Interim consolidated financial information and review report

Global Investment House - KSC (Closed) and Subsidiaries

Kuwait

30 September 2008 (Unaudited)

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Contents

	Page
Review report	1
Condensed consolidated statement of income	2
Condensed consolidated balance sheet	3
Condensed consolidated statement of cash flows	4
Condensed consolidated statement of changes in equity	5 and 6
Notes to the interim consolidated financial information	7 to 21

Grant Thornton

Anwar Al-Qatami & Co

Review report

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

Report on review of interim consolidated financial information

Introduction
We have reviewed the accompanying condensed consolidated balance sheet of Global Investment House Company – KSC (Closed) ("parent company") and Subsidiaries (the group) as at 30 September 2008 and the related condensed consolidated statement of income, for the three-month and nine-month periods then ended, the related condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended. The directors of the parent company are responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with basis of presentation set out in note (2). Our responsibility is to express a conclusion on the 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 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
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, as amended, have occurred during the nine-month period ended 30 September 2008 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the period ended 30 September 2008.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Anwar Al-Qatami & Co.

Waleed A. Al Osaimi
(Licence No. 68-A)
of Ernst & Young

Kuwait
27 October 2008

Condensed consolidated statement of income

	Notes	Three months ended		Nine months ended	
		30 Sept. 2008 (Unaudited) KD '000	30 Sept. 2007 (Unaudited) KD '000	**30 Sept. 2008 (Unaudited) KD '000**	30 Sept. 2007 (Unaudited) KD '000
Fees and commission income	3	**19,118**	8,555	**44,154**	18,638
Interest and similar income	4	**2,513**	4,617	**16,724**	12,271
Net (loss)/gain on financial assets held for trading	5	**(21,909)**	9,366	**(25,953)**	15,130
Net gain on financial assets designated at fair value through statement of income	5	**25,168**	2,250	**84,905**	31,807
Net gain on sale of available-for-sale investments	5	**83**	-	**1,971**	-
Share of results of associates		**559**	3,041	**1,868**	3,001
Net gain on sale of investment properties	6	**4,224**	-	**11,999**	-
Gain on sale of associates	7	**7,596**	2,800	**12,377**	6,037
Gain on sale of subsidiaries	8	**3,585**	-	**3,585**	9,649
Foreign exchange loss		**(333)**	(1,580)	**(4,640)**	(2,190)
Other operating income		**1,390**	1,247	**10,678**	9,483
Net operating income		**41,994**	30,296	**157,668**	103,826
Personnel expenses		**4,870**	3,233	**14,603**	8,276
Depreciation of property and equipment		**607**	351	**1,150**	718
Other operating expenses		**2,347**	2,014	**6,452**	4,921
Interest and similar expenses		**9,410**	8,908	**24,496**	25,347
Provision charge/(reversal of provision) for credit losses		**509**	(19)	**370**	(133)
Expenses		**17,743**	14,487	**47,071**	39,129
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for National Labour Support Tax (NLST) and Zakat		**24,251**	15,809	**110,597**	64,697
Contribution to KFAS		**(195)**	(142)	**(969)**	(577)
Provision for NLST		**(541)**	(390)	**(2,647)**	(1,508)
Zakat		**(218)**	-	**(1,064)**	-
Profit for the period		**23,297**	15,277	**105,917**	62,612
Attributable to:					
Shareholders of the parent company		**20,664**	15,212	**102,907**	61,891
Minority interest		**2,633**	65	**3,010**	721
Profit for the period		**23,297**	15,277	**105,917**	62,612
EARNINGS PER SHARE					
Basic earnings per share attributable to the shareholders of the parent company	9	**16 Fils**	16 Fils	**93 Fils**	68 Fils
Diluted earnings per share attributable to the shareholders of the parent company	9	**15 Fils**	16 Fils	**90 Fils**	66 Fils

The notes set out on pages 7 to 21 form an integral part of this interim consolidated financial information.

