

Interim consolidated financial information and review report

**Noor Financial Investment Company – KSC (Closed) and Subsidiaries
Kuwait**

30 June 2008 (Unaudited)

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Review report

To the board of directors of
Noor Financial Investment Company – KSC (Closed)
Kuwait

Report on review of interim consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Noor Financial Investment Company (A Kuwaiti Closed Shareholding Company) ("the parent company") and its subsidiaries ("the group"), as of 30 June 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended. The parent company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

Furthermore based on our review, the interim consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960 or of the articles of association of the parent company, as amended, have occurred during the period that might have had a material effect on the business of the group or on its financial position.

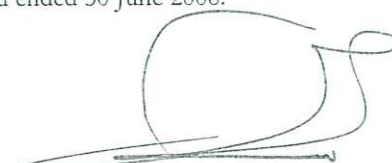
We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the six month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



Abdullatif M. Al-Aiban (CPA)

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Interim condensed consolidated statement of income

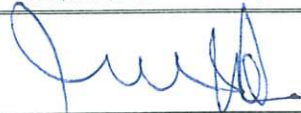
	Note	Three months ended		Six months ended	
		30 June 2008 (Unaudited)	30 June 2007 (Unaudited)	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
		KD	KD	KD	KD
Income					
Realised gain on sale of investments at fair value through statement of income		2,405,600	12,366,791	2,552,588	17,523,660
Unrealised (loss)/gain on investments at fair value through statement of income	4	(14,433,081)	11,283,838	(7,422,739)	15,900,908
Realised gain on sale of available for sale investments		9,591,779	25,593	9,529,220	25,593
Dividend income		3,572,984	3,278,671	6,098,159	4,347,925
Change in fair value of investment property	10	1,740,000	-	1,740,000	-
Management and placement fees		3,769,563	381,991	6,313,724	453,921
Interest income		171,312	183,077	479,043	258,913
Income from financing future trade by customers		2,041,762	1,080,139	4,745,030	1,522,540
Share of profit of associates		479,955	-	1,422,344	1,196,904
Other income		329,149	81,508	329,149	75,508
Foreign exchange gain		1,222,288	736,039	1,610,915	741,216
		10,891,311	29,417,647	27,397,433	42,047,088
Expenses and other charges					
General, administrative and other expenses		2,268,432	2,603,319	3,648,236	5,268,314
Finance costs		3,109,725	2,025,210	6,403,724	4,439,224
		5,378,157	4,628,529	10,051,960	9,707,538
Profit for the period before provision for KFAS, NLST, Zakat and directors' remuneration		5,513,154	24,789,118	17,345,473	32,339,550
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(48,546)	(228,210)	(150,188)	(299,873)
Provision for National Labour Support Tax (NLST)		(56,185)	(559,114)	(289,698)	(724,445)
Provision for Zakat		(14,747)	-	(99,288)	-
Provision for directors' remuneration		(18,750)	(12,500)	(37,500)	(25,000)
Profit for the period		5,374,926	23,989,294	16,768,799	31,290,232
Attributable to:					
Shareholders of the parent company		5,876,384	23,989,294	16,763,981	31,290,232
Minority interest		(501,458)	-	4,818	-
		5,374,926	23,989,294	16,768,799	31,290,232
Basic and diluted earnings per share (Fils)	5	8	50	26	80

The notes set out on pages 7 to 13 form an integral part of this interim consolidated financial information.

