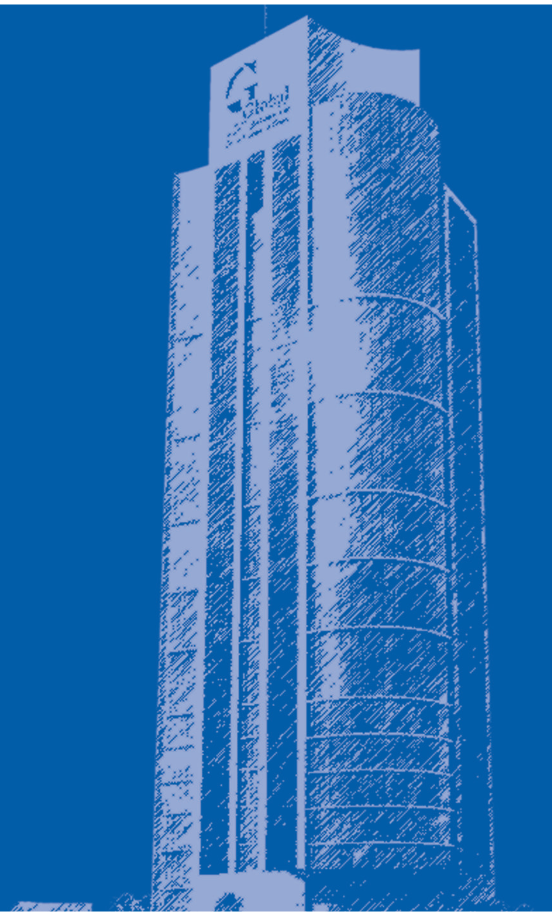

Global Investment House

Prospectus

Global

بيت الاستثمار العالمي

Global Investment House

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Global Investment House

GLOBAL INVESTMENT HOUSE K.S.C.C.

(a closed shareholder company incorporated in the State of Kuwait)

Offering of 306,666,670 Ordinary Shares in the form of Global Depositary Receipts

(including 40,000,000 Option Shares (as defined below) in the form of Global Depositary Receipts)

This Prospectus relates to the offering of 306,666,670 ordinary shares, nominal value KD0.100 per share (**"Shares"**), of Global Investment House K.S.C.C. (**"Global"** or the **"Company"**), in the form of Global Depositary Receipts (**"GDRs"**) (the **"Offering"**). One GDR represents the right to receive five Shares.

This Offering consists of an international offering to institutional investors outside the United States in reliance on Regulation S (**"Regulation S"**) under the U.S. Securities Act of 1933, as amended (the **"Securities Act"**), and an offering in the United States only to qualified institutional buyers (each a **"QIB"**) as defined in Rule 144A (**"Rule 144A"**) under the Securities Act who are also qualified purchasers (each a **"QP"**) as defined under the U.S. Investment Company Act of 1940, as amended (the **"Investment Company Act"**).

The Shares are listed on the Kuwait Stock Exchange (the **"KSE"**), the Bahrain Stock Exchange (the **"BSE"**) and the Dubai Financial Market (the **"DFM"**), in each case under the symbol "GLOBAL". On 13 May 2008, the last reported sale price per Share on the KSE was KD1.080 per Share, on 15 May 2008 the last reported sale price per Share on the BSE was BHD1.445 per Share, and the last reported sale price per Share on the DFM was AED14.25 per Share. The price per Share of KD1.080 is equal to US$4.06 per Share, based on an exchange rate of KD0.266 per US$1.00 on 15 May 2008.

Application has been made to the UK Financial Services Authority (the **"FSA"**), in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **"FSMA"**), for the GDRs to be admitted to the Official List of the UK Listing Authority (the **"UKLA"**) and to the London Stock Exchange plc (the **"LSE"**) for the GDRs to be admitted to trading under the symbol "GLOB" on the LSE's regulated market for listed securities (the **"Regulated Market"**) through the International Order Book (the **"IOB"**) (collectively, **"Admission"**). The Regulated Market is regulated for the purposes of the Markets in Financial Instruments Directive (04/39/EC). The Company's application to the UKLA covers the listing of (i) 61,333,334 GDRs to be issued in the Offering, including 8,000,000 GDRs (the **"Option GDRs"**) pursuant to an option (the **"Option"**), and (ii) additional GDRs to be issued from time to time against deposit of Shares with The Bank of New York, as depositary (the **"Depositary"**). The Company expects that conditional dealings in the GDRs will commence on the LSE on or about 16 May 2008. It is expected that Admission will become effective and that unconditional dealings in the GDRs will commence on the LSE on or about 21 May 2008 (the **"Closing Date"**).