Condensed consolidated balance sheet

	Notes	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Assets				
Cash and cash equivalents	10	**146,298**	68,797	58,773
Financial assets held for trading	11	**100,932**	37,767	52,178
Financial assets designated at fair value through statement of income	12	**587,609**	507,630	475,203
Murabaha receivables		**12,898**	15,784	10,537
Loans and advances		**62,822**	24,615	27,477
Financial investments available-for-sale	13	**49,508**	18,087	10,135
Investments in associates	14	**284,901**	95,782	46,147
Investment properties	15	**102,794**	41,433	34,805
Property and equipment		**19,827**	20,609	19,384
Property under development	16	**10,710**	-	-
Goodwill and intangible assets	17	**21,975**	4,437	8,345
Other assets	18	**136,973**	78,016	67,853
Total assets		**1,537,247**	912,957	810,837
Equity and liabilities				
Equity attributable to the shareholders of the parent company				
Share capital	19	**131,243**	85,956	85,956
Share premium	19	**396,997**	91,873	91,873
Share options reserve		**2,515**	1,765	1,565
Statutory reserve		**27,765**	27,765	18,307
General reserve		**27,765**	27,765	18,307
Treasury shares	20	**(20,123)**	(1,542)	(3,465)
Treasury shares reserve		**2,347**	2,215	944
Fair value reserve		**2,239**	3,373	1,138
Foreign exchange translation reserve		**(7,358)**	(2,842)	(1,290)
Retained earnings		**138,264**	86,723	76,165
		701,654	323,051	289,500
Minority interest		**28,871**	6,414	7,907
Total equity		**730,525**	329,465	297,407
Liabilities				
Short terms borrowings	21	**389,821**	244,349	182,763
Wakala payables	21	**214,125**	149,167	156,554
Medium term borrowings	22	**82,677**	84,754	86,692
Bonds	23	**65,000**	65,000	65,000
Other liabilities	24	**55,099**	40,222	22,421
Total liabilities		**806,722**	583,492	513,430
Total equity and liabilities		**1,537,247**	912,957	810,837

Maha Khaled Al-Ghunaim
Chairperson and Managing Director

Khaled J. Al Wazzan
Vice Chairman

The notes set out on pages 7 to 20 form an integral part of this interim consolidated financial information.

Condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2008 (Unaudited) KD '000	Nine months ended 30 Sept. 2007 (Unaudited) KD '000
OPERATING ACTIVITIES			
Profit for the period		**105,917**	62,612
Adjustments for:			
Cost of share based payment		**750**	600
Depreciation of property and equipment		**1,150**	718
Provision/(reversal) charge for credit losses		**370**	(133)
Interest and similar income		**(16,724)**	(12,271)
Dividend income		**(7,708)**	(9,483)
Interest and similar expenses		**24,496**	25,347
Share of results of associates		**(1,868)**	(3,001)
Gain on sale of investment properties		**(11,999)**	-
Gain on disposal of associates		**(12,377)**	(6,037)
Gain on sale of subsidiaries		**(3,585)**	(9,649)
		78,422	48,703
Changes in operating assets and liabilities:			
Financial assets held for trading		**(63,165)**	(21,904)
Financial assets designated at fair value through statement of income		**(65,501)**	(52,231)
Murabaha receivables		**2,901**	(363)
Loans and advances		**(38,592)**	13,678
Financial investments available-for-sale		**4,650**	(10,135)
Other assets		**(56,081)**	(3,355)
Short-term borrowings		**145,882**	(18,907)
Wakala payables		**64,958**	22,268
Other liabilities		**(6,055)**	(5,252)
Cash from/(used in) operations		**67,419**	(27,498)
Interest and similar income received		**16,313**	12,271
Dividend income received		**7,708**	9,483
Interest and similar expense paid		**(23,060)**	(25,347)
Net cash from/(used in) operating activities		**68,380**	(31,091)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		**(22,069)**	(12,159)
Proceed from sale of subsidiary		**11,144**	13,178
Investments in associates		**(309,391)**	(12,777)
Proceeds from sale of associates		**94,496**	15,900
Dividend from associates		**530**	-
Purchase of property and equipment		**(369)**	(7,034)
Purchase of investment properties		**(68,629)**	(34,391)
Proceeds from sale of investment properties		**22,813**	-
Net cash used in investing activities		**(271,475)**	(37,283)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**341,816**	2,135
Issue of bonds		**-**	45,000
Medium term borrowings		**-**	30,720
Purchase of treasury shares		**(46,309)**	(34,691)
Proceeds from sale of treasury shares		**27,860**	49,177
Dividends paid to shareholders of the parent company		**(42,771)**	(34,200)
Net cash from financing activities		**280,596**	58,141
Increase/(decrease) in cash and cash equivalents		**77,501**	(10,233)
Cash and cash equivalents at beginning of the period	10	**68,797**	69,006
Cash and cash equivalents at end of the period	10	**146,298**	58,773

The notes set out on pages 7 to 21 form an integral part of this interim consolidated financial information.

