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GLOBAL INVESTMENT HOUSE K.S.C. (CLOSED) AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2008

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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 June 2008 and the related interim condensed consolidated income statement for the three month and six month periods then ended, the related interim condensed consolidated statement of cash flows and changes in equity for the six 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 six month period ended 30 June 2008 that might have had a material effect on the business of the group or on its financial position.

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

ABDULLATIF M. AL AIBAN (CPA)
LICENCE NO. 94 A
OF GRANT THORNTON-
ANWAR AL-QATAMI & CO.

16 July 2008

Kuwait

Global Investment House – K.S.C. (Closed) and Subsidiaries

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Period ended 30 June 2008

	Notes	Three months ended		Six months ended	
		30 June 2008 KD '000	30 June 2007 KD '000	**30 June 2008 KD '000**	30 June 2007 KD '000
Fees and commission income	3	**9,761**	6,226	**25,036**	10,083
Interest and similar income	4	**9,053**	3,802	**14,211**	7,654
Net (loss) gain on financial assets held for trading	5	**(2,757)**	3,627	**(4,044)**	5,764
Net gain on financial assets designated at fair value through income statement	5	**37,248**	21,924	**59,737**	29,557
Net gain on sale of financial investments available for sale	5	**1,184**	-	**1,888**	-
Share of results of associates		**513**	(232)	**1,309**	(40)
Gain on sale of investment properties	6	**121**	-	**7,775**	-
Gain on sale of associates	7	**4,817**	538	**4,781**	3,237
Gain on sale of subsidiary		**-**	-	**-**	9,649
Foreign exchange loss		**(2,169)**	(817)	**(4,307)**	(610)
Other operating income		**5,350**	3,625	**9,288**	8,236
Net operating income		**63,121**	38,693	**115,674**	73,530
Personnel expenses		**5,487**	2,764	**9,733**	5,043
Depreciation of property and equipment		**306**	241	**543**	367
Other operating expenses		**1,831**	1,585	**4,105**	2,907
Interest and similar expenses		**5,719**	8,733	**15,086**	16,439
Reversal for credit losses		**(58)**	(128)	**(139)**	(114)
Expenses		**13,285**	13,195	**29,328**	24,642
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), PROVISION FOR NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		**49,836**	25,498	**86,346**	48,888
Contribution to KFAS		**(445)**	(229)	**(774)**	(435)
Provision for NLST		**(1,207)**	(628)	**(2,106)**	(1,118)
Zakat		**(485)**	-	**(846)**	-
Profit for the period		**47,699**	24,641	**82,620**	47,335
Attributable to:					
Shareholders of the parent company		**47,566**	24,202	**82,243**	46,679
Minority interest		**133**	439	**377**	656
Profit for the period		**47,699**	24,641	**82,620**	47,335
Basic earnings per share attributable to the shareholders of the parent company	8	**43 fils**	26 fils	**81 fils**	51 fils
Diluted earnings per share attributable to the shareholders of the parent company	8	**42 fils**	26 fils	**78 fils**	50 fils

The attached notes 1 to 29 form part of this interim consolidated financial information.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Period ended 30 June 2008

