Interim condensed consolidated financial information and review report

Global Investment House – KSC (Closed) and Subsidiaries

Kuwait

30 September 2007 (Unaudited)

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF GLOBAL INVESTMENT HOUSE K.S.C. (CLOSED)

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Global Investment House K.S.C. (Closed) (the parent company) and its subsidiaries (the Group) as at 30 September2007 and the related interim condensed consolidated income statement for the three month and nine month periods then ended, and the interim condensed consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the nine month period then ended and explanatory notes. The directors of the parent company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of 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, or of the articles of association of the parent company have occurred during the nine month period ended 30 September2007 that might have had a material effect on the business of the group or on its financial position.

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24 October 2007

Kuwait

Interim condensed consolidated statement of income

	Notes	Three months ended (Unaudited) 30 September 2007 KD'000	30 September 2006 KD'000	Nine months ended (Unaudited) 30 September 2007 KD'000	30 September 2006 KD'000
Placement and advisory fees		6,604	6,037	13,440	14,810
Management fees		4,672	2,339	12,458	7,798
Interest income		1,338	1,425	3,958	4,054
Murabaha income		558	-	1,053	-
Dividend income		1,247	399	9,483	2,645
Realised gains from trading securities and investments		5,741	4,902	23,803	17,420
Unrealised gains from trading securities and investments		5,875	15,057	23,134	31,163
Gain/(loss) on sale of associate	3	2,800	-	6,037	(177)
Share of results from associates		3,041	(94)	3,001	(61)
Gain on sale of subsidiary	3	-	559	9,649	2,299
Rental income		-	296	-	318
Foreign exchange (losses)/gains		(1,580)	51	(2,190)	(43)
Income		30,296	30,971	103,826	80,226
Staff expenses		3,233	2,873	8,276	5,199
Depreciation		351	50	718	230
Other operating expenses		2,014	1,538	4,921	3,786
Interest expenses		8,908	5,293	25,347	12,938
Provision reversal for credit losses		(19)	(149)	(133)	(71)
Expenses		14,487	9,605	39,129	22,082
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and provision for National Labour Support Tax		15,809	21,366	64,697	58,144
Contribution to KFAS		(142)	(191)	(577)	(511)
National Labour Support Tax		(390)	(472)	(1,508)	(1,265)
Profit for the period		15,277	20,703	62,612	56,368
Attributable to:					
Shareholders of the parent company		15,212	20,551	61,891	55,019
Minority interest		65	152	721	1,349
Profit for the period		15,277	20,703	62,612	56,368
Basic earnings per share attributable to the shareholders of the parent company	4	18 Fils	25 Fils	74 Fils	70 Fils
Diluted earnings per share attributable to the shareholders of the parent company	4	17 Fils	24 Fils	72 Fils	69 Fils

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated balance sheet

	Notes	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000
Assets				
Cash and cash equivalents	5	**58,773**	69,006	39,467
Trading securities	6	**52,178**	30,274	20,316
Investments	7	**520,143**	411,368	377,540
Murabaha receivables		**10,537**	10,177	-
Loans and advances		**27,477**	41,019	46,820
Investment in associates		**46,147**	52,062	29,472
Other assets	8	**67,853**	64,498	56,884
Goodwill	9	**8,345**	419	419
Property and equipment		**19,384**	13,068	10,292
Total assets		**810,837**	691,891	581,210
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		**1,565**	965	815
Statutory reserve		**18,307**	18,307	10,901
General reserve		**18,307**	18,307	10,901
Treasury shares	11	**(3,465)**	(20,467)	(21,448)
Treasury shares reserve		**944**	3,460	3,672
Fair value reserve		**1,138**	(286)	(301)
Foreign exchange translation reserve		**(1,290)**	(70)	-
Retained earnings		**76,165**	62,583	61,005
		289,500	244,384	227,130
Minority interest		**7,907**	4,582	4,946
Total equity		**297,407**	248,966	232,076
Liabilities				
Short terms borrowings	12	**182,763**	201,670	178,261
Wakala payables	12	**156,554**	134,286	126,593
Medium term borrowings	13	**86,692**	55,972	-
Bonds	14	**65,000**	20,000	20,000
Other liabilities	15	**22,421**	30,997	24,280
Total liabilities		**513,430**	442,925	349,134
Total equity and liabilities		**810,837**	691,891	581,210