Condensed consolidated statement of changes in equity (Unaudited)

	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	-	-	-	-	-	-	(1,134)	-	(1,134)	-	(1,134)
Foreign currency translation reserve	-	-	-	(4,516)	-	-	-	-	(4,516)	-	(4,516)
Net loss recognised directly in equity	-	-	-	(4,516)	-	-	(1,134)		(5,650)	-	(5,650)
Profit for the period	-	-	-	-	-	-	-	102,907	102,907	3,010	105,917
Total recognised income and expenses for the period	-	-	-	(4,516)	-	-	(1,134)	102,907	97,257	3,010	100,267
Issue of bonus shares (Note 25)	8,595	-	-	-	-	-	-	(8,595)	-	-	-
Issue of shares under group performance scheme	2,308	2,710	-	-	-	-	-	-	5,018	-	5,018
Share capital increase – GDR (Note 19)	34,384	302,414	-	-	-	-	-	-	336,798	-	336,798
Cash dividends paid (Note 25)	-	-	-	-	-	-	-	(42,771)	(42,771)	-	(42,771)
Cost of share based payment	-	-	750	-	-	-	-	-	750	-	750
Purchase of treasury shares	-	-	-	-	(46,309)	-	-	-	(46,309)	-	(46,309)
Sale of treasury shares	-	-	-	-	27,728	-	-	-	27,728	-	27,728
Increase in treasury shares reserve	-	-	-	-	-	132	-	-	132	-	132
Net movement in minority interest	-	-	-	-	-	-	-	-	-	19,447	19,447
Balance at 30 September 2008	**131,243**	**396,997**	**2,515**	**48,172**	**(20,123)**	**2,347**	**2,239**	**138,264**	**701,654**	**28,871**	**730,525**

The notes set out on pages 7 to 21 form an integral part of this interim consolidated financial information.

Condensed consolidated statement of changes in equity (continued) (Unaudited)

	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 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 expenses for the period	-	-	-	(1,220)	-	-	1,424	61,891	62,095	721	62,816
Issue of bonus shares (Note 25)	14,109	-	-	-	-	-	-	(14,109)	-	-	-
Issue of shares under group performance schemes	1,302	833	-	-	-	-	-	-	2,135	-	2,135
Cash dividends (Note 25)	-	-	-	-	-	-	-	(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 interest	-	-	-	-	-	-	-	-	-	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 21 form an integral part of this interim consolidated financial information.

Notes to the interim consolidated financial information (Unaudited)

30 September 2008

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 September 2008 was authorised for issue in accordance with a resolution of the directors on 27 October 2008.

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. 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, investment banking, principal investments, real estate and brokerage activities. Its registered office is at Global Tower, Sharq, Al Shuhada' St. PO 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.

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 funded facilities and 0.5% for non-funded 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 funded facilities and 0.5% for non-funded 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 nine months ended 30 September 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 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:

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		Nine months ended	
	30 Sept. 2008 (Unaudited) KD '000	30 Sept. 2007 (Unaudited) KD '000	**30 Sept. 2008 (Unaudited) KD '000**	30 Sept. 2007 (Unaudited) KD '000
Management fees on assets under management	**4,619**	4,672	**14,565**	12,458
Incentive fees on assets under management	**22**	1,350	**1,522**	2,300
Placement fees-managed funds	**71**	398	**511**	1,436
Investment banking and advisory fees	**12,021**	613	**23,499**	810
Brokerage	**2,258**	-	**3,930**	112
Other fees and commission	**127**	1,522	**127**	1,522
	19,118	8,555	**44,154**	18,638

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		Nine months ended	
	30 Sept. 2008 (Unaudited) KD '000	30 Sept. 2007 (Unaudited) KD '000	**30 Sept. 2008 (Unaudited) KD '000**	30 Sept. 2007 (Unaudited) KD '000
Cash and cash equivalents	**179**	65	**1,182**	557
Financial assets designated at fair value through statement of income	**86**	593	**226**	1,183
Murabaha receivables	**427**	558	**1,164**	1,053
Financing of future trades by customers	**1,749**	2,721	**11,675**	7,260
Loans and advances	**72**	680	**2,477**	2,218
	2,513	4,617	**16,724**	12,271