	Notes	*30 June 2008* **KD'000**	*31 December 2007 (Audited)* KD'000	*30 June 2007* KD'000
Assets				
Cash and cash equivalents	9	**65,722**	68,797	59,610
Financial assets held for trading	10	**102,261**	37,767	49,643
Financial assets designated at fair value through income statement	11	**750,176**	507,630	480,900
Murabaha receivables		**37,415**	15,784	10,499
Loans and advances		**31,109**	24,615	29,388
Financial investments available for sale	12	**48,727**	18,087	7,662
Asset held for sale	13	**4,602**	-	-
Investments in associates		**61,773**	95,782	49,195
Investment properties	14	**94,329**	41,433	24,847
Property and equipment		**19,496**	20,609	18,272
Property under development	15	**9,920**	-	-
Goodwill and intangible assets	16	**22,861**	4,437	4,327
Other assets	17	**138,070**	78,016	106,557
Total assets		**1,386,461**	912,957	840,900
Equity and liabilities				
Equity attributable to the shareholders of the parent company				
Share capital	18	**130,540**	85,956	85,956
Share premium	18	**396,737**	91,873	91,873
Share options reserve		**2,265**	1,765	1,365
Statutory reserve		**27,765**	27,765	18,307
General reserve		**27,765**	27,765	18,307
Treasury shares	19	**(12,747)**	(1,542)	(4,967)
Treasury shares reserve		**2,325**	2,215	2,483
Fair value reserve		**1,770**	3,373	1,184
Foreign exchange translation reserve		**(3,193)**	(2,842)	(69)
Retained earnings		**117,600**	86,723	60,953
		690,827	323,051	275,392
Minority interest		**32,717**	6,414	6,001
Total equity		**723,544**	329,465	281,393
Liabilities				
Short terms borrowings	20	**322,864**	244,349	222,585
Wakala payables	20	**111,904**	149,167	132,383
Medium term borrowings	21	**82,212**	84,754	89,423
Bonds	22	**65,000**	65,000	65,000
Other liabilities	23	**80,937**	40,222	50,116
Total liabilities		**662,917**	583,492	559,507
Total equity and liabilities		**1,386,461**	912,957	840,900

Maha Khaled Al-Ghunaim
Chairperson and Managing Director

Khaled J. Al Wazzan
Vice Chairman

The attached notes 1 to 29 form part of this interim consolidated financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 30 June 2008

	Note	Six months ended 30 June 2008 KD '000	Six months ended 30 June 2007 KD '000
OPERATING ACTIVITIES			
Profit for the period		**82,620**	47,335
Adjustments for:			
Cost of share based payment		**500**	400
Depreciation of property and equipment		**543**	367
Reversal for credit losses		**(139)**	(114)
Interest and similar income		**(14,211)**	(7,654)
Dividend income		**(6,369)**	(8,236)
Share of results of associates		**(1,309)**	40
Gain on sale of investment properties		**(7,775)**	-
Gain on sale of associates		**(4,781)**	(3,237)
Gain on sale of subsidiary		**-**	(9,649)
Interest and similar expenses		**15,086**	16,439
		64,165	35,691
Changes in operating assets and liabilities:			
Financial assets held for trading		**(64,494)**	(19,369)
Financial assets designated at fair value through income statement		**(221,283)**	(68,083)
Murabaha receivables		**(21,745)**	(322)
Loans and advances		**(6,241)**	11,745
Financial investments available for sale		**6,086**	(7,662)
Other assets		**(56,990)**	(42,059)
Short term borrowings		**75,170**	20,915
Wakala payables		**(37,263)**	(1,903)
Other liabilities		**(474)**	13,699
Cash used in operations		**(263,069)**	(57,348)
Interest and similar income received		**14,248**	7,654
Dividend income received		**6,369**	8,236
Interest and similar expenses paid		**(16,603)**	(16,439)
Net cash used in operating activities		**(259,055)**	(57,897)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		**(22,069)**	(4,921)
Proceeds from sale of subsidiary		**-**	13,179
Investments in associates		**(62,735)**	-
Proceeds from sale of associates		**68,403**	6,094
Dividend from associates		**530**	-
Purchase of property and equipment		**-**	(5,571)
Purchase of investment properties		**(24,678)**	(24,433)
Proceeds from sale of investment properties		**13,618**	-
Net cash used in investing activities		**(26,931)**	(15,652)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		**336,777**	2,135
Issue of bonds		**-**	45,000
Medium term borrowings		**-**	33,451
Purchase of treasury shares		**(38,955)**	(22,605)
Proceeds from sale of treasury shares		**27,860**	37,128
Dividends paid to shareholders of the parent company		**(42,771)**	(28,780)
Net cash from financing activities		**282,911**	66,329
DECREASE IN CASH AND CASH EQUIVALENTS		**(3,075)**	(7,220)
Cash and cash equivalents at the beginning of the period		**68,797**	66,830
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**65,722**	59,610

The attached notes 1 to 29 form part of this interim consolidated financial information.

