

International Investment Group Company
K.S.C. (Closed)
State of Kuwait

Interim Condensed Consolidated Financial Information
For six months period ended 30 June 2008
and Review Report
(Unaudited)

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| C o n t e n t s | Pages |
|---|--------------|
| Review Report | |
| Interim Condensed Consolidated Balance Sheet (Unaudited) | 1 |
| Interim Condensed Consolidated Statement of Income (Unaudited) | 2 |
| Interim Condensed Consolidated Statement of Changes in Equity (Unaudited) | 3 |
| Interim Condensed Consolidated Statement of Cash Flows (Unaudited) | 4 |
| Notes to the Interim Condensed Consolidated Financial Information (Unaudited) | 5 - 10 |

International Investment Group**K.S.C. (Closed)****Kuwait****Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors****Introduction**

We have reviewed the accompanying interim condensed consolidated balance sheet of International Investment Group K.S.C. (Closed) "Parent Company" and its subsidiaries (collectively referred to as "the Group") as of 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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


Emphasis of matter

Without qualifying our conclusion mentioned above, we draw attention to note (11) to this interim condensed consolidated financial information, where the Parent Company sold investments to a related party, resulting to a realized profit of KD 1,912,741, the selling price matures within one year (during last year, investments sold to a related party resulting realized profit of KD 7,954,369, an amount of KD 5,000,000 is collected from this deal till the date).

Report on Review

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the six months period ended 30 June 2008 that might have had a material affect on the business of the Group or on its consolidated 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 Organization of Banking Business and its related regulations during the six months period ended 30 June 2008.


Bader A. Al Wazzan
Licence No. 62A
PricewaterhouseCoopers
Ali A. Al-Hasawi
License No. 30A
BDO Burgan International Accountants

Interim Condensed Consolidated Balance Sheet as at 30 June 2008

(All amounts are in Kuwaiti Dinars)

| | Note | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 |
|--|------|--------------------|----------------------------------|--------------------|
| Assets | | | | |
| Cash and cash equivalents | | 2,000,348 | 2,248,366 | 31,639,073 |
| Murabahat and Wakalat investments | 3 | 39,199,267 | 37,812,633 | 9,267,930 |
| Mudarabat investments | | 595,820 | 606,698 | 603,979 |
| Investments at fair value through profit or loss | | 2,670,737 | 4,372,252 | 3,891,383 |
| Receivables and other debit balances | 4 | 26,270,065 | 17,588,414 | 26,580,727 |
| Available for sale Investments | 5 | 12,828,377 | 15,364,378 | 15,769,144 |
| Investment in associates | 6 | 98,717,102 | 95,144,319 | 90,178,009 |
| Investment in unconsolidated subsidiaries | | - | - | 6,310,951 |
| Property and equipment | | 119,244 | 124,634 | 49,754 |
| Intangible assets | | 220,000 | 220,000 | - |
| Total assets | | 182,620,960 | 173,481,694 | 184,290,950 |
| Liabilities and Equity | | | | |
| Liabilities | | | | |
| Payables and other credit balances | 7 | 19,133,612 | 14,970,848 | 20,053,323 |
| Islamic debt instruments | 8 | 64,327,071 | 65,753,763 | 77,870,668 |
| Employees' end of service indemnity | | 443,736 | 272,242 | 215,669 |
| Total liabilities | | 83,904,419 | 80,996,853 | 98,139,660 |
| Equity | | | | |
| Share capital | 9 | 45,670,350 | 36,536,280 | 36,536,280 |
| Share premium | | 4,327,600 | 4,327,600 | 4,327,600 |
| Treasury shares | 10 | (7,224,008) | (9,311,773) | (7,525,282) |
| Statutory reserve | | 7,571,867 | 7,571,867 | 5,415,169 |
| Voluntary reserve | | 4,574,999 | 4,574,999 | 2,418,301 |
| Convertible Suksuk | | 1,838,232 | 1,838,232 | 1,838,232 |
| Change in fair value reserve | | 9,545,968 | 11,727,568 | 12,369,402 |
| Share of associate's reserves | | 398,430 | 244,207 | 244,207 |
| Gain on sale of treasury shares | | 1,507,863 | 2,062,904 | 2,096,063 |
| Retained earnings | | 30,505,240 | 32,912,957 | 28,431,318 |
| Total equity | | 98,716,541 | 92,484,841 | 86,151,290 |
| Total liabilities and equity | | 182,620,960 | 173,481,694 | 184,290,950 |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Faisal Al-Basiri
Chairman