Maha Khaled Al-Ghunaim
Chairperson and Managing Director

Khaled J. Al Wazzan
Vice Chairperson & Director

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)
		KD'000	KD'000
OPERATING ACTIVITIES			
Profit for the period		62,612	56,368
Adjustments for:			
Cost of share based payment		600	450
Depreciation		718	230
Provision reversal for credit losses		(133)	(71)
Interest and murabaha income		(5,011)	(4,054)
Dividend income		(9,483)	(2,645)
Interest expenses		25,347	12,938
Share of results from associates		(3,001)	61
(Gain) loss on sale of associate		(6,037)	177
Gain on sale of subsidiary		(9,649)	(2,299)
		55,963	61,155
Changes in operating assets and liabilities:			
Trading securities		(21,904)	(11,454)
Investments		(96,757)	(220,026)
Murabaha receivables		(363)	-
Loans and advances		13,678	3,555
Other assets		(3,355)	(39,570)
Short term borrowings		(18,907)	123,465
Wakala payables		22,268	39,344
Other liabilities		(8,577)	14,733
Cash used in operations		(57,954)	(28,798)
Interest and murabaha income received		5,011	4,054
Dividend income received		9,483	2,645
Interest paid		(25,347)	(12,938)
Net cash used in operating activities		(68,807)	(35,037)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		(12,159)	(7,981)
Proceeds from sale of subsidiary		13,178	19,557
Purchase of investment in associates		(12,777)	(14,894)
Proceeds from sale of associate		15,900	4,432
Purchase of property and equipment		(7,034)	(9,815)
Net cash used in investing activities		(2,892)	(8,701)
FINANCING ACTIVITIES			
Proceeds from issue of shares under group performance scheme		2,135	84,685
Issue of bonds		45,000	-
Medium term borrowings		30,720	-
Purchase of treasury shares		(34,691)	(26,327)
Proceeds from sale of treasury shares		49,177	12,261
Dividends paid to shareholders of the parent company		(34,200)	(19,154)
Movement in minority		3,325	-
Net cash from financing activities		61,466	51,465
(Decrease)/increase in cash and cash equivalents		(10,233)	7,727
Cash and cash equivalents at beginning of the period		69,006	31,740
Cash and cash equivalents at end of the period	5	58,773	39,467

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed 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	-	-	-	-	-	-	1,424	-	1,424	-	1,424
Foreign currency translation reserve	-	-	-	(1,220)	-	-	-	-	(1,220)	-	(1,220)
Net (expenses) income recognised directly in equity	-	-	-	(1,220)	-	-	1,424	-	204	-	204
Profit for the period	-	-	-	-	-	-	-	61,891	61,891	721	62,612
Total recognised income and expense for the period	-	-	-	(1,220)	-	-	1,424	61,891	62,095	721	62,816
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	-	-	600	-	-	-	-	-	600	-	600
Purchase of treasury shares	-	-	-	-	(34,691)	-	-	-	(34,691)	-	(34,691)
Sale of treasury shares	-	-	-	-	51,693	-	-	-	51,693	-	51,693
Decrease in treasury shares reserve	-	-	-	-	-	(2,516)	-	-	(2,516)	-	(2,516)
Net movement in minority	-	-	-	-	-	-	-	-	-	2,604	2,604
Balance at 30 September 2007	**85,956**	**91,873**	**1,565**	**35,324**	**(3,465)**	**944**	**1,138**	**76,165**	**289,500**	**7,907**	**297,407**

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed 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	-	-	-	-	-	-	(301)	-	(301)	-	(301)
Net income recognised directly in equity	-	-	-	-	-	-	(301)	-	(301)	-	(301)
Profit for the period	-	-	-	-	-	-	-	55,019	55,019	1,349	56,368
Total recognised income for the period	-	-	-	-	-	-	(301)	55,019	54,718	1,349	56,067
Issue of share capital	13,903	69,520	-	-	-	-	-	-	83,423	-	83,423
Issue of 100% bonus shares	27,808	-	-	-	-	-	-	(27,808)	-	-	-
Issue of shares under group performance schemes	1,026	236	-	-	-	-	-	-	1,262	-	1,262
Dividends paid	-	-	-	-	-	-	-	(19,153)	(19,153)	-	(19,153)
Cost of share based payment	-	-	450	-	-	-	-	-	450	-	450
Purchase of treasury shares	-	-	-	-	(26,327)	-	-	-	(26,327)	-	(26,327)
Sale of treasury shares	-	-	-	-	11,869	-	-	-	11,869	-	11,869
Increase in treasury shares reserve	-	-	-	-	-	392	-	-	392	-	392
Net movement in minority	-	-	-	-	-	-	-	-	-	(5,011)	(5,011)
Balance at 30 September 2006	70,545	91,040	815	21,802	(21,448)	3,672	(301)	61,005	227,130	4,946	232,076