Interim condensed consolidated balance sheet

	Note	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Assets				
Cash and banks balances		8,810,207	5,083,793	10,199,104
Short-term deposits		1,260,375	5,526,470	11,438,724
Investments at fair value through statement of income	6	209,385,209	144,469,773	150,695,676
Accounts receivable and other assets	7	129,950,949	62,841,502	44,104,521
Available for sale investments	8	82,262,719	94,751,151	75,670,095
Investment in unconsolidated subsidiaries		781,932	826,845	2,952,127
Investment in associates	9	23,597,674	22,256,784	4,168,061
Investment property	10	12,000,000	-	-
Equipment		563,452	373,394	239,662
Total assets		468,612,517	336,129,712	299,467,970
Liabilities and equity				
Liabilities				
Due to banks		4,589,042	8,407,487	5,962,242
Accounts payable and other liabilities	11	17,861,760	11,512,544	28,244,522
Borrowings	12	179,190,175	130,497,295	105,412,836
Provision for end of service indemnity		163,279	129,919	108,984
Total liabilities		201,804,256	150,547,245	139,728,584
Equity				
Share capital	13	75,000,000	50,000,000	50,000,000
Share premium	13	125,000,000	50,000,000	50,000,000
Treasury shares	14	(5,252,581)	-	-
Legal reserve		6,699,281	6,699,281	3,594,433
Voluntary reserve		5,943,481	5,943,481	2,838,633
Cumulative changes in fair value		(343,339)	2,416,640	2,991,468
Gain on sale of treasury shares reserve		109,397	-	-
Currency translation reserve		(3,752,251)	(1,112,409)	-
Retained earnings		49,893,879	58,129,898	50,314,852
		253,297,867	172,076,891	159,739,386
Minority interest		13,510,394	13,505,576	-
Total equity		266,808,261	185,582,467	159,739,386
Total liabilities and equity		468,612,517	336,129,712	299,467,970


Hussam Fawzi Al-Kharafi
Chairman


Naser A. Al-Marri
Deputy Chairman & Managing Director

The notes set out on pages 7 to 13 form an integral part of this interim consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to shareholders of the parent company										Minority interest	Total
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Gain on sale of treasury shares reserve KD	Currency translation reserve KD	Retained earnings KD	Sub-total KD		
Balance as at 1 January 2008	50,000,000	50,000,000	-	6,699,281	5,943,481	2,416,640	-	(1,112,409)	58,129,898	172,076,891	13,505,576	185,582,467
Change in fair value of available for sale investments	-	-	-	-	-	388,767	-	-	-	388,767	-	388,767
Net exchange difference	-	-	-	-	-	-	-	(2,639,842)	-	(2,639,842)	-	(2,639,842)
Net gain realised on sale of available for sale investments	-	-	-	-	-	(3,148,746)	-	-	-	(3,148,746)	-	(3,148,746)
Net (expense)/income recognised directly in equity	-	-	-	-	-	(2,759,979)	-	(2,639,842)	-	(5,399,821)	-	(5,399,821)
Profit for the period	-	-	-	-	-	-	-	-	16,763,981	16,763,981	4,818	16,768,799
Total recognised (expense)/income for the period	-	-	-	-	-	(2,759,979)	-	(2,639,842)	16,763,981	11,364,160	4,818	11,368,978
Cash dividend (refer note 20)	-	-	-	-	-	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Issue of shares (refer note 13)	25,000,000	75,000,000	-	-	-	-	-	-	-	100,000,000	-	100,000,000
Purchase of treasury shares	-	-	(6,445,984)	-	-	-	-	-	-	(6,445,984)	-	(6,445,984)
Sale of treasury shares	-	-	1,193,403	-	-	-	109,397	-	-	1,302,800	-	1,302,800
Balance as at 30 June 2008	75,000,000	125,000,000	(5,252,581)	6,699,281	5,943,481	(343,339)	109,397	(3,752,251)	49,893,879	253,297,867	13,510,394	266,808,261