Dr. Abdul Aziz B. Al Jenaai
Vice Chairman & Managing Director

Interim Condensed Consolidated Statement of Income for the period ended 30 June 2008
(All amounts are in Kuwaiti Dinars)

| | Note | Three months ended 30 June | | Six months ended 30 June | |
|--|------|-------------------------------|-------------------|-----------------------------|-------------------|
| | | 2008 | 2007 | 2008 | 2007 |
| Revenue | | | | | |
| Gain on investment | 11 | 1,859,514 | 8,187,297 | 4,222,358 | 8,080,028 |
| Company's share in results of associates | 6.3 | 2,296,364 | 2,184,585 | 4,273,158 | 5,436,280 |
| (Loss)/ gain from sale of shares in associates | 6.4 | (831,331) | 325,871 | (1,672,321) | 3,923,270 |
| Gain from sale of shares in subsidiary | 6.2 | - | - | - | 266,815 |
| Management, consulting and subscription fees | 12 | 2,806,041 | 39,674 | 5,982,670 | 1,367,500 |
| Foreign currency exchange | | 120,753 | (6,546) | 1,665,651 | (7,535) |
| Other income | | 12,456 | 7,500 | 20,663 | 7,500 |
| | | <u>6,263,797</u> | <u>10,738,381</u> | <u>14,492,179</u> | <u>19,073,838</u> |
| Expenses and other charges | | | | | |
| Finance costs | | 1,484,642 | 799,572 | 2,968,743 | 1,822,525 |
| General and administrative expenses | | 240,314 | 127,029 | 445,451 | 274,514 |
| Staff Cost | | 301,656 | 155,750 | 559,425 | 701,625 |
| Employees stock option plan | | - | 2,694,280 | - | 2,694,280 |
| Claims provision expenses | | - | 766,004 | - | 766,004 |
| Provision for doubtful debts expenses | | 33,540 | 160,000 | 33,540 | 206,457 |
| Kuwait Foundation for Advancement of Science share "KFAS" | | 14,601 | 29,224 | 54,988 | 59,113 |
| National Labour Support Tax | | 38,413 | 96,279 | 155,554 | 179,304 |
| Zakat | | 16,475 | - | 63,999 | - |
| | | <u>2,129,641</u> | <u>4,828,138</u> | <u>4,281,700</u> | <u>6,703,822</u> |
| Net profit for the period | | <u>4,134,156</u> | <u>5,910,243</u> | <u>10,210,479</u> | <u>12,370,036</u> |
| Basic earnings per share (fils) | 13 | <u>9.55</u> | <u>13.89</u> | <u>23.48</u> | <u>29.19</u> |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2008
(All amounts are in Kuwaiti Dinars)

