,862**	**5,636**	**25,498**
Unallocated expenses			**(857)**
Profit for the period			**24,641**
Three months ended 30 June 2006 (Unaudited)			
Segment income	16,249	6,858	23,107
Segment profit	11,434	4,826	16,260
Unallocated expenses			(509)
Profit for the period			15,751

18 Segmental information (continued)

	Proprietary investment management KD'000	Investment management and advisory services KD'000	Total KD'000
Six months ended 30 June 2007 (Unaudited)			
Segment income	**39,006**	**34,524**	**73,530**
Segment profit	**25,934**	**22,954**	**48,888**
Unallocated expenses			**(1,553)**
Profit for the period			**47,335**
Six months ended 30 June 2006 (Unaudited)			
Segment income	35,023	14,233	49,256
Segment profit	26,151	10,627	36,778
Unallocated expenses			(1,113)
Profit for the period			35,665

19 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 June 2007 amounted to KD2,390.167 million (31 December 2006: KD2,084.529 million and 30 June 2006: KD1,927.366 million).

20 Derivative financial instruments

	30 Jun. 2007 (Unaudited)		31 Dec. 2006 (Audited)		30 Jun. 2006 (Unaudited)	
	Notional amount KD'000	**Negative fair value KD'000**	Notional amount KD'000	Negative fair value KD'000	Notional amount KD'000	Positive fair value KD'000
Forward foreign exchange contracts	**35,933**	**(1,188)**	97,759	(134)	41,343	130

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.

21 Commitments

At 30 June 2007, the group had commitment to invest in venture capital funds and securities amounting to KD1.437 million (31 December 2006: KD21.179 million and 30 June 2006: K0.258 million), after deducting commitments by the group's clients. Further at 30 June 2007, the group had commitments for acquisition of real estate investments aggregating KD28.829 million payable by:

	KD'000
31 December 2007	**4,477**
31 December 2008	**13,675**
31 December 2009	**8,187**
31 December 2010	**2,490**