The notes set out on pages 7 to 13 form an integral part of this interim consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to shareholders of the parent company									Minority interest	Total	
	Share capital KD	Share premium KD	Treasury shares KD	Legal reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Gain on sale of treasury shares reserve KD	Currency translation reserve KD	Retained earnings KD			Sub-total KD
Balance as at 1 January 2007	25,000,000	-	-	3,594,433	2,838,633	(2,831,732)	-	-	31,524,620	60,125,954	-	60,125,954
Change in fair value of available for sale investments	-	-	-	-	-	5,848,793	-	-	-	5,848,793	-	5,848,793
Net gain realised on sale of available for sale investments	-	-	-	-	-	(25,593)	-	-	-	(25,593)	-	(25,593)
Net income/(expense) recognised directly in equity	-	-	-	-	-	5,823,200	-	-	-	5,823,200	-	5,823,200
Profit for the period	-	-	-	-	-	-	-	-	31,290,232	31,290,232	-	31,290,232
Total recognised income/(expense) for the period						5,823,200			31,290,232	37,113,432	-	37,113,432
Cash dividend (refer note 20)	-	-	-	-	-	-	-	-	(12,500,000)	(12,500,000)	-	(12,500,000)
Issue of shares	25,000,000	50,000,000	-	-	-	-	-	-	-	75,000,000	-	75,000,000
Balance as at 30 June 2007	50,000,000	50,000,000	-	3,594,433	2,838,633	2,991,468	-	-	50,314,852	159,739,386	-	159,739,386

The notes set out on pages 7 to 13 form an integral part of this interim consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2008 (Unaudited) KD	Six months ended 30 June 2007 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period before provision for KFAS, NLST, Zakat and directors' remuneration		17,345,473	32,339,550
Adjustments:			
Realised gain on sale of available for sale investments		(9,529,220)	(25,593)
Dividend income		(6,098,159)	(4,347,925)
Change in fair value of investment property		(1,740,000)	-
Share of profit of associates		(1,422,344)	(1,196,904)
Interest income		(479,043)	(258,913)
Depreciation		70,936	39,439
Provision for end of service indemnity		33,360	39,236
Finance costs		6,403,724	4,439,224
		4,584,727	31,028,114
Changes in operating assets and liabilities:			
Investments at fair value through statement of income		(64,915,436)	(40,407,684)
Accounts receivable and other assets		(26,854,125)	(33,788,049)
Accounts payable and other liabilities		(1,590,343)	3,596,258
Net cash used in operating activities		(88,775,177)	(39,571,361)
INVESTING ACTIVITIES			
Increase in blocked balances		(3,492,500)	(250,000)
Purchase of available for sale investments		(19,836,877)	(35,937,044)
Proceeds from sale of available for sale investments		5,618,803	4,864,832
Investment in property		(10,260,000)	-
Investment in associates		(2,522,174)	(2,971,157)
Investment in unconsolidated subsidiary		-	(2,646,127)
Dividend income received		6,083,704	4,293,370
Purchase of equipment		(260,994)	(119,962)
Interest income received		447,656	255,504
Net cash used in investing activities		(24,222,382)	(32,510,584)
FINANCING ACTIVITIES			
Increase in borrowings		48,692,880	27,927,417
Proceeds from issue of shares		100,000,000	75,000,000
Purchase of treasury shares		(6,445,984)	-
Proceeds from sale of treasury shares		1,302,800	-
Dividend paid		(24,850,859)	(12,351,176)
Finance costs paid		(5,915,014)	(3,591,259)
Net cash from financing activities		112,783,823	86,984,982
Net (decrease)/increase in cash and cash equivalents		(213,736)	14,903,037
Cash and cash equivalents at beginning of the period		695,276	(1,642,451)
Cash and cash equivalents at end of the period	15	481,540	13,260,586

The notes set out on pages 7 to 13 form an integral part of this interim consolidated financial information.

Notes to the interim consolidated financial information

30 June 2008

1 Incorporation and activities

Noor Financial Investment Company – KSC (Closed) (“the parent company”) was incorporated in Kuwait on 1 February 1997 and during May 2006 its shares were listed on the Kuwait Stock Exchange. The parent company and its subsidiaries are together referred to as “the group”. The parent company is regulated by the Central Bank of Kuwait as an investment company. The parent company is a subsidiary of National Industries Group Holding – SAK, (“ultimate parent company”), and its principal objectives are as follows:

- Investment in various economic sectors through participating in establishing specialised companies or purchasing securities or shares in those companies;
- Act as investment trustees and manage different investment portfolios for others; and
- Act as intermediary in borrowing operations in return for commission;

Further, the parent company has the right to participate and subscribe, in any way, with other firms which operate in the same field or those which would assist it in achieving its objectives in Kuwait and abroad and to purchase those firms or participate in their equity.