Purchasers of the GDRs should note that the Offer Price set forth below must be approved at an ordinary General Assembly scheduled to take place on 18 May 2008. If for any reason the ordinary General Assembly does not approve the Offer Price, the Joint Bookrunners (as defined below) may, in their sole discretion, terminate the Offering or agree with the Company to postpone the Closing Date.

All dealings in the GDRs before the commencement of unconditional dealings will be at a "when issued" basis and will be of no effect if: (i) the ordinary General Assembly does not approve the Offer Price and the Offering is terminated as set forth above; or (ii) for any other reason, Admission does not take place. Such dealings will be at the sole risk of the parties concerned.

The Company expects that the Rule 144A GDRs (as defined below) will be eligible for trading on The PORTAL[SM] Market, a subsidiary of The Nasdaq Stock Market, Inc. (**"PORTAL"**).

This Prospectus, which comprises a prospectus for the purposes of section 85(1) of the FSMA prepared in connection with Admission, is prepared in accordance with the Prospectus Rules (the **"Prospectus Rules"**) of the FSA made under section 73A of the FSMA and has been delivered to the FSA in accordance with Rule 3.2 of the Prospectus Rules.

Investing in the Shares and GDRs involves risks. See *"Risk Factors"* beginning on page 17.

Offer Price: US$18.75 per GDR

The Company has not been and will not be registered under the Investment Company Act. The Shares and the GDRs have not been and will not be registered under the Securities Act and, subject to certain limited exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). The GDRs are being offered and sold outside the United States in reliance on Regulation S and within the United States only to QIBs within the meaning of Rule 144A who are also QPs within the meaning of the Investment Company Act. Prospective purchasers are hereby notified that sellers of the GDRs may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on sales or transfers of the GDRs, see *"Subscription and Sale"* and *"Transfer Restrictions"*.

HSBC Bank plc, as stabilising manager (the **"Stabilising Manager"**), may use the gross proceeds from the sale of 40,000,000 Shares (the **"Option Shares"**), in the form of GDRs, to effect transactions with a view to supporting the market price of the GDRs on the LSE for a period of 30 days from the date of the announcement of the Offer Price. **As described more fully under *"Subscription and Sale—Stabilisation"*, as a result of such activities, it is possible the final size of the Offering may be less than the number of Shares sold on the Closing Date.**

The GDRs are offered by the Joint Bookrunners when, as and if delivered to, and accepted by, the Joint Bookrunners and subject to their right to reject orders in whole or in part. Payment for, and delivery of, GDRs offered outside the United States in an offshore transaction in reliance on Regulation S (the **"Regulation S GDRs"**) is expected to be made on or about the Closing Date through Euroclear Bank S.A./N.V. as operator of the Euroclear System (**"Euroclear"**) and Clearstream banking, société anonyme (**"Clearstream"**). Payment for, and delivery of, GDRs offered in the United States to QIBs that are QPs in reliance on Rule 144A (the **"Rule 144A GDRs"**) is expected to be made on or about the Closing Date through the facilities of The Depository Trust Company (**"DTC"**).

This Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This Prospectus is intended for distribution only to Persons of a type specified in those rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

Sole Global Coordinator

HSBC

Joint Bookrunners

Deutsche Bank **HSBC** **JPMorgan** **UBS Investment Bank**

Co-Lead Manager

Global Investment House

Prospectus dated 16 May 2008

This Prospectus has been prepared solely for use in connection with the proposed Offering. This Prospectus is personal to each offeree and does not constitute an offer to any person or to the public generally to subscribe for or otherwise acquire the GDRs. Reproduction and distribution of this Prospectus to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised.

The Company, along with HSBC Bank plc, Deutsche Bank AG, London Branch, UBS Limited and J.P. Morgan Securities Ltd. (together, the **"Joint Bookrunners"** or the **"Underwriters"**) and Global Investment House K.S.C.C. in its capacity as co-lead manager (the **"Co-Lead Manager"**), reserve the right to reject any offer to purchase the GDRs in whole or in part to sell to any prospective investor less than the full amount of the GDRs sought by such investor. The Joint Bookrunners and certain related entities may acquire a portion of the GDRs for their own accounts.

The Company accepts responsibility for the information in this document. To the best of its knowledge (it having taken all reasonable care to ensure that such is the case), the information in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In making an investment decision regarding the GDRs offered hereby, investors must rely on their own examination of the Company and the terms of the Offering, including the merits and risks involved. Investors should rely only on the information contained in this Prospectus. The Company along with the Joint Bookrunners and the Depositary have not authorised any other person to provide investors with additional or different information. If anyone provides investors with additional, different or inconsistent information, they should not rely on it. The Joint Bookrunners and the Depositary or their respective affiliates are not making any promise, representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus. The Joint Bookrunners are acting exclusively for the Company and no one else in connection with the Offering and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the Offering or the contents of this Prospectus or any transaction, arrangement or matter referred to herein. Investors agree to the foregoing by accepting delivery of this Prospectus. Investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. The Company's business, financial condition, results of operations and the information in this Prospectus may have changed since such date.

