

Interim consolidated financial information and review report

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

30 September 2007 (Unaudited)

Contents

| | Page |
|--|----------------|
| Review report | 1 |
| Interim condensed consolidated statement of income | 2 |
| Interim condensed consolidated balance sheet | 3 |
| Interim condensed consolidated statement of changes in equity | 4 |
| Interim condensed consolidated statement of cash flows | 5 |
| Notes to the interim consolidated financial information | 6 to 12 |

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 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 September 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the nine-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 nine month period ended 30 September 2007.



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Condensed consolidated statement of income

| | Note | Three months ended | | Nine months ended | |
|--|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 30 Sept. 2007 (Unaudited) | 30 Sept. 2006 (Unaudited) | 30 Sept. 2007 (Unaudited) | 30 Sept. 2006 (Unaudited) |
| | | KD | KD | KD | KD |
| Income | | | | | |
| Realised gain on sale of investments at fair value through statement of income | | 5,304,228 | 1,073,809 | 22,827,888 | 900,124 |
| Unrealised gain/(loss) on investments at fair value through statement of income | | 10,395,428 | 4,735,004 | 26,296,338 | (10,902,957) |
| Realised gain on sale of available for sale investments | | 64,405 | - | 89,998 | 25,394,686 |
| Dividend income | | 566,052 | 53,681 | 4,913,977 | 4,924,544 |
| Management and placement fees | | 1,086,471 | 1,695,191 | 1,540,392 | 3,870,435 |
| Interest income | | 427,249 | 66,254 | 686,162 | 414,357 |
| Share of profit of associate | | - | - | 1,196,904 | - |
| Other income | | 1,195,634 | 21,040 | 2,793,682 | 32,364 |
| Foreign exchange (loss)/gain | | (843,144) | 167,579 | (101,928) | (196,153) |
| | | 18,196,323 | 7,812,558 | 60,243,413 | 24,437,400 |
| Expenses and other charges | | | | | |
| General, administrative and other expenses | 4 | 2,494,460 | 2,124,315 | 7,762,774 | 4,748,263 |
| Finance costs | | 2,180,211 | 1,604,531 | 6,619,435 | 4,595,693 |
| | | 4,674,671 | 3,728,846 | 14,382,209 | 9,343,956 |
| Profit for the period before KFAS, NLST and directors' remuneration | | 13,521,652 | 4,083,712 | 45,861,204 | 15,093,444 |
| Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | | (129,368) | (36,416) | (429,241) | (135,504) |
| Provision for National Labour Support Tax (NLST) | | (322,594) | (100,245) | (1,047,039) | (217,488) |
| Directors remuneration | | (12,500) | (37,500) | (37,500) | (37,500) |
| Profit for the period | | 13,057,190 | 3,909,551 | 44,347,424 | 14,702,952 |
| Earnings per share (Fils) | 5 | 26 | 14 | 107 | 51 |


The notes set out on pages 6 to 12 form an integral part of this interim consolidated financial information.

Condensed consolidated balance sheet

| | Note | 30 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD |
|---|------|---------------------------------------|------------------------------------|---------------------------------------|
| Assets | | | | |
| Cash and banks balances | | 6,656,392 | 4,553,291 | 6,558,506 |
| Short-term deposits | | 181,346 | 4,188,211 | |
| Investments at fair value through statement of income | 6 | 153,187,803 | 110,291,856 | 95,900,327 |
| Accounts receivable and other assets | 7 | 53,618,538 | 10,258,508 | 6,482,152 |
| Available for sale investments | 8 | 86,772,062 | 38,749,089 | 41,931,964 |
| Investment in unconsolidated subsidiaries | 9 | 3,348,434 | 306,000 | 3,000,000 |
| Investment in associated company | 10 | 4,042,759 | - | - |
| Equipment | | 292,134 | 159,139 | 136,674 |
| Total assets | | 308,099,468 | 168,506,094 | 154,009,623 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Due to banks | | 7,522,950 | 8,218,953 | 993,327 |
| Accounts payable and other liabilities | 11 | 23,360,073 | 22,606,020 | 21,849,896 |
| Borrowings | 12 | 104,850,900 | 77,485,418 | 69,640,932 |
| Provision for end of service indemnity | | 118,923 | 69,749 | 56,027 |
| Total liabilities | | 135,852,846 | 108,380,140 | 92,540,182 |
| Equity | | | | |
| Share capital | 13 | 50,000,000 | 25,000,000 | 25,000,000 |
| Share premium | | 50,000,000 | - | - |
| Legal reserve | | 3,594,433 | 3,594,433 | 2,259,683 |
| Voluntary reserve | | 2,838,633 | 2,838,633 | 1,503,883 |
| Cumulative changes in fair value | | 2,441,512 | (2,831,732) | (620,807) |
| Retained earnings | | 63,372,044 | 31,524,620 | 33,326,682 |
| Total equity | | 172,246,622 | 60,125,954 | 61,469,441 |
| Total liabilities and equity | | 308,099,468 | 168,506,094 | 154,009,623 |