The address of the parent company’s registered office is 10th and 11th Floor, Mohammed Abdul Mohsin Al-Kharafi Complex, Building 6, Block – 14, Qibla, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The board of directors of the parent company approved this interim consolidated financial information for issue on 13 August 2008.

2 Significant accounting policies

Basis of presentation

This interim consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The accounting policies used in preparation of the interim consolidated financial information are consistent with those used in the preparation of the annual financial statements, for the year ended 31 December 2007, except for the new accounting policy adopted in respect of “treasury shares” and “investment properties”.

This interim consolidated financial information does not contain all the information and disclosures required for complete financial statements prepared in accordance with 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. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2008. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2007.

The financial information of the consolidated subsidiaries is based on management accounts for the period.

2 Significant accounting policies (continued)

Treasury shares

The cost of the parent company's own shares purchased, including directly attributable costs, is classified under equity. Gains or losses arising on the sale are separately disclosed under shareholders' equity and these amounts are not available for distribution. These shares are not entitled to cash dividends. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Investment properties

Investment properties are initially recorded at cost, being the purchase price and any directly attributable expenditure for a purchased investment property and cost at the date when construction or development is complete for a self-constructed investment property. Subsequent to initial recognition, investment properties are re-measured at fair value on an individual basis based on a valuation by an independent and registered real estate valuer. Changes in fair value are taken to the consolidated statement of income.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

3 Subsidiaries

During the six months ended 30 June 2008, the Parent Company incorporated the following wholly owned subsidiaries which have been consolidated:

	Country of incorporation	Percentage ownership	Principal activity
A Medical Services Company – KSC (Closed)	Kuwait	100%	Medical services
Barwa National Company for General Trading & Contracting – WLL	Kuwait	100%	General trading & contracting
BOT Kuwait Company for General Trading & Contracting – WLL	Kuwait	100%	General trading & contracting
Noor Kuwait Economic Media – KSC (Closed)	Kuwait	100%	Media related services
Noor United for Project Management - WLL	Kuwait	100%	Project management
Noor Kuwait Syria Financial Investment Company – LLC	Syria	100%	Investment activities

4 Unrealised (loss)/gain on investments at fair value through statement of income

This represents the difference between closing market value and carrying value at the beginning of the period or the cost of investments acquired during the period.

Local funds are valued on the basis of their net asset value.

5 Basic & diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the period as follows:

	Three months ended		Six months ended	
	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
Profit for the period attributable to the shareholders of the parent company (KD)	5,876,384	23,989,294	16,763,981	31,290,232
Weighted average number of shares	750,000,000	479,041,215	659,883,045	390,333,259
Less: Weighted average number of treasury shares (share)	(8,533,341)	-	(4,389,245)	-
	741,466,659	479,041,215	655,493,800	390,333,259
Basic and diluted earnings per share (Fils)	8	50	26	80

Earnings per share reported for the three month and six month period ended 30 June 2007 was 53 Fils and 84 Fils respectively, before retroactive adjustment relating to the rights issue.

6 Investments at fair value through statement of income

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Held for trading :			
Quoted shares	199,131,416	132,784,562	141,699,376
Designated on initial recognition :			
Local funds	10,253,793	11,685,211	8,996,300
	209,385,209	144,469,773	150,695,676

Quoted shares with a fair value of KD36,103,970 (31 December 2007: KD32,491,273 and 30 June 2007: KD32,494,487) are secured against bank loans (refer note 12).