Global Investment House – K.S.C. (Closed) and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 June 2008

	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 2008	85,956	91,873	1,765	52,688	(1,542)	2,215	3,373	86,723	323,051	6,414	329,465
Net changes in fair value	-	-	-	-	-	-	(1,603)	-	(1,603)	-	(1,603)
Foreign currency translation reserve	-	-	-	(351)	-	-	-	-	(351)	-	(351)
Net loss recognised directly in equity	-	-	-	(351)	-	-	(1,603)	-	(1,954)	-	(1,954)
Profit for the period	-	-	-	-	-	-	-	82,243	82,243	377	82,620
Total recognised income and expenses for the period	-	-	-	(351)	-	-	(1,603)	82,243	80,289	377	80,666
Issue of bonus shares (Note 24)	8,595	-	-	-	-	-	-	(8,595)	-	-	-
Issue of shares under group performance scheme	1,605	2,471	-	-	-	-	-	-	4,076	-	4,076
Share capital increase –GDR (Note 18)	34,384	302,393	-	-	-	-	-	-	336,777	-	336,777
Cash dividends (Note 24)	-	-	-	-	-	-	-	(42,771)	(42,771)	-	(42,771)
Cost of share based payment	-	-	500	-	-	-	-	-	500	-	500
Purchase of treasury shares	-	-	-	-	(38,955)	-	-	-	(38,955)	-	(38,955)
Sale of treasury shares	-	-	-	-	27,750	-	-	-	27,750	-	27,750
Increase in treasury shares reserve	-	-	-	-	-	110	-	-	110	-	110
Net movement in minority interest	-	-	-	-	-	-	-	-	-	25,926	25,926
Balance at 30 June 2008	**130,540**	**396,737**	**2,265**	**52,337**	**(12,747)**	**2,325**	**1,770**	**117,600**	**690,827**	**32,717**	**723,544**

The attached notes 1 to 29 form part of this interim consolidated financial information.

Global Investment House – K.S.C. (Closed) and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 June 2008

	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
Foreign currency translation reserve	-	-	-	1	-	-	-	-	1	-	1
Net income recognised directly in equity	-	-	-	1	-	-	1,470	-	1,471	-	1,471
Profit for the period	-	-	-	-	-	-	-	46,679	46,679	656	47,335
Total recognised income and expenses for the period	-	-	-	1	-	-	1,470	46,679	48,150	656	48,806
Issue of bonus shares (Note 24)	14,109	-	-	-	-	-	-	(14,109)	-	-	-
Issue of shares under group performance schemes	1,302	833	-	-	-	-	-	-	2,135	-	2,135
Cash dividends (Note 24)	-	-	-	-	-	-	-	(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
Decrease in treasury shares reserve	-	-	-	-	-	(977)	-	-	(977)	-	(977)
Net movement in minority interest	-	-	-	-	-	-	-	-	-	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 attached notes 1 to 29 form part of this interim consolidated financial information.

1 INCORPORATION AND ACTIVITIES

This interim consolidated financial information of Global Investment House – K.S.C. (Closed) and its Subsidiaries (the "group") for the period ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 16 July 2008.

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, Bahrain Stock Exchange and Dubai Financial Market. Further, the parent company's shares in the form of Global Depositing Receipts (GDRs) are listed on London Stock Exchange (LSE). 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 asset management, investments and banking activities, property trading and real estate brokerage. Its registered office is at Sharq, Global Tower, Intersection of Shuhada Str. and Khalid Ibn Al-Waleed Str., P.O Box 28807 Safat, 13149 Kuwait.

The group primarily operates in the Gulf Co-operation Council countries and other Middle Eastern and North African (MENA) 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 annual consolidated financial statements for the year ended 31 December 2007 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.

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 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 is 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 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2007.

The accounting policies used in preparation of this interim condensed consolidated financial information are consistent with those used in preparation of the annual financial statements for the year ended 31 December 2007, except as discussed in the following paragraphs:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset held for sale
Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property under development
Property under development represents property held for future use as investment property and is stated at cost less any impairment in value.