Investors should not consider any information in this Prospectus to be investment, legal or tax advice. Investors should consult their own counsel, accountant and other advisers for legal, tax, business, financial and related advice regarding purchasing the GDRs. The Company is not, and the Underwriters, the Co-Lead Manager and the Depositary are not, making any representation to any offeree or purchaser of the GDRs regarding the legality of an investment in the GDRs by such offeree or purchaser under applicable investment or similar laws.

The contents of the Company's websites, any website directly or indirectly linked to the Company's website or any other website mentioned in this Prospectus do not form any part of this Prospectus.

The distribution of this Prospectus, and the Offering and sale of the GDRs, in certain jurisdictions may be restricted by law. The Company is not, and the Underwriters and Co-Lead Manager are not, making an offer of, or invitation to purchase, any of the GDRs to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Investors must inform themselves about, and observe, any such restrictions. Additional information on these restrictions is set out in "Subscription and Sale" and "Transfer Restrictions". Investors must comply with all applicable laws and regulations in force in any jurisdiction in which they purchase, offer or sell the GDRs or possess or distribute this Prospectus and must obtain any consent, approval or permission required for their purchase, offer or sale of the GDRs under the laws and regulations in force in any jurisdiction to which they are subject to or in which they make such purchases, offers or sales. None of the Company, the Underwriters or the Co-Lead Manager accept any responsibility for any violation by any person, whether or not it is a prospective subscriber or purchaser of the GDRs, of any of these restrictions.

Any resale or other transfer, or attempted resale or other transfer of the GDRs, made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

NOTICE TO U.S. INVESTORS

THE GDRs HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE GDRs OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (**"RSA 421-B"**) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE INVESTOR, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO UK INVESTORS

This Prospectus is being distributed only to and is directed only at (i) persons who are outside the United Kingdom; (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **"Order"**); or (iii) high net worth entities falling within Article 49(2)(a)-(d) of the Order (all such persons in (ii) and (iii) being referred to as **"relevant persons"**). The GDRs are available only to, and any invitation, offer or agreement to purchase or otherwise acquire the GDRs will be engaged in only with relevant persons. Any person who is within the United Kingdom and not a relevant person should not act or rely on this Prospectus or any of its contents.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

This Prospectus and the Offering are only addressed to and directed at persons in member states of the European Economic Area that are "qualified investors" within the meaning of Article 2(i)(e) of the Prospectus Directive (2003/71/EC) (the **"Prospectus Directive"**). Any person in any member state of the European Economic Area (the **"EEA"**) other than the United Kingdom who is not such a qualified investor should not act or rely on this Prospectus or any of its contents.

This Prospectus has been prepared on the basis that all offerings of the GDRs will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offerings of GDRs. Accordingly, any person making or intending to make any offering within the EEA of the GDRs which are the subject of the Offering should only do so in circumstances in which no obligation arises for the Company or any of the Joint Bookrunners or the Depositary to produce a prospectus for such offering. None of the Company, the Joint Bookrunners or the Depositary have authorised or do authorise the making of any offering of the GDRs through any financial intermediary, other than offerings made by the Joint Bookrunners, which constitute the final placement of the GDRs contemplated in this Prospectus.

NOTICE TO AUSTRALIAN INVESTORS

This Prospectus has not been lodged with the Australian Securities and Investments Commission as a disclosure document under Chapter 6D of the Corporations Act 2001 (Cwth) (the **"Australian Corporations Act"**) and is not an offer to sell, or an invitation to purchase any Shares to persons in the Commonwealth of Australia who are not:

- investors falling within section 708(11) of the Australian Corporations Act; or
- investors falling within section 708(8) of the Australian Corporations Act.

CONTENTS

SUMMARY

The following summary information should be read as an introduction to this Prospectus. Any decision by a prospective investor to invest in the GDRs should be based on consideration of the document as a whole. The entire Prospectus should be read carefully, including the "Risk Factors" and the financial statements. Under the Prospectus Directive (Directive 2003/71/EEC) in each member state of the EEA civil liability for this summary, including any translation thereof, attaches to those persons responsible for the summary but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the EEA, the plaintiff may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Overview