| | Share Capital | Share premium | Treasury shares | Statutory reserve | Voluntary reserve | Convertible Sukuk | Change in fair value reserve | Company share in associate's reserves | Gain on sale of treasury share | Retained earnings | Total equity |
|---|-------------------|------------------|--------------------|----------------------|----------------------|----------------------|------------------------------------|--|---|----------------------|-------------------------|
| Balance as of December 2006 | 31,818,800 | - | (7,074,614) | 5,415,169 | 2,418,301 | - | 21,534,898 (120,879) | 244,207 | 2,330,651 | 25,732,991 | 82,420,403 (120,879) |
| Change in fair value of investments | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to income statement from sale of available for sale investments | - | - | - | - | - | - | (9,044,617) | - | - | - | (9,044,617) |
| Net profit recognized directly in equity | - | - | - | - | - | - | (9,165,496) | - | - | - | (9,165,496) |
| Net profit during the period | - | - | - | - | - | - | - | - | - | 12,370,036 | 12,370,036 |
| Total profit recognized during the period | - | - | - | - | - | - | (9,165,496) | - | - | 12,370,036 | 3,204,540 |
| Cash dividend (note 15) | - | - | - | - | - | - | - | - | - | (6,350,229) | (6,350,229) |
| Bonus dividend (note 15) | 3,321,480 | - | - | - | - | - | - | - | - | (3,321,480) | - |
| Issuance of shares as per the employees stock option plan | 1,396,000 | 4,327,600 | - | - | - | - | - | - | - | - | 5,723,600 |
| Convertible Sukuk | - | - | - | - | - | 1,838,232 | - | - | - | - | 1,838,232 |
| Purchase of treasury share | - | - | (5,424,031) | - | - | - | - | - | - | - | (5,424,031) |
| Sale of treasury share | - | - | 4,973,363 | - | - | - | - | - | (234,588) | - | 4,738,775 |
| Balance as of 30 June 2007 | 36,536,280 | 4,327,600 | (7,525,282) | 5,415,169 | 2,418,301 | 1,838,232 | 12,369,402 | 244,207 | 2,096,063 | 28,431,318 | 86,151,290 |
| Balance as of 31 December 2007 | 36,536,280 | 4,327,600 | (9,311,773) | 7,571,867 | 4,574,999 | 1,838,232 | 11,727,568 | 244,207 | 2,062,904 | 32,912,957 | 92,484,841 |
| Group's share from associate reserve | - | - | - | - | - | - | - | 154,223 | - | - | 154,223 |
| Change in fair value of investments | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to income statement from sale of available for sale investments | - | - | - | - | - | - | (2,181,600) | - | - | - | (2,181,600) |
| Net profit recognized directly in equity | - | - | - | - | - | - | (2,181,600) | 154,223 | - | - | (2,027,377) |
| Net profit during the period | - | - | - | - | - | - | - | - | - | 10,210,479 | 10,210,479 |
| Total profit recognized during the period | - | - | - | - | - | - | (2,181,600) | 154,223 | - | 10,210,479 | 8,183,102 |
| Cash dividend (Note 15) | - | - | - | - | - | - | - | - | - | (3,484,126) | (3,484,126) |
| Bonus dividend (Note 15) | 9,134,070 | - | - | - | - | - | - | - | - | (9,134,070) | - |
| Purchase of treasury share | - | - | (6,292) | - | - | - | - | - | - | - | (6,292) |
| Sale of treasury share | - | - | 2,094,057 | - | - | - | - | - | (555,041) | - | 1,539,016 |
| Balance as of 30 June 2008 | 45,670,350 | 4,327,600 | (7,224,008) | 7,571,867 | 4,574,999 | 1,838,232 | 9,545,968 | 398,430 | 1,507,863 | 30,505,240 | 98,716,541 |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the period ended 30 June 2008

(Unaudited)

(All amounts are in Kuwaiti Dinars)

| | Note | For the six months ended 30 June | |
|---|------|-------------------------------------|--------------|
| | | 2008 | 2007 |
| Cash flows from operating activities | | | |
| Net profit for the period | | 10,210,479 | 12,370,036 |
| <i>Adjustments:</i> | | | |
| Depreciation and amortisation | | 14,143 | 6,216 |
| Gain on investments | 11 | (4,222,358) | (8,080,028) |
| Group's share in results of associates | 6 | (4,273,158) | (5,436,280) |
| Gain from sale of investments in associates | | 1,672,321 | (3,923,270) |
| Gain from sale of investments in subsidiary | | - | (266,815) |
| Finance costs | | 2,968,743 | 1,822,525 |
| Employees stock option plan cost | | - | 2,694,280 |
| Provisions for claims | | - | 766,004 |
| Provision for doubtful debts | | - | 206,457 |
| Employees' end of service indemnity | | 171,494 | 8,172 |
| Operating profit before changes in operating assets and liabilities | | 6,541,664 | 167,297 |
| Investments at fair value through profit or loss | | 1,956,595 | (1,966,073) |
| Receivables and other debit balances | | (6,095,651) | (6,627,349) |
| Payables and other credit balances | | 2,859,800 | (15,612,200) |
| Net cash generated from/ (used in) operating activities | | 5,262,408 | (24,038,325) |
| Cash flows from investing activities | | | |
| Mudarat investments | | 4,860 | 3,189,603 |
| Paid for purchase of shares in associates | | (24,765,005) | (41,025,286) |
| Proceeds from sale of shares in associates | | 23,678,424 | 31,478,587 |
| Proceeds from Murabaha and Wakala investment | | 253,490 | 7,613,533 |
| Proceed from sale of available for sale investments | | - | 30,189 |
| Paid for purchase of available for sale investments | | (50,000) | (165,000) |
| Paid for purchase of property and equipment | | (8,753) | (29,030) |
| Murabaha income and dividends received | | 420,431 | 105,038 |
| Net cash (used in)/ generated from investing activities | | (466,553) | 1,197,634 |
| Cash flows from financing activities | | | |
| Net Islamic debt instruments | | (1,426,692) | (15,007,516) |
| Finance costs paid | | (2,968,743) | (1,170,112) |
| Cash dividends paid | | (2,181,162) | (495,652) |
| Net proceed from finance convertible Sukuk | | - | 56,276,953 |
| Proceed from capital and share premium | | - | 3,029,320 |
| Purchase of treasury shares | | (6,292) | (5,424,031) |
| Sale of treasury shares | | 1,539,016 | 4,738,775 |
| Net cash (used in)/ generated from in financing activities | | (5,043,873) | 41,947,737 |
| Net change in cash and cash equivalents | | (248,018) | 19,107,046 |
| Cash and cash equivalents at beginning of period | | 2,248,366 | 12,532,027 |
| Cash and cash equivalents at end of period | | 2,000,348 | 31,639,073 |