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial statements (Unaudited)

30 September 2007

1 Incorporation and activities

This interim condensed consolidated financial information of Global Investment House – KSC (Closed) (the "parent company") and its Subsidiaries (the "group") for the period ended 30 September 2007 were authorised for issue in accordance with a resolution of the directors on 24 October 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 condensed 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 condensed 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 condensed consolidated financial information does not contain all information and disclosures required for full financial statements 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 nine months ended 30 September 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, 65.78% of its ownership interest was sold for a consideration of KD13.178 million. The remaining interest of 2.33% is accounted as investments carried at fair value through statement of income. The group's pro rata share in the net income of the subsidiary up to the date of 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, 37.2% of its ownership interest in its associate, Real Estate Development Company - JSC, for an aggregate amount of KD 15.9 million resulting into a gain of KD6.037 million. The remaining interest of 4.5 % is accounted for as investments carried at fair value through statement of income.

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)		Nine months ended (Unaudited)	
	30 September 2007	30 September 2006	**30 September 2007**	30 September 2006
Profit for the period attributable to the shareholders of the parent company (KD'000)	**15,212**	20,551	**61,891**	55,019
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	**849,618**	834,996	**835,357**	791,346
Effect of dilution from weighted average number of share options outstanding	**25,915**	13,417	**22,360**	9,534
Adjusted weighted average number of ordinary shares for diluted earnings per share	**875,533**	848,413	**857,717**	800,880
Basic earnings per share	**18 Fils**	25 Fils	**74 Fils**	70 Fils
Diluted earnings per share	**17 Fils**	24 Fils	**72 Fils**	69 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 interim condensed consolidated statement of cash flows include the following amounts:

	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000
Bank balances and cash	**57,747**	34,064	34,952
Investment in money market instruments	**1,026**	34,942	4,515
	58,773	69,006	39,467

6 Trading securities

	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000
Local	**11,004**	7,155	2,180
International	**41,174**	23,119	18,136
	52,178	30,274	20,316

7 Investments

	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000
Designated on initial recognition:			
Unquoted debt securities	**15,879**	11,023	7,140
Unquoted equity securities	**159,073**	135,047	157,591
Quoted securities and managed funds	**300,251**	264,884	172,725
Total investments carried at fair value through statement of income	**475,203**	410,954	337,456
Available for sale securities :			
Quoted equity securities	**7,216**	-	-
Unquoted equity securities	**2,919**	-	-
Total available for sale securities	**10,135**	-	-
Real estate investments	**34,805**	414	40,084
Total investments	**520,143**	411,368	377,540

Investments designated on initial recognition include investments amounting to KD 159,073 million (31 December 2006: KD135.047 million and 30 September 2006: KD 157.591 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 KD 1,180 million (31 December 2006: KD 10.290 million and 30 September 2006: KD 19.111 million) resulting from fair value estimated using above valuation techniques.

8 Other assets

	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000
Accrued income	**15,065**	13,045	11,819
Receivables for settlement of sale of securities	**7,954**	8,009	-
Deposits, prepayments and other receivables	**43,050**	29,064	42,941
Advances for purchase of investments	**1,344**	13,054	-
Positive fair value of forward foreign exchange contract	-	-	61
Amount due from related parties (Note 17)	**440**	1,326	2,063
	67,853	64,498	56,884

Included under Deposits, prepayments and other receivables an amount of KD 1.503 million representing amount due from certain parties pertaining to a fraud case discovered during the year ended 31 December 2006.