5 Net gain/(loss) on financial assets

Net gain/(loss) on financial assets, analysed by category for the three-month period 30 September 2008, is as follows:

	Held for trading (Unaudited) KD '000	**Designated at fair value through statement of income (Unaudited) KD '000**	**Financial investments available-for-sale (Unaudited) KD '000**	**Total (Unaudited) KD '000**
Realised (loss) / gains	(329)	33,581	83	**33,335**
Unrealised (loss)-mark-to-market	(21,580)	(12,714)	-	**(34,294)**
Unrealised gains-mark-to-model	-	4,301	-	**4,301**
Net realised and unrealised (loss) / gains	**(21,909)**	**25,168**	**83**	**3,342**
Net unrealised gain recorded directly in equity	-	-	**1,122**	**1,122**
	(21,909)	**25,168**	**1,205**	**4,464**

Net gain/(loss) on financial assets, analysed by category for the three-month period ended 30 September 2007, is as follows:

	Held for trading (Unaudited) KD '000	**Designated at fair value through statement of income (Unaudited) KD '000**	**Financial investments available-for-sale (Unaudited) KD '000**	**Total (Unaudited) KD '000**
Realised gains	4,791	950	-	5,741
Unrealised gains-mark-to-market	4,575	1,532	-	6,107
Unrealised (loss)-mark-to-model	-	(232)	-	(232)
Net realised and unrealised gains	9,366	2,250	-	11,616
Net unrealised (loss) recorded directly in equity	-	-	(46)	(46)
	9,366	2,250	(46)	11,570

5 Net gain/(loss) on financial assets (continued)

Net gain/(loss) on financial assets, analysed by category for the nine-month period 30 September 2008, is as follows:

	Held for trading (Unaudited) KD '000	Designated at fair value through statement of income (Unaudited) KD '000	Financial investments available-for-sale (Unaudited) KD '000	Total (Unaudited) KD '000
Realised gains	5,810	64,627	1,971	**72,408**
Unrealised (loss)/gains-mark-to-market	(31,763)	18,863	-	**(12,900)**
Unrealised gains-mark-to-model	-	1,415	-	**1,415**
Net realised and unrealised (loss) / gains	**(25,953)**	**84,905**	**1,971**	**60,923**
Net unrealised gains recorded directly in equity	**-**	**-**	**837**	**837**
	(25,953)	**84,905**	**2,808**	**61,760**

Net gain on financial assets, analysed by category for the nine-month period ended 30 September 2007, is as follows:

	Held for trading (Unaudited) KD '000	Designated at fair value through statement of income (Unaudited) KD '000	Financial investments available-for-sale (Unaudited) KD '000	Total (Unaudited) KD '000
Realised gains	8,818	14,985	-	23,803
Unrealised gains-mark-to-market	6,312	15,642	-	21,954
Unrealised gains-mark-to-model	-	1,180	-	1,180
Net realised and unrealised gains	15,130	31,807	-	46,937
Net unrealised gains recorded directly in equity	-	-	1,424	1,424
	15,130	31,807	1,424	48,361

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

'Unrealised gains-mark-to-model' from investments designated at fair value through statement of income 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 UAE.

7 Gain on sale of associates

	Nine months ended 30 Sept. 2008 (Unaudited)			Nine months ended 30 Sept. 2007 (Unaudited)		
	% Stake Sold	Sales Proceeds KD '000	Gain/ (loss) KD '000	% Stake Sold	Sales Proceeds KD '000	Gain KD '000
Arab East Investment for Real Estate Company	22%	12,336	705	-	-	-
Union Bank for Savings	20%	25,002	(415)	-	-	-
Al Quds Bank	30%	5,272	(388)	-	-	-
National International Holding Company	8%	3,872	(621)	-	-	-
JS Global Capital Limited	43%	17,819	5,601	-	-	-
Real Estate Development Company	8%	5,169	(272)	37.2%	15,900	6,037
Ninth Construction Project Company	48%	16,327	7,076	-	-	-
Others		8,699	691	-	-	-
		94,496	12,377		15,900	6,037

- 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 statement of income.

- 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.

- During the period the group disposed of its entire investments in Ninth Construction Project Company.

8 Gain on sale of subsidiaries

8.1 During the year the group sold its 87.3% stake in Jordan Trade Facilities – JSC for a net consideration of KD9.1 million resulting in a gain of KD 2.2 million.