Since its founding in 1998, Global has grown rapidly to become one of the leading asset management and investment banking companies in the Gulf Cooperation Council (**"GCC"**) and the wider Middle East and North Africa (**"MENA"**) regions. Global has one of the largest asset management businesses in the region by reference to assets under management (**"AUM"**). As an investment bank, Global is a leading manager of private placements and public offerings and acts as a strategic advisor to corporations, governments, institutions and individuals in the GCC region. Global also has one of the largest principal investment and proprietary trading operations in the region by asset size. Global has access to a client base of approximately 6,500 individuals and institutions that are predominantly based in the GCC region. In recognition of its performance and reputation in the region, Global has won numerous local and international awards, such as "Best Equity House in Kuwait" in 2006 and 2005 awarded by *Euromoney,* "Deal of the Year Award" in 2006 awarded by *The Banker* magazine and "Best Investment Bank in Kuwait" in 2007 awarded by *Euromoney*. The Shares are publicly listed and traded on the Kuwait Stock Exchange (the **"KSE"**), the Bahrain Stock Exchange (the **"BSE"**) and the Dubai Financial Market the (**"DFM"**).

Global's operations are divided into five business divisions:

- Asset Management — this division provides third party fund management and portfolio management services to approximately 6,500 clients who are predominantly based in the GCC region. As at 31 December 2007, the fund management division managed 30 funds (including conventional equity and bond funds and alternative investments, such as private equity, hedge funds and real estate funds) and had AUM of approximately KD2.3 billion (US$8.6 billion). For the year ended 31 December 2007, the Asset Management division contributed KD20.8 million (US$76.1 million), or 13.5 per cent., of Global's net operating income;

- Principal Investments & Treasury — this division undertakes the following activities for Global's own account: (i) co-investments in its managed funds with its clients; (ii) strategic investments for its geographic expansion; (iii) private equity and private investment in public equity, in related financial services companies, private placements and public offerings with Global's investment banking clients or other investments made across the GCC and wider MENA region to develop a track record in private equity investments; (iv) proprietary trading; and (v) investments in fixed income securities. The Company's treasury group is placed in this division, and manages Global's capital, liquidity and foreign exchange activities. The treasury group is responsible for Global's proprietary trading and fixed income investments as well as loans and future trade financings for margin customers. The division accounted for approximately KD810.8 million (US$3.0 billion), or 88.8 per cent., of Global's on-balance-sheet assets as at 31 December 2007. For the year ended 31 December 2007, the Principal Investments & Treasury division contributed KD121.4 million (US$443.9 million), or 78.6 per cent., of Global's net operating income;

- Investment Banking — this division provides a range of investment banking products and services, including acting as lead manager for private placements and public offerings of equity and debt securities in the GCC and the wider MENA regions, such as "seed capital" financing for early-stage investment propositions, as well as corporate structuring, mergers and acquisitions and general corporate advisory services, to approximately 120 clients who are predominantly based in the GCC region. Its equity capital market and debt capital market groups have acted on various transactions, which helped to raise KD623.6 million (US$2.3 billion) and KD980.9 million (US$3.6 billion) since 2005, respectively. For the year ended 31 December 2007, the Investment Banking division contributed KD8.7 million (US$31.7 million), or 5.6 per cent., of Global's net operating income;

- Real Estate — this division, which was established in January 2006, invests or co-invests in a variety of commercial and residential properties and real estate development projects. The Company's current property portfolio comprises a land bank and built up areas acquired at a cost of KD100.4 million (US$367.2 million), of which KD59 million reflected capital commitments, that is located entirely within the GCC region, particularly the UAE. For the year ended 31 December 2007, the Real Estate division contributed KD3.5 million (US$13.0 million), or 2.3 per cent., of Global's net operating income; and

- Brokerage — this division, which was established in January 2008, builds upon Global's strong regional client base in asset management and investment banking, as well as its in-house trading and research capabilities. Global's aim is to capitalise on the high growth opportunities for brokerage business in the GCC and wider MENA region. Global intends to pursue its clients with both on-line and conventional trading and brokerage services (through arrangements with licenced floor trading brokers in Kuwait) across a range of the GCC and MENA-based stock exchanges.

In addition, Global also has an in-house research and index team of 26 analysts, which provides research support for all of Global's businesses, and provides periodic research reports and daily stock index services to its clients.

Global commenced a strategy in 2003 of geographical expansion by establishing branches, subsidiaries and strategic alliances in other GCC countries, the MENA region and, to a limited extent, other emerging markets, such as India, Pakistan and Hong Kong. Global currently has a local presence in 16 countries.

A key part of Global's expansion strategy is to penetrate and expand in large or prosperous regional markets, particularly in Saudi Arabia, as well as Egypt and Qatar. Global believes that there are opportunities for it to capture significant market shares in asset management, investment banking and brokerage in these countries. In 2007, Global was granted a licence by the Capital Market Authority of Saudi Arabia to establish a full service investment banking and asset management business, and it intends to increase its existing presence of four people to between 30 and 35 employees operating in Saudi Arabia by the end of 2008.