7 Accounts receivable and other assets

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Due from Ultimate Parent Company	-	2,357,496	2,162,574
Due from an associate	11,376	11,597	1,132,385
Due from other related parties	649,289	834,010	-
Due on sale of investments – from related party	40,200,781	-	-
Due from Investment Brokerage Companies	2,816,127	9,017,817	2,047,154
Due from Kuwait Clearing Company (future trade)	68,902,233	37,563,065	35,936,133
Advance payments to acquire properties	6,684,512	7,260,000	-
Advance payments to acquire investments	4,405,797	4,323,296	2,367,696
Accrued income	3,510,766	327,295	54,555
Other assets	2,770,068	1,146,926	404,024
	129,950,949	62,841,502	44,104,521

8 Available for sale investments

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Quoted shares	20,047,869	30,245,940	29,175,790
Unquoted shares	26,195,917	21,546,444	26,320,591
Funds:			
Local	16,715,013	14,147,313	6,039,174
Foreign	19,303,920	28,811,454	14,134,540
	82,262,719	94,751,151	75,670,095

Unquoted shares and foreign funds with a carrying value of KD29,902,182 (31 December 2007: KD38,831,453 and 30 June 2007: KD38,650,977) are carried at cost less impairment, if any, since it is not possible to reliably measure its fair value.

Foreign funds with a carrying value of KD18,233,256, which were carried at cost at 31 December 2007, were disposed for a consideration of KD22,698,784 which resulted in a gain of KD4,465,528.

9 Investment in associates

During the period the Parent Company invested KD2,217,186 (SAR 31,282,410) as capital contribution in the following company:

	Country of incorporation	Percentage ownership	Principal Activity
Arab Company for Bank Note Circulation - JSCC	Saudi Arabia	35%	Brokerage

10 Investment property

In December 2007 the parent company made an advance payment of KD7,260,000 to acquire a property located in Kuwait with a total cost of KD10,260,000, and the advance payment was classified under accounts receivable and other assets as at 31 December 2007. During the period the required legal formalities were completed and the title of the property was transferred to the parent company and accordingly the balance payment of KD3,000,000 was made and the property was classified as investment property. Subsequently, in June 2008, the parent company revalued the property based on a valuation provided by an independent professional valuer and recorded a gain of KD1,740,000.

11 Accounts payable and other liabilities

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Unrealised fee payable on managed portfolios :			
- Related parties	782,032	880,198	916,631
Due to Ultimate Parent Company	293,753	-	-
Due to key management personnel	1,211,316	3,251,284	2,407,496
Due to Kuwait Clearing Company	1,892,331	-	-
Payable against purchase of investments	6,725,034	-	-
Due to other related parties	-	-	7,260,465
Due to investment brokerage companies	912,511	-	13,886
Dividend payable	261,115	111,974	148,824
Accrued interest	978,439	489,729	847,965
Accrued expenses	1,444,422	3,457,736	660,694
Other payables	3,360,807	3,321,623	15,988,561
	17,861,760	11,512,544	28,244,522

12 Borrowings

	Effective interest/ cost rate p.a %	Security	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Loans from local banks and financial institutions					
Loan payable – Kuwaiti Dinar	7.625 - 9	Unsecured	81,350,000	50,000,000	50,576,935
Loan payable – Kuwaiti Dinar	7.75 - 8.25	Secured	20,000,000	20,000,000	20,000,000
Loan payable – US Dollars	4.23 - 7.28	Unsecured	32,840,175	54,497,295	32,835,901
Murabaha and Wakala payables – Kuwaiti Dinar	8 – 8.375	Unsecured	45,000,000	6,000,000	2,000,000
			179,190,175	130,497,295	105,412,836

Loans amounting to KD20,000,000 are secured by investments at fair value through statement of income (see note 6). All borrowings are repayable within one year.

13 Share capital and share premium

The authorised, issued and paid up share capital of the Parent Company comprise of 750,000,000 shares of 100 fils each. (31 December 2007 and 30 June 2007 : 500,000,000 shares of 100 Fils each).

During the first quarter, the Parent Company by way of rights issue increased the share capital to 750,000,000 shares by issuing 250,000,000 shares at a par value of 100 Fils per share and premium of 300 Fils per share. This was approved by the Extraordinary General Assembly held on 2 January 2008. The increase in capital was subscribed for in full during the period.

Share premium is not available for distribution.