The carrying value of the property is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3 FEES AND COMMISSION INCOME

	Three months ended 30 June		*Six months ended 30 June*	
	2008	*2007*	***2008***	*2007*
	KD '000	*KD '000*	***KD '000***	*KD '000*
Management fees on assets under management	**4,917**	4,371	**9,946**	7,786
Incentive fees on assets under management	**335**	555	**1,500**	950
Placement fees-managed funds	**154**	1,015	**440**	1,038
Investment banking and advisory fees	**3,743**	197	**11,478**	197
Brokerage and other fees and commission	**612**	88	**1,672**	112
	9,761	6,226	**25,036**	10,083

Management fees on assets under management, incentive fees on assets under management and placement fees-managed funds relate to the group's asset management, custody and similar trust and fiduciary activities.

4 INTEREST AND SIMILAR INCOME

	Three months ended 30 June		*Six months ended 30 June*	
	2008	*2007*	***2008***	*2007*
	KD '000	*KD '000*	***KD '000***	*KD '000*
Cash and cash equivalents	**409**	(116)	**1,003**	492
Financial assets designated at fair value through income statement	**122**	532	**140**	590
Murabaha receivables	**517**	359	**737**	495
Financing of future trades by customers	**6,556**	2,325	**9,926**	4,539
Loans and advances	**1,449**	702	**2,405**	1,538
	9,053	3,802	**14,211**	7,654

5 NET (LOSS) GAIN ON FINANCIAL ASSETS

Net (loss) gain on financial assets, analysed by category for the three months period ended 30 June 2008, is as follows:

	Held for trading KD '000	***Designated at fair value through income statement KD '000***	***Financial investments available for sale KD '000***	***Total KD '000***
Realised gains	2,049	19,227	1,184	**22,460**
Unrealised (loss) gain - mark-to-market	(4,806)	20,907	-	**16,101**
Unrealised loss - mark-to-model	-	(2,886)	-	**(2,886)**
Net realised and unrealised (loss) gain	**(2,757)**	**37,248**	**1,184**	**35,675**
Unrealised (loss) recorded directly in equity	-	-	**(271)**	**(271)**
	(2,757)	**37,248**	**913**	**35,404**

Net gain on financial assets, analysed by category for the three months period ended 30 June 2007, is as follows:

	Held for trading KD '000	*Designated at fair value through income statement KD '000*	*Financial investments available for sale KD '000*	*Total KD '000*
Realised gain	1,315	12,480	-	13,795
Unrealised gain - mark-to-market	2,312	9,745	-	17,604
Unrealised gain - mark-to-model	-	(301)	-	(301)
Net realised and unrealised gains	3,627	21,924	-	25,551
Unrealised gain recorded directly in equity	-	-	1,050	1,050
	3,627	21,924	1,050	26,601

Net (loss) gain on financial assets, analysed by category for the six months period ended 30 June 2008, is as follows:

	Held for trading KD '000	***Designated at fair value through income statement KD '000***	***Financial investments available for sale KD '000***	***Total KD '000***
Realised gains	6,139	31,046	1,888	**39,073**
Unrealised (loss) gain - mark-to-market	(10,183)	31,577	-	**21,394**
Unrealised loss - mark-to-model	-	(2,886)	-	**(2,886)**
Net realised and unrealised (loss) gain	**(4,044)**	**59,737**	**1,888**	**57,581**
Unrealised (loss) recorded directly in equity	-	-	**(285)**	**(285)**
	(4,044)	**59,737**	**1,603**	**57,296**

5 NET (LOSS) GAIN ON FINANCIAL ASSETS

Net gain on financial assets, analysed by category for the six months period ended 30 June 2007, is as follows:

	Held for trading KD '000	*Designated at fair value through income statement KD '000*	*Financial investments available for sale KD '000*	*Total KD '000*
Realised gain	4,027	14,035	-	18,062
Unrealised gain - mark-to-market	1,737	14,110	-	15,847
Unrealised gain - mark-to-model	-	1,412	-	1,412
Net realised and unrealised gains	5,764	29,557	-	35,321
Unrealised gain recorded directly in equity	-	-	1,470	1,470
	5,764	29,557	1,470	36,791

The group does not include dividend and interest income in the determination of net gain on financial assets.

'Unrealised gain-mark-to-model' from investments designated at fair value through income statement resulted from the group's internal valuation models involving estimations and use of valuation techniques that were not necessarily based on observable market prices or rates.