Hussam F. Al-Kharafi
Chairman



Naser A. Al-Marri
Deputy Chairman & Managing Director

The notes set out on pages 6 to 12 form an integral part of this interim consolidated financial information.

Condensed consolidated statement of changes in equity (Unaudited)

| | Share capital KD | Share premium KD | Legal reserve KD | Voluntary reserve KD | Cumulative changes in fair value KD | Retained earnings KD | Total KD |
|---|---------------------|---------------------|---------------------|-------------------------|--|-------------------------|--------------------|
| Balance as at 31 December 2006 | 25,000,000 | - | 3,594,433 | 2,838,633 | (2,831,732) | 31,524,620 | 60,125,954 |
| Change in fair value of available for sale investments | - | - | - | - | 5,363,242 | - | 5,363,242 |
| Realised on sale of available for sale investments | - | - | - | - | (89,998) | - | (89,998) |
| Net income recognised directly in equity | - | - | - | - | 5,273,244 | - | 5,273,244 |
| Profit for the period | - | - | - | - | - | 44,347,424 | 44,347,424 |
| Total recognised income for the period | - | - | - | - | 5,273,244 | 44,347,424 | 49,620,668 |
| Cash dividend (refer note 19) | - | - | - | - | - | (12,500,000) | (12,500,000) |
| Issue of right shares (refer note 13) | 25,000,000 | 50,000,000 | - | - | - | - | 75,000,000 |
| Balance as at 30 September 2007 | 50,000,000 | 50,000,000 | 3,594,433 | 2,838,633 | 2,441,512 | 63,372,044 | 172,246,622 |
| Balance as at 31 December 2005 | 25,000,000 | - | 2,259,683 | 1,503,883 | 16,563,792 | 18,623,730 | 63,951,088 |
| Change in fair value of available for sale investments | - | - | - | - | (5,506,919) | - | (5,506,919) |
| Realised on sale of available for sale investments | - | - | - | - | (11,677,680) | - | (11,677,680) |
| Net expense recognised directly in equity | - | - | - | - | (17,184,599) | - | (17,184,599) |
| Profit for the period | - | - | - | - | - | 14,702,952 | 14,702,952 |
| Total recognised (expense)/income for the period | - | - | - | - | (17,184,599) | 14,702,952 | (2,481,647) |
| Balance as at 30 September 2006 | 25,000,000 | - | 2,259,683 | 1,503,883 | (620,807) | 33,326,682 | 61,469,441 |

The notes set out on pages 6 to 12 form an integral part of this interim consolidated financial information.