The accompanying notes form an integral part of this interim condensed financial information.

**Notes to the Interim Condensed Consolidated Financial Statement for the period ended 30 June 2008
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation of the Company

International Investment Group Company is a closed Kuwaiti Shareholding Company established in 1987, and registered as an investment company in the Central Bank of Kuwait. The shares of the Company were listed in the Kuwait Stock Exchange on 23 November 1997.

The Company's office is domiciled at Kuwait Stock Exchange Building – fifth floor, P.O. Box 29448 Safat, 13155 - State of Kuwait.

The principal activities of the Group are investments, managing financial portfolios and investments funds for other and real estate activities and general trading. The activities of the company are carried out in accordance with Nobel Islamic Shariaa principles.

The interim condensed consolidated financial information was approved for issue by the Board of Directors on 13 August 2008.

2. Basis of preparation

These interim condensed consolidated financial information have been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and notes that are required for complete financial as per the International Financial Reporting Standards as adopted for use by the Government of Kuwait for financial institutions regulated by the Central Bank of Kuwait.

The provision for impairment in Murabaha, Wakala and Mudarba receivables is determined according to Central Bank of Kuwait requirements in respect of the specific provisions. Further, the Central Bank of Kuwait requires forming a minimum general provision of all Murabaha, Wakala and Mudarba receivables which is not subject to specific provisions after disposal of some categories of guarantees that are under instruction of Central Bank of Kuwait.

In the opinion of the management, all necessary adjustments including recording accruals have been included in the interim condensed consolidated financial information for fair presentation.

The operating results for the period ended 30 June 2008 are not necessarily indicative of the results that may be expected for the year ending 31 December 2008. For further information, you may refer to the financial statements and its related notes for the year ended 31 December 2007.

The interim condensed consolidated financial information were prepared in accordance with the same accounting policies and methods of computation followed in the latest annual financial statements which were prepared in accordance with the International Financial Reporting Standards as adopted in the State of Kuwait.

3. Murabaha and Wakhala investments

This balance represents in contracts of investments in Murabaha and Wakhala due in one year. The effective rate of return is 7% as of 30 June 2008 (7.3% as of 31 December 2007, 7% as of 30 June 2007).

Notes to the Interim Condensed Consolidated Financial Statement for the period ended 30 June 2008
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4. Receivables and other debit balances

| | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 |
|---|-------------------|----------------------------------|-------------------|
| Margin deposit for letter of guarantee* | 6,261,314 | 6,082,026 | 6,306,237 |
| Due from related parties (Note 14) | 15,598,047 | 9,828,529 | 17,671,227 |
| Paid and acquisition of subsidiary | 700,000 | 700,000 | - |
| Trade receivables (Net) | 454,276 | 453,515 | 796,023 |
| Accrued income | 3,132,007 | 393,650 | 1,400,970 |
| Prepaid expenses | 87,673 | 98,676 | 16,716 |
| Other debit balances | 36,748 | 32,018 | 389,554 |
| | <u>26,270,065</u> | <u>17,588,414</u> | <u>26,580,727</u> |

* This amount represents as Murabaha restricted amounts at one of the local banks against letter of guarantee issued to third party.