6 GAIN ON SALE OF INVESTMENT PROPERTIES

Gain on sale of investment properties represents the realised gain arising from sale of certain investment properties of the group in Dubai.

7 GAIN ON SALE OF ASSOCIATES

Associate Company	***% stake sold***	***Sale proceeds KD'000***	***Gain/(loss) KD'000***
Arab East Investment for Real Estate Company	22%	12,336	705
Union Bank for Savings	20%	25,002	(415)
Al Quds Bank	24%	4,081	(316)
National International Holding Company	8%	3,872	(621)
JS Global Capital Limited	43%	17,819	5,601
Real Estate Development Company	8%	5,045	(243)
Others		248	70
Total		**68,403**	**4,781**

- The remaining ownership interest of Arab East Investment for Real Estate and Union Bank for Savings of 2% and 7% respectively are accounted for as investment at fair value through income statement.
- Subsequent to the sale of JS Global Capital Limited, the group acquired back through open market 43% stake for a value of KD 17.8 million.

8 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).

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

	Three months ended 30 June		*Six months ended 30 June*	
	2008	*2007*	***2008***	*2007*
Profit for the period attributable to the shareholders of the parent company (KD'000)	**47,566**	24,202	**82,243**	46,679
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	**1,098,202**	923,253	**1,019,960**	912,758
Effect of dilution from weighted average number of share options outstanding	**42,964**	25,093	**34,752**	20,574
Adjusted weighted average number of ordinary shares for diluted earnings per share	**1,141,166**	948,346	**1,054,712**	933,332
Basic earnings per share	**43 fils**	26 fils	**81 fils**	51 fils
Diluted earnings per share	**42 fils**	26 fils	**78 fils**	50 fils

The denominators for the purpose of calculating both basic and diluted earnings per share have been adjusted to reflect the 10% bonus share issue in March 2008 (Note 24). Further, in accordance with IAS 33, the impact of capital increase through GDR and through private placement to a strategic investor has been considered on a time proportionate basis to compute the weighted average number of shares for the purpose of calculating both basic and diluted earnings per share (Note 18).

9 CASH AND CASH EQUIVALENTS

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

	30 June 2008	*31 December 2007 (Audited)*	*30 June 2007*
	KD'000	*KD'000*	*KD'000*
Banks balances and cash	**63,392**	66,600	57,039
Investment in money market instruments	**2,330**	2,197	2,571
	65,722	68,797	59,610

10 FINANCIAL ASSETS HELD FOR TRADING

	30 June 2008	*31 December 2007 (Audited)*	*30 June 2007*
	KD'000	*KD'000*	*KD'000*
GCC and MENA equity securities	**82,745**	18,324	34,886
International equity securities	**19,516**	19,443	14,757
	102,261	37,767	49,643

11 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH INCOME STATEMENT

	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
Unquoted debt securities	**2,924**	9,226	14,876
Unquoted equity securities	**232,533**	161,523	163,090
Quoted securities and managed funds	**514,719**	336,881	302,934
	750,176	507,630	480,900

12 FINANCIAL INVESTMENTS AVAILABLE FOR SALE

	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
Quoted equity securities	**8,572**	1,616	6,848
Unquoted equity securities	**40,155**	16,471	814
	48,727	18,087	7,662

13 ASSET HELD FOR SALE

Asset held for sale represents 45% interest in Bindar Trading and Investment Company PLC. Management of the group intends to dispose this investment within twelve months. Management believes that this investment did not suffer any impairment during the period and that, the carrying amount as at 30 June 2008 is less than the recoverable amount.

14 INVESTMENT PROPERTIES

	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
Carrying amount at 1 January	**41,433**	414	414
Arising on consolidation of new subsidiaries	**1,446**	542	-
Additions	**57,293**	40,981	24,433
Disposals	**(5,843)**	(2,650)	-
Unrealised profit from fair valuation	**-**	2,146	-
Carrying amount at 30 June	**94,329**	41,433	24,847

15 PROPERTY UNDER DEVELOPMENT

Property under development is arising due to consolidation of a new subsidiary and represents freehold land located in the state of Kuwait which is in the process of construction and development for ultimate use as an investment property.