Competitive Strengths

- Strong platform for asset management and investment banking products and services in the GCC and wider MENA region;
- Regional expertise, experience and coverage;
- Well positioned to benefit from high regional growth;
- Attractive investment performance and co-investment strategy;
- Large and expanding client base;
- Stable and strong senior management team; and
- Supportive shareholders.

Strategy

Global's strategy is to be the preferred investment banking and asset management services provider in the GCC and wider MENA region. Global intends to pursue this strategy by expanding its geographic reach and product offerings by leveraging its large, growing client base, diverse product and service lines and local presence, as well as its regional reputation and close relationships with local institutions and prominent families.

- Develop a significant local presence in each market in the GCC and wider MENA region where they operate;
- Continue to invest in organic growth in the GCC and wider MENA region;
- Make strategic investments in the MENA region and selected emerging markets;
- Increase proportion of assets in private equity and other alternative investment funds that generate higher fees;
- Leverage its reputation as a leading regional asset manager to place its funds and introduce new funds originated from or targeted at new markets; and
- Increase fee-generating activities and balance revenue contributions from the five business divisions.

Risk Factors

Before making an investment decision regarding the GDRs offered by Global, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this Prospectus:

Risks Related to the Company

- Difficult market conditions can adversely affect Global's business;
- Poor performance of Global's investments would cause a decline in its revenue, net profit and cash flow and could adversely affect its ability to fund its future investments;
- Global's business could be adversely affected by damage to its reputation;
- Global may suffer as a result of loss of business from key clients and key investors;
- Global may not realise gains on many of its principal investments and the alternative investments it manages;
- Global's failure to increase its assets under management may impair its business growth;
- Global's investments are concentrated in Kuwait and other GCC countries;
- Global derives the largest proportion of its operating income from its Principal Investment & Treasury division;
- Global may not succeed in implementing its growth strategies;
- Ability to retain Global's founders and key senior managers may affect implementation of its strategies;
- Global may have difficulty recruiting and retaining qualified professionals;
- Increasing competition from existing competitors and new entrants in the markets in which Global operates may adversely affect its profitability;
- Global has a relatively fixed cost structure, which could expose it to declining profit margins;
- Global's risk management and internal control over financial reporting may not meet international standards;
- Global's investments in real estate will be subject to risks inherent in the ownership and operation of such assets;
- Global's brokerage business may not be successful;
- Valuation methodologies for certain assets of Global's funds and principal investments can be subject to significant subjectivity and the value of assets established pursuant to such methodologies may never be realised, which could result in significant losses for its funds;
- Global is exposed to the risk of losses as a result of employee misrepresentation, misconduct or improper practice;
- Global's revenue, net income and cash flow are all highly variable, which may make it difficult for Global to achieve steady earnings growth on a quarterly basis and may cause the price of its Shares to decline;
- Global's business may suffer if there is any disturbance to its operational systems or a loss of business continuity;
- Any deterioration of Global's credit ratings would have an adverse impact on its cost of funding and impact investor's perception of its business;
- The historical returns attributable to Global's principal investments and managed funds should not be considered as indicative of the future results of such investments or funds, or of future results; and
- Global's reliance on wholesale funding markets exposes it to short-term credit risks.

Risk Factors relating to Investing in the State of Kuwait and the GCC and wider MENA region

- Global's investment in entities in the GCC and wider MENA region exposes it to risks particular to those regions;
- Fluctuations in oil price could adversely affect Global's business;
- Global's investments in unstable, emerging markets are subject to greater risk;

- The GCC countries have relatively high inflation rates, and their stock and real estate markets may be subject to correction;
- Legal and regulatory systems in the GCC region, in particular in Kuwait and Saudi Arabia, and other jurisdictions where Global operates may create an uncertain environment for Global's investment and business activities;
- It may be difficult to enforce foreign judgments in Kuwait;
- Global is subject to currency-related risks that could adversely affect its results of operations; and
- Kuwaiti courts may not accept the choice or application of English law.

Risks Relating to Regulatory and Legal Matters

- A regulatory breach may result in enforcement measures or subject Global to significant penalties and could adversely affect its reputation, any of which could result in a significant decline in Global's business;
- Regulation of financial services in the markets in which Global operates is increasing and likely to continue to increase;
- Global is subject to anti-money laundering and other regulations and exposed to the risks arising from any non-compliance and to the risk that more stringent rules will impose high costs and restrictions on its business; and
- Global is exposed to substantial legal risks that may arise in the conduct of business and the outcome of related legal claims may be difficult to predict.