The disposal of the groups' stake resulted in disposal of following assets and liabilities as at 30 June 2008 :

	KD'000
Cash and cash equivalents	42
Total assets other than cash and cash equivalents	13,393
Total Liabilities	5,909

8.2 During the year the group reduced its stake in Al Saif National Holding co. – KSC (Closed) from 82.4% to 61.8% for a net consideration of KD 2.0 million resulting in a gain of KD 1.3 million.

9 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).

9 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		Nine months ended	
	30 Sept. 2008 (Unaudited)	30 Sept. 2007 (Unaudited)	**30 Sept. 2008 (Unaudited)**	30 Sept. 2007 (Unaudited)
Profit for the period attributable to the shareholders of the parent company (KD'000)	**20,664**	15,212	**102,907**	61,891
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	**1,304,570**	933,294	**1,111,821**	916,514
Effect of dilution from weighted average number of share options outstanding	**36,854**	25,093	**31,435**	20,574
Adjusted weighted average number of ordinary shares for diluted earnings per share	**1,341,424**	958,387	**1,143,256**	937,088
Basic earnings per share	**16 Fils**	16 Fils	**93 Fils**	68 Fils
Diluted earnings per share	**15 Fils**	16 Fils	**90 Fils**	66 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 25). 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 19).

10 Cash and cash equivalents

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

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Banks balances and cash	**144,842**	66,600	57,747
Investment in money market instruments	**1,456**	2,197	1,026
	146,298	68,797	58,773

11 Financial assets held for trading

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
GCC and MENA equity securities	**58,773**	18,324	31,357
International equity securities	**42,159**	19,443	20,821
	100,932	37,767	52,178

12 Financial assets designated at fair value through statement of income

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Unquoted debt securities	**3,405**	9,226	15,879
Unquoted equity securities	**210,879**	161,523	159,073
Quoted securities and managed funds	**373,325**	336,881	300,251
	587,609	507,630	475,203

13 Financial investments available-for-sale

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Quoted equity securities	**3,912**	1,616	7,216
Unquoted equity securities	**45,596**	16,471	2,919
	49,508	18,087	10,135

14 Investment in associates

During the three months ended 30 September 2008, the group increased the stake in Bank of Bahrain and Kuwait ("BBK") (a retail bank incorporated in Kingdom of Bahrain) to 19.1%, and in Mazaya Holding Company (a real estate investment, development and property management company in Kuwait) to 21.3%.

Management believes the significant influence on BBK was acquired due to representation of two nominees on the board of directors of BBK.

As on 30 June 2008, 18.1% stake in BBK and 9.5% stake in Mazaya were accounted for as financial assets designated at fair value through income statement.

During the same period, the group acquired 29.9% stake in Global MENA Financial Assets Ltd (a fund management company incorporated in Guersnsey), 37.6% in International Finance Company, Kuwait (commercial lending services) and 31.2% in Palestine Real Estate Investment Company (real estate services in Palestine)

Management is in the process of determining the fair values of identifiable assets acquired and liabilities assumed for the above investments.

15 Investment properties

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Carrying amount at 1 January	**41,433**	414	414
Arising on consolidation of subsidiaries	**3,546**	542	-
Additions	**68,629**	40,981	34,391
Disposals	**(10,814)**	(2,650)	-
Unrealised profit from fair valuations	**-**	2,146	-
Carrying amount	**102,794**	41,433	34,805

16 Property under development

Property under development has arisen 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.

17 Goodwill and intangible assets

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Goodwill:			
Carrying amount at 1 January	**4,437**	419	419
Arising on acquisition of subsidiaries	**-**	7,926	7,168
Arising on consolidation of subsidiaries	**148**	-	758
Released on disposal of subsidiaries	**(419)**	(3,908)	-
Carrying amount	**4,166**	4,437	8,345
Intangible assets:			
Carrying amount at 1 January	**-**	-	-
Arising on acquisition of subsidiaries	**17,809**	-	-
Carrying amount	**17,809**	-	-
Total	**21,975**	4,437	8,345

Acquisition of subsidiaries:

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 amount paid to acquire 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 KD17.809 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)

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 September 2008 increased to 62.1%.

Management is in the process of determining the fair values of identifiable assets acquired and liabilities assumed.