Condensed consolidated statement of cash flows

| | Note | Nine months ended 30 Sept. 2007 (Unaudited) KD | Nine months ended 30 Sept. 2006 (Unaudited) KD |
|---|------|--|--|
| OPERATING ACTIVITIES | | | |
| Profit for the period before KFAS, NLST and directors' remuneration | | 45,861,204 | 15,093,444 |
| Adjustments: | | | |
| Realised gain on sale of available for sale investments | | (89,998) | (25,394,686) |
| Dividend income | | (4,913,977) | (4,924,544) |
| Share of profit of associate | | (1,196,904) | - |
| Interest income | | (686,162) | (414,357) |
| Depreciation | | 60,994 | 42,211 |
| Provision for end of service indemnity | | 49,174 | 33,403 |
| Finance costs | | 6,619,435 | 4,595,693 |
| | | 45,703,766 | (10,968,836) |
| Changes in operating assets and liabilities: | | | |
| Investments at fair value through statement of income | | (42,895,947) | (17,343,577) |
| Accounts receivable and other assets | | (43,321,606) | (5,228,546) |
| Accounts payable and other liabilities | | (948,890) | 18,402,346 |
| KFAS and NLST paid during the period | | (397,125) | (135,349) |
| Net cash used in operating activities | | (41,859,802) | (15,273,962) |
| INVESTING ACTIVITIES | | | |
| Decrease in blocked deposits | | 100,000 | - |
| Purchase of available for sale investments | | (50,523,491) | (45,143,504) |
| Proceeds from sale of available for sale investments | | 7,863,759 | 42,227,051 |
| Investment in associate | | (2,845,855) | - |
| Investment in unconsolidated subsidiary | | (3,042,434) | - |
| Purchase of equipment | | (193,989) | (34,973) |
| Dividend income received | | 4,875,552 | 4,881,887 |
| Interest income received | | 686,162 | 414,357 |
| Net cash (used in)/from investing activities | | (43,080,296) | 2,344,818 |
| FINANCING ACTIVITIES | | | |
| Increase in borrowings | | 27,365,482 | 23,440,932 |
| Issue of right shares | | 75,000,000 | - |
| Dividend paid | | (12,372,726) | - |
| Finance costs paid | | (6,160,419) | (4,427,870) |
| Net cash from financing activities | | 83,832,337 | 19,013,062 |
| Net (decrease)/increase in cash and cash equivalents | | (1,107,761) | 6,083,918 |
| Cash and cash equivalents at beginning of the period | | (1,642,451) | (518,739) |
| Cash and cash equivalents at end of the period | 14 | (2,750,212) | 5,565,179 |

The notes set out on pages 6 to 12 form an integral part of this interim consolidated financial information.

Notes to the interim consolidated financial information

30 September 2007

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 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 issuance on 3 November 2007.

2 Significant accounting policies

Basis of presentation

This interim consolidated financial information of the group have 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 preparation of the annual financial statements for the year ended 31 December 2006, except for the new accounting policy adopted for “investment in associate”.

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 2007. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2006.

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

2 Significant accounting policies (continued)

Investment in associates

An associate is a company over which the group has significant influence usually evidenced by holding of 20% to 50% of the voting power of the investee company. The interim consolidated financial information includes the group's share of the associates' results using the equity method of accounting.

Under the equity method, investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the group's share of net assets of the investee. The group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date the influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the group's share in the associate, arising from changes in the associates equity that have not been recognised in the associate's statement of income. The group's share of those changes is recognised directly in equity. The financial information of the associates are prepared either to the reporting date of the parent company or to a date not earlier than three months of the parent company's reporting date, using consistent accounting policies.

Unrealised gains on transactions with associates are eliminated to the extent of the group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

3 Subsidiaries

During the period ended 30 September 2007, the Parent Company incorporated the following wholly owned subsidiary which has been consolidated:

| | Country of Incorporation | Percentage ownership | Principal activity |
|---|-----------------------------|-------------------------|-------------------------|
| Noor National Printing and Publication company – KSCC | Kuwait | 100% | Printing and publishing |

4 General, administrative and other expenses

General, administrative and other expenses includes the following charge:

| | Three months ended 30 Sept. 2007 (Unaudited) KD | | Nine months ended 30 Sept. 2007 (Unaudited) KD | |
|--|---|---------|--|-----------|
| | 30 Sept. 2006 (Unaudited) KD | | 30 Sept. 2006 (Unaudited) KD | |
| Unrealised fee payable on managed portfolios for clients | - | 535,266 | 61,274 | 1,986,783 |

Unrealised fee payable on managed portfolios for clients

In 2005, the parent company entered into local portfolio management contracts with a related party and another company. This unrealised fee is payable in accordance with the terms of the contracts dependent on the market value of the shares in the portfolio and the clause in the contract that guarantees the capital and a minimum return.

5 Earnings per share

Earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

| | Three months ended | | Nine months ended | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 30 Sept. 2007 (Unaudited) | 30 Sept. 2006 (Unaudited) | 30 Sept. 2007 (Unaudited) | 30 Sept. 2006 (Unaudited) |
| Profit for the period (KD) | 13,057,190 | 3,909,551 | 44,347,424 | 14,702,952 |
| Weighted average number of shares outstanding during the period | 500,000,000 | 285,714,286 | 414,442,700 | 285,714,286 |
| Earnings per share (Fils) | 26 | 14 | 107 | 51 |

Earnings per share reported for the three months and nine months period ended 30 September 2006 was 16 Fils and 59 Fils respectively, before retroactive adjustment relating to rights issue.