16 GOODWILL AND INTANGIBLE ASSETS

	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
GOODWILL:			
Carrying amount at 1 January	**4,437**	419	419
Arising on acquisition of subsidiary	-	7,926	3,150
Arising on consolidation of subsidiary	**148**	-	758
Disposals of subsidiary	-	(3,908)	-
Carrying amount	**4,585**	4,437	4,327
INTANGIBLE ASSETS:			
Carrying amount at 1 January	-	-	-
Arising on acquisition of subsidiary	**18,276**	-	-
Carrying amount	**18,276**	4,437	4,327
Total	**22,861**	4,437	4,327

ACQUISITION OF SUBSIDIARIES:

a) During the period, the parent company acquired 70.9% interest in First Financial Brokerage Company K.S.C. (Closed). The management of the parent company performed the Purchase Price Allocation (PPA) of the subsidiary in accordance with IFRS 3. The management determined the fair value of the intangible mainly relates to the fair value of the floor brokerage licence at KD 18,276 million. This intangible asset is assessed as having an indefinite useful life as the licence has an indefinite life and the number of licences is limited and no new licences are being granted. The intangible asset is carried at cost less impairment.

Net cash outflow on acquisition:

	KD'000
Cash consideration paid	(21,036)
Cash and cash equivalents acquired	2,752
	(18,284)

b) During the period, the parent company acquired an additional 31.0% interest in National International Holding Company K.S.C. (Closed).) (Previously accounted for under investments in associates). As a result, the parent company's share in the entity as of 30 June 2008 increased to 62.1%.

The management is in the process of determining the fair values of identifiable assets and liabilities assumed.

Net cash outflow on acquisition:

	KD'000
Cash consideration paid	(7,254)
Cash and cash equivalents acquired	3,469
	(3,785)

16 GOODWILL AND INTANGIBLE ASSETS (continued)

c) During the period ended 30 June 2007 the group took the effective control of Nibrass Holding Company K.S.C. (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 assets acquired	(7,738)
	3,150

	KD'000
Cash consideration paid	(10,888)
Cash and cash equivalents acquired	5,967
	(4,921)

17 OTHER ASSETS

	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
Accrued income	**9,806**	10,588	12,068
Receivables for settlement on sale of securities	**6,625**	10,561	37,145
Financing of future trades by customers	**88,366**	37,913	35,483
Deposits, prepayments and other receivables	**8,913**	9,528	16,360
Advances for purchase of investments	**23,090**	9,130	4,639
Amounts due from related parties	**1,270**	291	862
Positive fair value of forward foreign exchange contracts	-	5	-
	138,070	78,016	106,557

18 SHARE CAPITAL AND SHARE PREMIUM

	Authorised			*Issued and fully paid*		
	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*	***30 June 2008 KD'000***	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
Shares of KD 0.100 each	**136,892**	85,956	85,956	**130,540**	85,956	85,956

The annual general meeting of the shareholders held on 26 March 2008 approved to increase the authorised capital from KD 85.956 million to KD136.892 million by issuance of 85.955 million bonus shares (KD 8.59 million), 68.5 million shares under the group's performance bonus scheme and share option scheme (KD 6.85 million), and 354.904 million shares under proposed capital increase to bring in international and strategic investors (KD 35.49 million).

18 SHARE CAPITAL AND SHARE PREMIUM (continued)

During the period, the parent company concluded a secondary offering and listing of its ordinary shares in the form of Global Depository Receipts (GDRs) on London Stock Exchange (LSE), with every GDR representing a beneficial interest in five underlying ordinary shares of the parent company. The GDRs give the same rights and benefits to the GDR holders as they currently exist for the ordinary shareholders. The offer price was USD 18.75 per GDR (equivalent to KD 0.995 per ordinary share). The entire GDR offering resulted in issuing 306,666,670 ordinary shares at the rate of KD 0.995 per ordinary share (KD 30.6 million). Further 37,174,926 ordinary shares (KD 3.71 million) were issued to a strategic investor at KD 0.995 per ordinary share (KD 30.6 million). The ordinary general meeting of the shareholders held on 18 May 2008, approved the share premium of KD 0.895 per ordinary share.

GDR issuance expenses amounting to KD 5.3 million have been deducted from the share premium account.