Net cash outflow on acquisition:	**KD'000**
Cash consideration paid	**(7,254)**
Cash and cash equivalents acquired	**3,469**
	(3,785)

During the period ended 30 September 2007 the group took 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

17 Goodwill and intangible assets (continued)

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

During the period ended 30 September 2007, 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	**4,018**
Net cash outflow arising on acquisition:	
Cash consideration paid	**(7,690)**
Cash and cash equivalents acquired	**452**
	(7,238)

18 Other assets

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Accrued income	**9,136**	10,588	15,065
Receivables for settlement of sale of securities	**9,271**	10,561	7,954
Financing of future trades by customers	**84,500**	37,913	39,086
Deposits, prepayments and other receivables	**22,024**	9,528	3,964
Advances for purchase of investments	**11,467**	9,130	1,344
Amounts due from related parties	**575**	291	440
Positive fair value of forward foreign exchange contracts	**-**	5	-
	136,973	78,016	67,853

19 Share capital and share premium

	Authorised			Issued and fully paid		
	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000	**30 Sept. 2008 (Unaudited) KD'000**	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Shares of KD0.100 each	**136,892**	85,956	85,956	**131,243**	85,956	85,956

The annual general meeting of the shareholders held on 26 March 2008 approved to increase the authorised capital from KD85.956 million to KD136.892 million by issuance of 85.955 million bonus shares (KD8.59 million), 68.5 million shares under the group's performance bonus scheme and share option scheme (KD6.85 million), and 354.904 million shares under proposed capital increase to bring in international and strategic investors (KD35.49 million).

19 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 USD18.75 per GDR (equivalent to KD0.995 per ordinary share). The entire GDR offering resulted in issuing 306,666,670 ordinary shares at the rate of KD0.995 per ordinary share (KD30.6 million). Further 37,174,926 ordinary shares (KD3.71 million) were issued to a strategic investor at KD0.995 per ordinary share (KD30.6 million). The ordinary general meeting of the shareholders held on 18 May 2008, approved the share premium of KD0.895 per ordinary share.

GDR issuance expenses amounting to KD5.3 million have been deducted from the share premium account.

During the period, the parent company also issued 23,072,070 shares (KD2.3 million) out of the 68.5 million shares approved under the group's performance bonus scheme.

20 Treasury shares

The details of treasury shares are as follows:

	30 Sept. 2008 (Unaudited)	31 Dec. 2007 (Audited)	30 Sept. 2007 (Unaudited)
Number of shares ('000)	**20,521**	1,621	3,175
Percentage holding	**1.56%**	0.19%	0.369%
Carrying cost (KD'000)	**20,123**	1,542	3,465
Market value (KD'000)	**15,801**	1,588	2,890

21 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 3.65% and 7.75% (31 December 2007: 5.81% and 8.25% and 30 September 2007: 5.65% 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 7.75% (31 December 2007: 6.1% and 8% and 30 September 2007: 6% and 7.75%) per annum.

22 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 3/6 month LIBOR plus a margin ranging from 0.8% to 1.25% (31 December 2007: 0.8% to 1.25% and 30 September 2007:0.8% to 1%) per annum.

23 Bonds

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (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**	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.

24 Other liabilities

	30 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Accrued expenses	**7,022**	6,243	7,460
Payable for settlement of purchase of securities	**1,944**	14,143	2,012
Dividend payable	**383**	-	360
Other payables	**44,146**	19,836	11,302
Negative fair value of forward foreign exchange contracts	**1,604**	-	1,287
	55,099	40,222	22,421

25 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%).

26 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 Sept. 2008 (Unaudited) KD'000	31 Dec. 2007 (Audited) KD'000	30 Sept. 2007 (Unaudited) KD'000
Transactions included in the condensed consolidated balance sheet:			
Loans to directors and senior management	**1,941**	1,997	1,099
Amounts due from related parties	**575**	291	440
Wakala payables	**-**	30,351	30,730

26 Related party transactions (continued)

	Three months ended		Nine months ended	
	30 Sept. 2008 (Unaudited) KD'000	30 Sept. 2007 (Unaudited) KD'000	**30 Sept. 2008 (Unaudited) KD'000**	30 Sept. 2007 (Unaudited) KD'000
Transactions included in the condensed consolidated statement of income:				
Interest income	**15**	25	**56**	301
Fee and commission income	**577**	-	**577**	-
Net gain on financial assets designated at fair value through statement of income	**2,241**	-	**2,241**	-
Gain on sale of subsidiaries	**2,243**	-	**2,243**	-
Interest expense	**-**	537	**564**	1,713
Key management compensation:				
Salaries and other short term benefits	**335**	258	**1,005**	655
Cost of share based payment	**250**	200	**750**	600
Terminal benefits	**147**	34	**422**	86
	732	492	**2,177**	1,341