Risks Related to the Offering

- The Offering is conditional upon the approval of the Offer Price at an ordinary General Assembly of Global's shareholders to be held after the date of this Prospectus;
- Global's Senior Management hold a beneficial interest in a significant portion of Shares and, accordingly, management decisions may be influenced by the preferences of such shareholders;
- The Company expects to be classified as a passive foreign investment company for U.S. federal income tax purposes;
- There is no prior public market for the GDRs;
- An active trading market for the GDRs may not develop or continue after the Offering and the market price for the GDRs may be volatile following the Offering;
- There has been a limited trading market for the Shares and there is no assurance as to the liquidity of the Shares underlying the GDRs;
- Global's ability to pay dividends to the holders of the GDRs is dependent on the availability of distributable profits;
- The impact of recent changes to Kuwaiti tax law is uncertain;
- Investors may not be able to enforce judgments of the courts of the United States or the United Kingdom against Global or Global's Senior Management;
- Future sales by shareholders or equity offerings by Global may affect the market price of the GDRs; and
- Investors' voting rights with respect to Shares represented by GDRs are limited by the terms of the Deposit Agreement.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Global's audited consolidated financial statements as of and for the years ended 31 December 2005, 2006 and 2007 included in this Prospectus beginning on page F-19 (the **"Annual Consolidated Financial Statements"**) have been prepared in accordance with International Financial Reporting Standards (**"IFRS"**) applied in the State of Kuwait and the unaudited interim consolidated financial statements as of and for the three months ended 31 March 2008 and 2007 included in this Prospectus beginning on page F-2 (the **"Unaudited Interim Consolidated Financial Statements"**, and together with the Annual Consolidated Financial Statements, the **"Consolidated Financial Statements"**) have been prepared in accordance with the basis of presentation set out in Note 2 to the Unaudited Interim Consolidated Financial Statements.

Unless otherwise specified, or the context otherwise requires, all references to "KD" or "Dinars" are to Kuwaiti Dinars, the legal currency of Kuwait, and all references to "US$", "USD", "dollars" and "US dollars" are to US dollars, the legal currency of the United States of America and all references to "GBP" are to pound sterling, the legal currency of the United Kingdom. Unless stated otherwise, all conversions of financial figures in Kuwaiti Dinars into US dollars were based on the mid-rate of the Foreign Operations Department of the Central Bank of Kuwait as at 31 December 2007 (US$1 = KD0.2734).

Certain amounts that appear in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them and amounts expressed as percentages may not total 100 per cent. when aggregated.

Unless the context requires otherwise, all references in this Prospectus to the "Company", "Global" or "Group" are to Global Investment House K.S.C.C. and its consolidated subsidiaries.

Information regarding markets, market size, market share, market position, growth rates and other data pertaining to Global's business, the GCC and wider MENA region under the captions "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business", "Regulation", "The GCC and MENA Regions", and "Overview of the State of Kuwait" in this Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Company's knowledge of sales and markets. In the investment banking and financial services industry, there is limited publicly available external information to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. While the Company has compiled, extracted and reproduced market or other data from external sources, including third parties or general publications, the Company has not independently verified that data. The Company cannot assure prospective investors of the accuracy and completeness of, and takes no responsibility for, such data. Moreover, such third party sources of information generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. In addition, although the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and the Company cannot assure prospective investors as to its accuracy and that a third party using different methods to assemble, analyse or compute market data would obtain the same results. However, third party information has been accurately reproduced and that as far as Global is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company does not intend, and does not assume, any obligations to update market data set forth in this Prospectus. Finally, behaviour, preferences and trends in the marketplace tend to change. As a result, prospective investors should be aware that data in this Prospectus and estimates based on that data may not be reliable indicators of future results.

STABILISATION

In connection with the Offering, HSBC Bank plc, as Stabilising Manager, or persons acting on its behalf, may, on behalf of the Underwriters, effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager, or persons acting on behalf of the Stabilising Manager, will undertake stabilisation activities. Stabilisation activities may be undertaken at any time during the period commencing on the date of the announcement of the Offer Price and ending on the date 30 days thereafter (the **"Stabilisation Period"**). Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the GDRs above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any stabilisation transactions conducted in relation to the Offering. For further information regarding the foregoing, see *"Subscription and Sale—Stabilisation"*.

ENFORCEMENT OF FOREIGN JUDGMENTS AND ARBITRATION

The Company is incorporated in, its headquarters are located in and it operates under the laws of, Kuwait. A substantial portion of the Company's assets are located in Kuwait or other jurisdictions outside the United Kingdom and the United States. In addition, all of the members of the Company's board of directors (the **"Board of Directors"** or the **"Board"**) and senior management (the **"Senior Management"**), except for Mr. Alan Smith, reside in Kuwait and all or a portion of their personal assets may be located in Kuwait and/or other jurisdictions outside the United Kingdom and the United States. For more information on the Board of Directors and Senior Management, see "*Management and Corporate Governance*". As a result, prospective investors may have difficulties effecting service of process in the United Kingdom or the United States upon the Company or members of its Board of Directors or Senior Management in connection with any lawsuits related to the GDRs, including actions arising under the laws of the United Kingdom or the federal securities laws of the United States.