6 Investments at fair value through statement of income

| | 30 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Held for trading : | | | |
| Quoted shares | 140,130,040 | 101,196,820 | 86,176,060 |
| Designated on initial recognition : | | | |
| Local funds | 13,057,763 | 9,095,036 | 9,724,267 |
| | 153,187,803 | 110,291,856 | 95,900,327 |

Quoted shares with a fair value of KD 28,816,799 (31 December 2006: KD 23,361,203 and 30 September 2006: Nil) are secured against bank loans (refer note 12).

Certain quoted shares are held in the name of the ultimate parent company and another related company with letters of assignments in the parent company's favour.

7 Accounts receivable and other assets

| | 30 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD |
|---|---------------------------------------|------------------------------------|---------------------------------------|
| Due from ultimate parent company | 2,871,705 | 18,836 | - |
| Due from related parties | 1,853,215 | 129,435 | 27,209 |
| Due from Kuwait Clearing Company | 30,695,553 | 4,454,886 | 1,367,500 |
| Due from Investment Brokerage Companies | 7,984,352 | 1,566,238 | 463,806 |
| Dividend receivable | 38,425 | - | 42,658 |
| Advance payments to acquire investments | 9,667,516 | 3,806,180 | 3,614,875 |
| Other assets | 507,772 | 282,933 | 966,104 |
| | 53,618,538 | 10,258,508 | 6,482,152 |

8 Available for sale investments

| | 30 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD |
|-----------------|---------------------------------------|------------------------------------|---------------------------------------|
| Quoted shares | 34,831,791 | 27,041,391 | 17,397,786 |
| Unquoted shares | 20,434,979 | 10,752,568 | 24,534,178 |
| Funds: | | | |
| Local | 16,427,829 | - | - |
| Foreign | 15,077,463 | 955,130 | - |
| | 86,772,062 | 38,749,089 | 41,931,964 |

Certain quoted and unquoted shares are held in the name of the ultimate parent company and another related company with letters of assignment in the parent company's favour. Unquoted shares are carried at cost less impairment, if any since it is not possible to reliably measure its fair value.

9 Investment in unconsolidated subsidiaries

During the period the parent company invested an amount of KD2,566,502 to participate in the incorporation and share capital increase of the following subsidiary;

| | Country of incorporation | Percentage ownership | Principal activity |
|--|-----------------------------|-------------------------|-----------------------|
| Noor Jordanian Kuwaiti Financial Investment Co. Ltd. | Jordan | 100% | Investment activities |

Further, during the period the parent company also invested an amount of KD475,932 to participate in the share capital increase of Financial Commitment Group Company – KSC (Closed), a subsidiary acquired during the previous year.

10 Investment in associated company

Details of the associated company are as follows:

| | Country of incorporation | Percentage ownership | Principal activity |
|--------------------------------------|-----------------------------|-------------------------|-------------------------|
| Al-Raya Global Real Estate Co. – WLL | Jordan | 50% | Real estate development |

11 Accounts payable and other liabilities

| | 30 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Unrealised fee payable on managed portfolios : | | | |
| - Related parties | 916,631 | 959,761 | - |
| - Others | - | 1,769,643 | - |
| Due to key management personnel | 3,141,855 | 1,178,459 | - |
| Due to ultimate parent company | - | - | 12,833,701 |
| Due to other related parties | - | 16,266,419 | 3,815,443 |
| Due to investment brokerage companies | - | 1,059,647 | - |
| Dividend payable | 127,274 | - | - |
| Accrued interest | 459,016 | 278,406 | 387,486 |
| Accrued expenses | 2,894,884 | 518,607 | 2,114,979 |
| Other payables | 15,820,413 | 575,078 | 2,698,287 |
| | 23,360,073 | 22,606,020 | 21,849,896 |

12 Borrowings

| | Effective interest/ cost rate p.a % | Security | 30 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD |
|--|---|-----------|---------------------------------------|------------------------------------|---------------------------------------|
| Loans from local banks and financial institutions | | | | | |
| Loan payable – Kuwaiti Dinar | 7.625 – 8.75 | Unsecured | 51,017,856 | 28,529,918 | 69,640,932 |
| Loan payable – Kuwaiti Dinar | 8.25 | Secured | 20,000,000 | 20,000,000 | - |
| Loan payable – US Dollars | 7.87 – 7.25 | Unsecured | 31,833,044 | 28,955,500 | - |
| Wakala payable – Kuwaiti Dinar | 8.125 | Unsecured | 2,000,000 | - | - |
| | | | 104,850,900 | 77,485,418 | 69,640,932 |

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

13 Share capital

The authorised, issued and paid up share capital of the Parent Company comprise of 500 million shares of 100 fils each. (31 December 2006 and 30 September 2006 – 250 million shares of 100 Fils each).