5. Available for sale investments

| | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 |
|--------------------------------|-------------------|----------------------------------|-------------------|
| Investments in unquoted shares | 12,041,646 | 14,577,647 | 14,979,274 |
| Investments in funds | 786,731 | 786,731 | 789,870 |
| | <u>12,828,377</u> | <u>15,364,378</u> | <u>15,769,144</u> |

5.1 Investments in unquoted shares include KD 655,841 as of 30 June 2008 (KD 560,777 as of 31 December 2007 and KD 560,777 as of 30 June 2007) carried at cost less impairment losses.

5.2 Investments in unquoted shares include investments with an amount of KD 11,385,805 the fair value of these shares are determined based on the multiplier Market Index of the investments sector for the listed companies in Bahrain Stock Exchange as of 31 December 2007. There is no indication on the impairment in value of these investments as at 30 June 2008.

6. Investments in associates

6.1 The Group has recorded its shares of results from Grand Real Estate Project Company, Gulf Petroleum Investment Company and Osoul Finance & Lease Company based on unaudited financial information for the period ended 31 March 2008, also the Group recorded its share from other companies based on management accounts. The Group shares from associate, results amounted to KD 4,273,158 are recorded for the income statement for the period ended 30 June 2008 (KD 5,436,280 during the period ended 30 June 2007).

6.2 Investment in associate include goodwill amounted to KD 24,268,277 as of 30 June 2008 (KD 15,779,274 as of 31 December 2007).

6.3 During the period, the Company has purchased shares in Osoul Leasing & Finance Company with a percentage of 3.67%. The Company currently is in the process of allocating the purchase price over the fair value of identifiable assets and liabilities of the acquired company at the acquisition date in order to calculate the goodwill.

6.4 During the current period, the Company has traded on a percentage 1-4% of its shares in some associate companies. This resulted to recognition of gains amounting to KD 1,672,321 that were recorded in the statement of income.

6.5 Investment in associate include amount of KD 66,383,616 pledge in portfolio managed by local company against Islamic Sukuk as of 30 June 2008.

Notes to the Interim Condensed Consolidated Financial Statement for the period ended 30 June 2008
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

6.6 Unrealised gain amounted to KD 1,311,773 resulted from sale of investments (note 11) and consultation fees (note 11) with other associates companies is eliminated to the extent of the Group sales in those companies.

6.7 The following is a summary of the Parent Company's shares in associates:-

| | Ownership % | 30 June 2008 | Ownership % | 31 December 2007 | Ownership % | 30 June 2007 |
|--|----------------|-------------------|----------------|---------------------|----------------|-------------------|
| Ajal Holding Company K.S.C.C | 34.90 | 25,653,237 | 34.90 | 26,078,329 | 34.90 | 28,206,395 |
| Grand Real Estate Project Company - K.S.C.C | 17.91 | 21,712,506 | 15.80 | 20,487,234 | 17.92 | 20,792,009 |
| Gulf Petroleum Investment Company - K.S.C.C | 27.60 | 19,564,703 | 26.74 | 19,212,176 | 27.75 | 16,410,090 |
| Osoul Finance & Lease Company - K.S.C.C | 31.06 | 20,361,596 | 27.39 | 18,903,341 | 32.33 | 20,965,494 |
| Ajal Finance & Investment Company - K.S.C.C | 46.67 | 6,384,848 | 46.67 | 5,952,093 | - | - |
| Marrafee' Al Emdad international Projects Company - K.S.C.C | 45.00 | 3,304,687 | 45.00 | 3,348,928 | 45.00 | 2,480,311 |
| Management Services Group Company - W.L.L | 60.00 | 650,000 | 60.00 | 650,000 | 60.00 | 650,000 |
| Oscar for General Trading and Constructions - W.L.L. | 28.34 | 1,085,525 | 28.34 | 512,218 | 28.34 | 673,710 |
| | | <u>98,717,102</u> | | <u>95,144,319</u> | | <u>90,178,009</u> |

7. Payables and other credit balances

| | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 |
|--------------------------|-------------------|----------------------------------|-------------------|
| Due to related parties | 4,034,319 | 808,632 | 1,165,823 |
| Provision for claims | 5,555,577 | 5,555,577 | 6,227,209 |
| Investment funds payable | 2,005,286 | 2,005,286 | 2,005,286 |
| Dividends payable | 5,460,300 | 4,157,336 | 8,343,372 |
| Accrued expense | 805,353 | 1,099,065 | 809,078 |
| Others | 1,272,777 | 1,344,952 | 1,502,555 |
| | <u>19,133,612</u> | <u>14,970,848</u> | <u>20,053,323</u> |