Under Article 199 of Kuwaiti Law No. 38 of 1980 (the Code of Civil and Commercial Procedure) as amended (the "**Code**"), foreign judgments are enforceable (without re-trial or examination of the merits of the case) in the event that: (i) there is reciprocity in the foreign jurisdiction, i.e., the foreign court where the judgment was issued allows for the enforcement of Kuwaiti judgments; and (ii) the following conditions are met: (a) the judgment was rendered by a competent court, in accordance with the laws of the jurisdiction where it was rendered; (b) the parties to the case were properly summoned to appear and duly represented at the proceedings; (c) the judgment has become *res judicata* in accordance with the laws of the jurisdiction where it was rendered; (d) the judgment is not in conflict with a judgment already rendered by a Kuwaiti court; and (e) the judgment does not contain anything that is in violation of Kuwaiti public policy or morality as determined by Kuwaiti courts at their own discretion. However, Kuwaiti Courts have not readily enforced foreign judgments not obtained in a GCC or Arab country. There is no treaty between Kuwait and the United Kingdom or the United States that affords reciprocal treatment. There are contradictory precedents in Kuwait by the Kuwait Court of Cassation with regard to the enforcement in Kuwait of a court judgment issued by the English courts. A lower court has previously issued an enforcement order with respect to a judgment issued by a Court in the State of California. Therefore, there is uncertainty with respect to Kuwaiti Courts' position in respect of the enforcement of judgments of the English or U.S. courts in Kuwait and there can be no assurance that any foreign judgments (including those of the English or U.S. courts), in relation to a dispute arising out of the GDRs, will be enforced by the Kuwaiti Courts. Enforcement of a foreign judgment in Kuwait requires the filing of an enforcement action in the courts of Kuwait. The procedures before the courts of Kuwait, including an enforcement action, can take a relatively long time before the court issues a final judgment that is not subject to appeal. In addition, the formal system of reporting court decisions in Kuwait is not similar to, and less efficient than, systems of reporting court decisions in the United States, United Kingdom or Europe. These factors can sometimes create judicial uncertainty.

Kuwait is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). A foreign arbitration award will be recognised and enforced in Kuwait (without re-trial or examination of merits of the case) in accordance with Article 200 of the Code, as amended. Article 200 of the Code provides that foreign arbitration awards are to be recognised and enforced under the same conditions (applied *mutatis mutandis* to foreign arbitration awards) as are applied in respect of the enforcement of foreign judgments under Article 199 of the Code. Article 199 of the Code requires that (a) the jurisdiction in which the arbitration award was rendered must afford reciprocal treatment to arbitration awards rendered in Kuwait, (b) the arbitration award must be rendered by a competent arbitration authority according to the law of the jurisdiction in which it was rendered, (c) the parties must have been duly summoned to appear and were duly represented at the proceedings, (d) the arbitration award must be final and un-appealable (*res judicata*) according to the law of the jurisdiction in which it was rendered, (e) the arbitration award must not contradict any prior arbitration award rendered and, finally, (f) the arbitration award must not contain anything in conflict with the general morals or public order of Kuwait. The requirement to establish reciprocal enforcement under Article 199 of the Code with respect to recognition and enforcement of arbitration awards issued in England and United States is satisfied as England, United States and Kuwait are all signatories to the New York Convention. In addition to the above requirements, Article 200 of the Code also requires that the subject matter of the award must be considered arbitratable under Kuwaiti law and that the arbitral award must be enforceable in the jurisdiction in which it was rendered.

Furthermore, enforcement of a foreign arbitration award or a foreign judgment in Kuwait requires the filing of an enforcement action in the Kuwaiti Courts. The procedures before Kuwaiti Courts, including an enforcement action, can take a relatively long time before the Kuwaiti Courts issue a final and non-appealable judgment.

As might be expected for a country of its size there have not been many occasions upon which the Kuwaiti Courts have been asked to consider the enforcement of foreign arbitration awards or foreign judgments and so (notwithstanding that on those occasions when they have been asked to do so they have shown that they will follow the provisions of the Code and enforce an arbitral award) there is not a large body of decided cases in which the practical implications of complying with Article 199 of the Code have been analysed.