During the second quarter, the Parent Company by way of rights issue increased the share capital to 500 million shares by issuing 250 million shares at a par value of 100 Fils per share and premium of 200 Fils per share. This was approved by the Annual General Assembly held on 20 February 2007.

14 Cash and cash equivalents

| | 30 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD |
|------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Cash and bank balances | 6,656,392 | 4,553,291 | 6,558,506 |
| Short-term deposits | 181,346 | 4,188,211 | - |
| Due to banks | (7,522,950) | (8,218,953) | (993,327) |
| | (685,212) | 522,549 | 5,565,179 |
| Blocked balances | (2,065,000) | (2,165,000) | - |
| | (2,750,212) | (1,642,451) | 5,565,179 |

15 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 September 2007 (unaudited) | | | |
| Income | 15,675,913 | 2,520,410 | 18,196,323 |
| Profit for the period | 10,413,442 | 2,643,748 | 13,057,190 |

15 Segment analysis (continued)

| | Domestic KD | International KD | Total KD |
|---|----------------|---------------------|-------------|
| Three months ended 30 September 2006 (unaudited) | | | |
| Income | 5,032,429 | 2,780,129 | 7,812,558 |
| Profit for the period | 1,209,162 | 2,700,389 | 3,909,551 |
| Nine months ended 30 September 2007 (unaudited) | | | |
| Income | 53,261,917 | 6,981,496 | 60,243,413 |
| Profit for the period | 37,007,315 | 7,340,109 | 44,347,424 |
| Nine months ended 30 September 2006 (unaudited) | | | |
| Income | 4,092,685 | 20,344,715 | 24,437,400 |
| (Loss)/profit for the period | (5,394,119) | 20,097,071 | 14,702,952 |

16 Related party transactions

Related parties represent, major shareholders, directors and key management personnel of the group, and companies of which they 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 Sept. 2007 (Unaudited) KD | 31 Dec. 2006 (Audited) KD | 30 Sept. 2006 (Unaudited) KD | |
|---|---|------------------------------------|--|---------------------------------------|
| Consolidated balance sheet | | | | |
| Due from related parties (refer note 7) | 4,724,920 | 148,271 | 27,209 | |
| Due to related parties (refer note 11) | 4,058,486 | 18,404,639 | 16,649,144 | |
| Purchase of available for sale investments | 7,260,449 | - | - | |
| | | | | |
| | | | | |
| | Three months ended 30 Sept. 2007 (Unaudited) KD | 30 Sept. 2006 (Unaudited) KD | Nine months ended 30 Sept. 2007 (Unaudited) KD | 30 Sept. 2006 (Unaudited) KD |
| Consolidated income statement | | | | |
| Management and placement fees | 173,140 | 1,864,085 | 311,112 | 3,381,360 |
| Unrealised fee payable on managed portfolios for clients included in general, administrative and other expenses | - | 22,930 | 61,274 | 604,788 |
| Realised gain on sale of available for sale investments | - | - | - | 15,726,108 |
| Interests income | - | - | - | 258,904 |
| Gain on sale of investments to ultimate parent company | - | - | 2,007,515 | - |
| Finance costs | - | 203,224 | 716,344 | 287,060 |
| | | | | |
| | | | | |
| Compensation of key management personnel of the group | | | | |
| Short term employee benefits | 775,799 | 1,026,325 | 3,183,295 | 1,078,975 |
| End of service benefits | 2,143 | 2,143 | 6,358 | 6,358 |

17 Capital commitments

At the balance sheet date the group had capital commitments of KD1,251,427 (31 December 2006: KD1,295,752 and 30 September 2006: KD1,528,979) towards available for sale investments

18 Fiduciary assets

The group manages 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 September 2007 amounted to KD271,441,940 (31 December 2006 : KD72,119,237 and 30 September 2006: KD70,490,045) of which assets managed on behalf of its ultimate parent company and other related parties amounted to KD199,744,951 (31 December 2006: KD63,339,094 and 30 September 2006: KD60,005,810).

19 Dividend distribution

Following approval by the annual general assembly on 20 February 2007 the parent company made a cash distribution of 50 Fils per share amounting to KD12,500,000 for the year ended 31 December 2006.