8. Islamic debt instruments

| | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 |
|---------------------------|-------------------|----------------------------------|-------------------|
| Convertible Islamic Sukuk | 51,631,865 | 52,574,296 | 54,595,624 |
| Wakala contracts | 8,417,683 | 7,091,805 | 16,053,447 |
| Mudarba contracts | 4,277,523 | 6,087,662 | 6,509,097 |
| Murabaha contracts | - | - | 712,500 |
| | <u>64,327,071</u> | <u>65,753,763</u> | <u>77,870,668</u> |

The average effective yield rate is 8% as of 30 June 2008 (8% as of 31 December 2007). The Islamic debt instruments secured against investments at fair value through profit and loss amounted to KD 1,819,000 as of 30 June 2008 and investments in associates amount KD 64,564,616 as of 30 June 2008.

Notes to the Interim Condensed Consolidated Financial Statement for the period ended 30 June 2008
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

The movement of Sukuk as follows:

| | 31 December 2007 | Movement of the period | 30 June 2008 |
|--|---------------------|---------------------------|-----------------|
| Proceed from convertible Sukuk issue | 57,607,500 | - | 57,607,500 |
| Less: issue cost | (1,450,548) | - | (1,450,548) |
| Net proceed from issue of convertible Sukuk | 56,156,952 | - | 56,156,952 |
| Recognized in equity | (1,838,232) | - | (1,838,232) |
| Book value of liabilities at initial recognition | 54,318,720 | - | 54,318,720 |
| Finance cost allocated to the income statement | 2,378,338 | 2,373,607 | 4,751,945 |
| Finance cost paid | (1,310,222) | (1,818,956) | (3,129,178) |
| Foreign currencies | (2,812,540) | (1,497,082) | (4,309,622) |
| Net book value for Sukuk | 52,574,296 | (942,431) | 51,631,865 |

9. Share capital

On 21 May 2008, the general Assembly for the shareholders approved the capital increase by issuance bonus shares amounted to KD 9,314,070 comprises of 91,340,700 shares accordingly the issued as paid up capital amount to KD 45,670,350 distributed over 456,703,500 shares as at 30 June 2008 and KD 36,536,280 as at 31 December and 30 June 2007.

10. Treasury shares

| | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 |
|-----------------------------------|-----------------|----------------------------------|-----------------|
| Number of treasury shares (share) | 21,197,732 | 21,820,186 | 17,330,186 |
| Percentage to share capital (%) | 3.71 | 5.97 | 4.74 |
| Market value (KD) | 5,257,038 | 6,655,157 | 7,105,376 |

11. Gain on investment

| | Three months ended 30 June | | Six months ended 30 June | |
|---|-------------------------------|-----------|-----------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Gain/(loss) from sale of investments at fair value through profit or loss | 622,908 | 46,642 | 267,543 | (360,086) |
| Change in fair value of investments at fair value through profit or loss | (15,804) | (205,605) | (12,463) | (249,384) |
| Gain from sale of available for sale investments | - | 7,953,750 | 1,912,741 | 8,324,241 |
| Impairment losses in value of available for sale investments | - | - | - | (360,124) |
| Dividends income | 420,431 | 94,530 | 420,431 | 105,038 |
| Murabaha income | 831,979 | 297,980 | 1,634,106 | 620,343 |
| | 1,859,514 | 8,187,297 | 4,222,358 | 8,080,028 |

During the period, unquoted shares amounted to KD 2,586,000 has been sold to related party, the amount is due during one year, this amount is recorded as due from related party (Note 14), resulting a realized profits of KD 1,912,741. These shares are pledged in favor of the group to guarantee payment. This transaction has been eliminated in cash flow from the investments activities as it is non cash transactions.

12. Management, consulting and subscription fees

- During the period, the Group has marked securities owned to related party against marketing commission. According to the contract term and in the extent of the securities quantities which have been marketed the Group is entitled to a Commission amounted to KD 1,860,000, which is recorded as income, the amount due is recorded as due from related party amounting to KD 1,860,000 (Note 14).

Notes to the Interim Condensed Consolidated Financial Statement for the period ended 30 June 2008
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

- During the period, the Group has signed consulting agreement with one of its related party against fees amounting to KD 1,233,906, this amount is due during one year. The due amount has been recorded as due from related parties (Note 14).
- During the period, the Group has completed the first phase from a consultation contract signed with a related party and is attributable to 50% from the fees amounted to KD 3,625,000. The Group posted the due amounted KD 3,625,000 as due from related parties (Note 14).