27 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 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 September 2008 (Unaudited)							
Segment income	**4,687**	**40,843**	**(22,242)**	**12,021**	**2,410**	**4,275**	**41,994**
Inter segment income(expense)	**693**	**(4,928)**	**-**	**4,235**	**-**	**-**	**-**
Total segment income	**5,380**	**35,915**	**(22,242)**	**16,256**	**2,410**	**4,275**	**41,994**
Segment profit	**3,234**	**24,384**	**(24,910)**	**15,907**	**2,340**	**2,342**	**23,297**
Profit for the period							**23,297**

27 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
Three months ended 30 September 2007 (Unaudited)							
Segment income	7,942	13,955	7,786	613	-	-	30,296
Inter segment income(expense)	548	(1,827)	-	1,279	-	-	-
Total segment income	8,490	12,128	7,786	1,892	-	-	30,296
Segment profit	6,926	284	6,418	1,649	-	-	15,277
Profit for the period							15,277
Nine months ended 30 September 2008 (Unaudited)							
Segment income	**16,725**	**132,051**	**(30,593)**	**23,499**	**3,930**	**12,056**	**157,668**
Inter segment income(expense)	**2,319**	**(13,872)**	**-**	**11,553**	**-**	**-**	**-**
Total segment income	**19,044**	**118,179**	**(30,593)**	**35,052**	**3,930**	**12,056**	**157,668**
Segment profit	**11,658**	**86,012**	**(37,291)**	**34,026**	**3,725**	**7,787**	**105,917**
Profit for the period							**105,917**
Nine months ended 30 September 2007 (Unaudited)							
Segment income	17,828	72,248	12,940	810	-	-	103,826
Inter segment income(expense)	1,683	(5,522)	-	3,839	-	-	-
Total segment income	19,511	66,726	12,940	4,649	-	-	103,826
Segment profit	14,964	34,326	9,313	4,009	-	-	62,612
Profit for the period							62,612
30 September 2008 (Unaudited)							
Total segmental assets	**-**	**1,243,316**	**100,932**	**-**	**11,715**	**113,504**	**1,469,467**
Total segmental liabilities	**-**	**(640,718)**	**(52,202)**	**-**	**(3,401)**	**(58,703)**	**(755,024)**
Net segmental assets	**-**	**602,598**	**48,730**	**-**	**8,314**	**54,801**	**714,443**
Unallocated assets							**67,780**
Unallocated liabilities							**(51,698)**
Net assets							**730,525**
Capital expenditure							**369**
Depreciation							**1,150**

27 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 September 2007 (Unaudited)							
Total segmental assets	-	675,703	52,178	-	-	34,805	762,686
Total segmental liabilities	-	(436,289)	(32,825)	-	-	(21,895)	(491,009)
Net segmental assets	-	239,414	19,353	-	-	12,910	271,677
Unallocated assets							48,151
Unallocated liabilities							(22,421)
Net assets							297,407
Capital expenditure							7,034
Depreciation							718

28 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 2008 amounted to KD2,711.830 million (31 December 2007: KD 2,347.684 million and 30 September 2007: KD 2,355.033 million).

29 Derivative financial instruments

	30 Sept. 2008 (Unaudited)		31 Dec. 2007 (Audited)		30 Sept. 2007 (Unaudited)	
	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	**145,526**	**(1,604)**	40,203	5	48,216	(1,290)

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.

30 Commitments

At 30 September 2008, the group had commitments to invest in venture capital funds and securities amounting to KD 0.126 million (31 December 2007: KD0.581 million and 30 September 2007: KD0.149 million), after deducting commitments by the group's clients.

31 Subsequent event

The group is exposed to equity price risk with respect to its equity investments. Equity investments are classified either as investments at fair value through statement of income (including trading securities) and available-for-sale.

31 Subsequent event (continued)

Subsequent to the balance sheet date, as a result of volatility in the local and global equity markets, there has been a decline in the major stock indices throughout the world including Kuwait, GCC and MENA region.

The decline in the stock market indices, subsequent to the balance sheet date up to 27 October 2008, the date of the approval of the interim consolidated financial information, was as follows:

	Up to 27 Oct 2008 %
Kuwait market	**21%**
Rest of GCC market	**25%**
Amman market	**26%**
Other international markets	**25% – 30%**