During the period, the parent company also issued 16,047,350 shares (KD 1.6 million) out of the 85.955 million shares approved in the under the group's performance bonus scheme.

19 TREASURY SHARES

The details of treasury shares are as follows:

	30 June 2008	*31 December 2007 (Audited)*	*30 June 2007*
Number of shares ('000)	**11,491**	1,621	5,977
Percentage holding	**0.89%**	0.19%	0.69%
Carrying cost (KD'000)	**12,747**	1,542	4,967
Market value (KD'000)	**11,721**	1,588	5,380

20 SHORT TERM BORROWINGS AND WAKALA PAYABLES

Borrowings are due to local and regional financial institutions with maturities ranging from less than 3 months to 12 months from the date of borrowings and are unsecured. The average effective interest ranges between 2.38% and 7.0% (31 December 2007: 5.81% and 8.25% and 30 June 2007: 6.11% and 8.25%) per annum.

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 3.4% and 8% (31 December 2007: 6.1% and 8% and 30 June 2007: 6% and 8.25%) per annum.

21 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 USD 300 million syndicated loan facility, maturing in June 2010;
b) USD 10 million facility maturing in October 2009.

These facilities carry a floating rate interest of 3/6 month LIBOR plus a margin ranging from 0.8.% to 1.25% (31 December 2007: 0.8% to 1.25% and 30 June 2007:0.8% to 1.25.%) per annum.

22 BONDS

	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 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**	20,000	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**	25,000	25,000
	65,000	65,000	65,000

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.

23 OTHER LIABILITIES

	30 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
Accrued expenses	**5,117**	6,243	8,960
Payable for settlement of purchase of securities	**21,096**	14,143	27,401
Dividend payable	**988**	-	5,240
Other payables	**53,458**	19,836	7,327
Negative fair value of forward foreign exchange contracts	**278**	-	1,188
	80,937	40,222	50,116

24 DIVIDENDS

The general assembly of the shareholders held on 26 March 2008 approved cash dividend of 50 Fils per share amounting to KD 42.771 million and bonus shares of 10% of paid up share capital for the year ended 31 December 2007 (2006: cash dividend of 50 fils per share and bonus shares of 20%).

25 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 June 2008 KD'000	*31 December 2007 (Audited) KD'000*	*30 June 2007 KD'000*
Transactions included in the consolidated balance sheet:			
Loans to directors and senior management	**492**	1,997	1,346
Amounts due from related parties (Note 17)	**1,270**	291	862
Wakala payables	**-**	30,351	24,375

	Three months ended 30 June		*Six months ended 30 June*	
	2008 KD'000	*2007 KD'000*	***2008 KD'000***	*2007 KD'000*
Transactions included in the consolidated income statement:				
Interest income	**16**	232	**41**	276
Interest expense	**195**	360	**564**	1,176
Key management compensation:				
Salaries and other short term benefits	**350**	218	**670**	397
Cost of share based payment	**250**	200	**500**	400
Terminal benefits	**135**	26	**275**	52

26 SEGMENTAL INFORMATION

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

- Assets Management: Managing of GCC, MENA and international managed funds, discretionary and non-discretionary portfolio management and custody services.
- Principal investments: Comprises of investing of company funds in private equity and quoted securities, lending to corporate and individual customers and managing the company's liquidity requirements.
- Proprietary trading: Directional long only equity trading in GCC, MENA and other emerging markets.
- Investment Banking and advisory: Venture capital, private placement of equities and debt, advising and managing listings, initial public offerings (IPOs), arranging conventional and Islamic debt and equity advising, advising on strategy, privatisation, mergers and reverse mergers and acquisitions.
- Brokerage: Quoted and unquoted equity and debt instruments brokerage and online trading.
- Real estate: sale and purchase of real estate, real estate brokerage and advisory.

The group primarily operates in one geographical region (Kuwait, GCC and other Middle Eastern and North African countries) and accordingly does not have a secondary segment.