13. Earnings per share

- Basic earning per share:

Basic earnings per share are calculated by dividing net profit for the period by the weighted average number of outstanding shares during the period as follows:

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-----------------------------------|-------------|---------------------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Net profit for the period | 4,134,156 | 5,910,243 | 10,210,479 | 12,370,036 |
| Weighted average number of issued and outstanding shares (share) | 432,987,086 | 425,572,725 | 434,883,314 | 423,755,928 |
| Basic earnings per share (fils) | 9.55 | 13.89 | 23.48 | 29.19 |

The Earning per share for the comparative figures has been adjusted taking into consideration the bonus share which have been approved by the shareholders in their General assembly meeting dated 21 May 2008.

14. Related parties' transactions

Related parties are the Parent Company shareholders who have representation in the board of directors, members of the board of directors, senior management, associates. In the normal course of business, subject to the Company's management approval, there were transactions with related parties during the period ended 30 June 2008. The related parties significant transactions and outstanding balances were as follows:

| | Six month ended 30 June | |
|---|--------------------------------|-------------|
| | 2008 | 2007 |
| Transactions | | |
| Management and consulting and subscription fees | 5,982,670 | 1,367,500 |
| Cash dividends | 420,431 | 12,000 |
| Gain on sale of available for sale investments | 1,912,741 | 7,954,369 |
| Murabaha income | 1,634,106 | 277,636 |
| Gain on sale of investment in subsidiary | - | 266,815 |
| Finance cost | 550,798 | 843,497 |
| Top management benefits | - | 100,650 |
| Balances | | |
| Murabaha receivables | 39,199,267 | 4,175,430 |
| Investment in Mudarabat | 601,838 | 603,979 |
| Due from related parties | 15,598,047 | 17,671,227 |
| Accrued revenues | 5,460,300 | 1,352,342 |
| Due to related parties | 4,034,319 | 1,165,823 |
| Mudarabat and wakalat payable | 10,041,206 | 20,371,688 |
| Investment fund payables | 2,005,286 | 2,005,286 |
| Fiduciary assets receivables/ payables | - | 369,878 |
| Portfolios managed on behalf related parties | 195,103,205 | 39,731,193 |

All related parties transactions are subject to the approval of the general assembly of the shareholders.

Notes to the Interim Condensed Consolidated Financial Statement for the period ended 30 June 2008
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

15. Dividends

The General Assembly Meeting held on 21 May 2008 approved the financial statement of the Parent Company for the year ending in 31 December 2007 and approved a cash dividends of 10% which is 10 fils per share and bonus shares of 25% of the paid up capital for the year ended 31 December 2007 (20% cash dividends and 10% bonus shares – 2006).

16. Geographical distribution of assets and liabilities

| | Assets | | | Liabilities | | |
|-----------|--------------------|----------------------------------|--------------------|-------------------|----------------------------------|-------------------|
| | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 | 30 June 2008 | 31 December 2007 (Audited) | 30 June 2007 |
| Kuwait | 157,555,963 | 158,245,847 | 169,872,453 | 27,455,030 | 20,376,020 | 34,060,353 |
| Other GCC | 23,658,584 | 15,235,847 | 14,418,497 | 56,449,389 | 60,620,833 | 9,483,683 |
| Other | 1,406,413 | - | - | - | - | 54,595,624 |
| | <u>182,620,960</u> | <u>173,481,694</u> | <u>184,290,950</u> | <u>83,904,419</u> | <u>80,996,853</u> | <u>98,139,660</u> |

17. Contingent liabilities

At the date of balance sheet, there are letters of guarantee amounted to KD 5,753,024 as of 30 June 2008 (KD 5,753,024 as of 31 December 2007 and KD 6,158,497 as of 30 June 2007).

The Group is contingently liable for legal cases in courts under different judicial stages A full provision has been formed against those verdicts issued.

18. Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the balance sheet of the Company. The total net value of the managed assets on behalf of others amounted to KD 195,103,205 as of 30 June 2008 (KD 210,905,142 as of 31 December 2007 and KD 165,569,646 as of 30 June 2007).

19. Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation of the interim condensed financial information as of 30 June 2008.