9 Goodwill

9.1 During the period the group obtained 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)

9.2 During the period the group also obtained the effective control of Arabian Seas Insurance Co. (SAL) with 65.2% 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	7,690
Share of fair value of net assets acquired	(3,672)
Goodwill (provisional)	4,018
Net cash outflow arising on acquisition:	
Cash consideration paid	(7,690)
Cash and cash equivalents acquired	452
	(7,238)

Movement of the goodwill is as follows:

	KD'000
Opening balance as at 1 Jnauary 2007	419
Goodwill paid on acquisition of Nibrass Holding Company	3,150
Goodwill arising on consolidation of Nibrass Holding Company	758
Goodwill arising on acquisition of Arabian Sea Insurance company	4,018
Balance at 30 September 2007	8,345

10 Share capital and share premium

	Authorised			Issued and fully paid		
	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 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 September 2007 (Unaudited)	31 December 2006 (Audited)	30 September 2006 (Unaudited)
Number of shares ('000)	3,175	17,939	18,693
Percentage holding	%0.369	2.543%	2.649%
Carrying cost (KD'000)	3,465	20,467	21,448
Market value (KD'000)	2,890	19,733	19,441

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 5.65% and 8.25% (31 December 2006: 6.32% and 8.25%; 30 September 2006: 6% and 7.25%).

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 7.75% per annum (31 December 2006: 6.35% to 8.25% per annum and 30 September 2006: 6.14% to 8.25% 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 1.00% per annum.

14 Bonds

	30 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 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 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000
Accrued expenses	**7,460**	9,973	3,347
Payable for settlement of purchase of securities	**2,012**	12,928	11,477
Dividend payable	**360**	-	2
Other payables	**11,302**	7,962	9,454
Negative fair value of forward foreign exchange contracts (Note 20)	**1,287**	134	-
	22,421	30,997	24,280

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: KD19.153 million) and bonus shares of 20% (2006 : 100%) of paid up capital amounting to KD14.109 million (2006 : KD27.808 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 September 2007 (Unaudited) KD'000	31 December 2006 (Audited) KD'000	30 September 2006 (Unaudited) KD'000
Transactions included in the balance sheet:			
Loans to directors and senior management	**1,099**	2,369	2,385
Amount due from related parties (Note 8)	**440**	1,326	2,063
Borrowings	**-**	-	100
Wakala payables	**30,730**	7,198	22,999
Transactions included in the statement of income:			
Interest income	**301**	181	135
Interest expense	**1,713**	2,453	2,292
Gain on sale of subsidiary	**-**	1,037	1,037
Key management compensation:			
Salaries and other short term benefits	**655**	1,535	621
Cost of share based payment	**600**	600	450
Terminal benefits	**86**	393	220

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 September 2007 (Unaudited)			
Segment income	**19,021**	**11,275**	**30,296**
Segment profit	**9,925**	**5,884**	**15,809**
Unallocated expenses			**(532)**
Profit for the period			**15,277**
Three months ended 30 September 2006 (Unaudited)			
Segment income	22,595	8,376	30,971
Segment profit	15,588	5,778	21,366
Unallocated expenses			(663)
Profit for the period			20,703

	Proprietary investment management KD'000	Investment management and advisory services KD'000	Total KD'000
Nine months ended 30 September 2007 (Unaudited)			
Segment income	**77,928**	**25,898**	**103,826**
Segment profit	**48,559**	**16,138**	**64,697**
Unallocated expenses			**(2,085)**
Profit for the period			**62,612**
Nine months ended 30 September 2006 (Unaudited)			
Segment income	57,618	22,608	80,226
Segment profit	41,759	16,385	58,144
Unallocated expenses			(1,776)
Profit for the period			56,368

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 September 2007 amounted to KD 2,355.033 million (31 December 2006: KD2,084.529 million and 30 September 2006: KD 2,020.546 million).

20 Derivative financial instruments

	30 September 2007 (Unaudited)		31 December 2006 (Audited)		30 September 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	48,216	(1,290)	97,759	(134)	38,854	60

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 September 2007, the group had commitment to invest in venture capital funds and securities amounting to KD 0.149 million (31 December 2006: KD21.179 million and 30 September 2006: KD 32.131 million), after deducting commitments by the group's clients. Further at 30 September 2007, the group had commitments for acquisition of real estate investments aggregating KD24.470 million payable by:

	KD'000
31 December 2007	858
31 December 2008	13,259
31 December 2009	7,938
31 December 2010	2,415