	Asset management KD '000	*Principal investments & group treasury KD '000*	*Proprietary trading KD '000*	*Investment banking and advisory KD '000*	*Brokerage KD '000*	*Real estate KD '000*	*Total KD '000*
Three months ended 30 June 2008							
Segment income	**5,163**	**58,158**	**(4,925)**	**3,743**	**855**	**127**	**63,121**
Inter segment income(expense)	**969**	**(6,297)**	**-**	**5,328**	**-**	**-**	**-**
Total segment income	**6,132**	**51,861**	**(4,925)**	**9,071**	**855**	**127**	**63,121**
Segment profit	**3,258**	**43,680**	**(7,338)**	**8,710**	**783**	**(1,394)**	**47,699**
Profit for the period							**47,699**
Three months ended 30 June 2007							
Segment income	6,029	29,657	2,810	197	-	-	38,693
Inter segment income(expense)	570	(1,850)	-	1,280	-	-	-
Total segment income	6,599	27,807	2,810	1,477	-	-	38,693
Segment profit	4,695	17,021	1,657	1,268	-	-	24,641
Profit for the period							24,641

26 SEGMENTAL INFORMATION (continued)

	Asset management KD '000	*Principal investments & group treasury KD '000*	*Proprietary trading KD '000*	*Investment banking and advisory KD '000*	*Brokerage KD '000*	*Real estate KD '000*	*Total KD '000*
Six months ended 30 June 2008							
Segment income	**12,038**	**91,208**	**(8,351)**	**11,478**	**1,520**	7,781	**115,674**
Inter segment income(expense)	**1,626**	**(8,944)**	-	**7,318**	-	-	-
Total segment income	**13,664**	**82,264**	**(8,351)**	**18,796**	**1,520**	**7,781**	**115,674**
Segment profit	**8,423**	**61,628**	**(12,380)**	**18,119**	**1,385**	**5,445**	**82,620**
Profit for the period							**82,620**
Six months ended 30 June 2007							
Segment income	9,886	58,293	5,154	197	-	-	73,530
Inter segment income(expense)	1,135	(3,695)	-	2,560	-	-	-
Total segment income	11,021	54,598	5,154	2,757	-	-	73,530
Segment profit	8,037	34,043	2,895	2,360	-	-	47,335
Profit for the period							47,335

26 SEGMENTAL INFORMATION (continued)

	Asset management KD '000	*Principal investments & group treasury KD '000*	*Proprietary trading KD '000*	*Investment banking and advisory KD '000*	*Brokerage KD '000*	*Real estate KD '000*	*Total KD '000*
30 June 2008							
Total segment assets	-	**1,110,751**	**102,261**	-	-	**104,249**	**1,317,261**
Total segment liabilities	-	**(487,555)**	**(46,758)**	-	-	**(47,667)**	**(581,980)**
Net segment assets	-	**623,196**	**55,503**	-	-	**56,582**	**735,281**
Unallocated assets							**69,200**
Unallocated liabilities							**(80,937)**
Net assets							**723,544**
Capital expenditure							-
Depreciation							**543**
30 June 2007							
Total segment assets	-	677,064	49,643	-	-	24,847	751,554
Total segment liabilities	-	(461,041)	(32,222)	-	-	(16,128)	(509,391)
Net segment assets	-	216,023	17,421	-	-	8,719	242,163
Unallocated assets							89,346
Unallocated liabilities							(50,116)
Net assets							281,393
Capital expenditure							5,571
Depreciation							367

27 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 2008 amounted to KD 2,492.107 million (31 December 2007: KD 2,347.684 million and 30 June 2007: KD 2,390.167 million).

28 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2008		*(Audited) 31 December 2007*		*30 June 2007*	
	Notional amount KD'000	***Negative fair value KD'000***	*Notional amount KD'000*	*Positive fair value KD'000*	*Notional amount KD'000*	*Negative fair value KD'000*
Forward foreign exchange contracts	**209,025**	**(278)**	40,203	5	35,933	(1,188)

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

Forward foreign exchange contracts comprise of contracts both with clients and offsetting contracts with bank counter parties and to cover the group's foreign currency needs.

29 COMMITMENTS

At 30 June 2008, the group had commitments to invest in venture capital funds and securities amounting to KD 0.125 million (31 December 2007: KD 0.581 million and 30 June 2007: KD 2.249 million), after deducting commitments by the group's clients.