14 Treasury shares

The parent company acquired treasury shares through a subsidiary during the period based on an authorization granted by the shareholders to the board of directors and in accordance with the CBK approval dated 31 January 2008. Reserves equivalent to the cost of treasury shares held are not distributable.

	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD
Number of shares	11,341,711	-
Percentage of issued shares	1.5%	-
Market value (KD)	5,103,770	-
Cost (KD)	5,252,581	-

15 Cash and cash equivalents

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Cash and bank balances	8,810,207	5,083,793	10,199,104
Short-term deposits	1,260,375	5,526,470	11,438,724
Due to banks	(4,589,042)	(8,407,487)	(5,962,242)
	5,481,540	2,202,776	15,675,586
Blocked balances	(5,000,000)	(1,507,500)	(2,415,000)
	481,540	695,276	13,260,586

16 Segment analysis

The group primarily operates in one area of business activity, investments and its primary basis for segmental reporting is by geographical segment.

The group operates in two geographical markets: Domestic (Kuwait) and International (outside Kuwait). The geographical analysis is as follows:

	Domestic KD	International KD	Total KD
Three months ended 30 June 2008 (unaudited)			
Income	16,316,482	(5,425,171)	10,891,311
Profit/(loss) for the period	10,890,695	(5,515,769)	5,374,926
Six months ended 30 June 2008 (unaudited)			
Income	35,223,168	(7,825,735)	27,397,433
Profit/(loss) for the period	24,881,165	(8,112,366)	16,768,799
Three months ended 30 June 2007 (unaudited)			
Income	25,742,298	3,675,349	29,417,647
Profit for the period	20,654,761	3,334,533	23,989,294
Six months ended 30 June 2007 (unaudited)			
Income	37,227,391	4,819,697	42,047,088
Profit for the period	26,952,486	4,337,746	31,290,232

17 Related party transactions

Related parties represent the ultimate parent company, associates, directors and key management personnel of the group, and other related parties such as subsidiaries of the ultimate parent company (fellow subsidiaries), major shareholders and companies in which directors and key management personnel of the group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the group's management.

Details of significant related party transactions and balances are as follows:

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Consolidated balance sheet			
Due from Ultimate Parent Company and other related parties included in accounts receivables and other assets (refer note 7)	40,861,446	3,203,103	3,294,959
Due to Ultimate Parent Company and other related parties included in accounts payable and other liabilities (refer note 11)	2,287,101	4,131,482	10,584,592
Purchase of available for sale investments from other related parties	-	7,260,449	-

17 Related party transactions (continued)

	Three months ended		Six months ended	
	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD
Consolidated income statement				
Management and placement fees	254,034	62,971	1,424,536	137,972
Unrealised fee payable on managed portfolios for clients included in general, administrative and other expenses	-	63,583	-	61,274
Realised gain on sale of available for sale investments	8,892,088	-	8,892,088	-
Gain on sale of investments to ultimate parent company	-	2,007,515	-	2,007,515
Finance costs	-	248,630	-	716,344
Compensation of key management personnel of the group				
Short term employee benefits	388,891	993,408	1,233,966	2,407,496
End of service benefits	2,131	2,097	4,250	4,215

18 Capital commitments

At the balance sheet date the Group had capital commitments of KD1,063,054 (31 December 2007: KD1,685,612 and 30 June 2007: KD1,290,852) towards available for sale investments

19 Fiduciary assets

The parent company manages mutual funds and portfolios on behalf of its ultimate parent company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's balance sheet. Assets under management at 30 June 2008 amounted to KD372,634,715 (31 December 2007 : KD300,861,639 and 30 June 2007: KD220,779,298) of which assets managed on behalf of its ultimate parent company and other related parties amounted to KD253,516,650 (31 December 2007: KD226,380,527 and 30 June 2007: KD198,956,718).

20 Dividend distribution

Following approval by the annual general assembly on 27 February 2008 the parent company made a cash distribution of 50 Fils per share amounting to KD25,000,000 for the year ended 31 December 2007 (2006: 50 Fils per share amounting to KD12,500,000).