AVAILABLE INFORMATION

For so long as any Rule 144A GDRs (or the Shares represented thereby) are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which it is neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934 (the **"Exchange Act"**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted Rule 144A GDRs or to any prospective purchaser of such restricted Rule 144A GDRs designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the U.S. Securities Act. See *"Additional Information — Documents on Display"*.

FORWARD-LOOKING INFORMATION

Certain statements in this Prospectus are not historical facts and are "forward-looking". Forward-looking statements appear in various locations, including, without limitation, under the headings *"Summary"*, *"Risk Factors"*, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* and *"Business"*. Global may from time to time make written or oral forward-looking statements in reports to shareholders and in other communications. Forward-looking statements include statements concerning Global's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, Global's competitive strengths and weaknesses, Global's business strategy and the trends Global anticipates in the industries and the political and legal environment in which Global operates and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "would", "targets", "plan" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under *"Risk Factors"*, as well as those included elsewhere in this Prospectus. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- Global's ability to implement successfully business strategies;
- changes in general economic, political and market conditions in the GCC, the wider MENA region and worldwide, including from wars, acts of terrorism or catastrophic events;
- risks related to developing, placing with clients and participating in investment products in emerging markets;
- adverse changes in general economic and market conditions, including the cyclicality of the financial markets;
- risks related to competition from existing investment managers and new entrants in the market;
- government and regulatory factors, including the cost of compliance with regulations and the impact of legal, tax and regulatory changes;
- other risks, uncertainties and factors inherent in Global's business and factors that are not known to Global at this time; and
- Global's success at managing the risks of the aforementioned and other factors.

This list of important factors is not exhaustive. Such forward-looking statements speak only as of the date on which they are made. The Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, the exchange rate for the US dollar against the Kuwaiti Dinar based on the reference exchange rates from the Central Bank of Kuwait. The closing exchange rate on 30 April 2008 was US$1.00 = KD0.2664. The reference rates of the Central Bank of Kuwait are the official reference rates for cable transfers in foreign currencies as provided by the Central Bank of Kuwait on its website. The rates set forth below are provided solely for the convenience of investors and were not used by Global in the preparation of its Consolidated Financial Statements included elsewhere in this Prospectus. No representation is made that Kuwaiti Dinar could have been, or could be, converted into U.S. dollars at any rate given in this Prospectus.

	High	Low	Average	Period End
	(US$ per KD)			
2003	0.3000	0.2939	0.2980	0.2947
2004	0.2947	0.2947	0.2948	0.2947
2005	0.2920	0.2920	0.2920	0.2920
2006	0.2920	0.2841	0.2902	0.2891
2007	0.2891	0.2738	0.2843	0.2738
2008 (through April)	0.2737	0.2651	0.2704	0.2664
January 2008	0.2733	0.2728	0.2731	0.2731
February 2008	0.2737	0.2729	0.2734	0.2729
March 2008	0.2727	0.2653	0.2694	0.2653
April 2008	0.2664	0.2651	0.2657	0.2664

MARKET INFORMATION

The Shares have been publicly listed and traded on the KSE since May 2003, the BSE since October 2004 and the DFM since September 2005.

The following table sets forth, for the periods indicated, the high and low closing prices of the Shares on the KSE:

	Price per Share	
	High	Low
	(KD)	
2003-2006	1.085	0.145
2006		
First quarter	1.093	0.818
Second quarter	0.909	0.750
Third quarter	0.848	0.727
Fourth quarter	0.864	0.735
2007		
First quarter	0.788	0.636
Second quarter	0.845	0.636
Third quarter	0.845	0.745
Fourth quarter	0.909	0.791
December 2007	0.909	0.827
2008		
January	1.109	0.891
February	1.127	0.982
March	1.091	0.927
April	1.000	0.961

The following table sets forth, for the periods indicated, the high and low closing prices of the Shares on the BSE:

	Price per Share	
	High	Low
	(BD)	
2004-2006	1.449	0.280
2006		
First quarter	1.449	1.061
Second quarter	1.061	0.985
Third quarter	1.085	0.985
Fourth quarter	1.098	0.947
2007		
First quarter	1.023	0.842
Second quarter	1.136	0.845
Third quarter	1.118	1.000
Fourth quarter	1.309	1.091
December 2007	1.309	1.118
2008		
January	1.400	1.273
February	1.405	1.405
March	1.483	1.473
April	1.350	1.350

The following table sets forth, for the periods indicated, the high and low closing prices of the Shares on the DFM:

	Price per Share	
	High	Low
	(AED)	
2005-2006	15.13	8.98
2006		
First quarter	15.13	9.92
Second quarter	11.25	9.13
Third quarter	10.38	8.98
Fourth quarter	10.61	9.09
2007		
First quarter	9.62	8.18
Second quarter	11.14	8.18
Third quarter	10.68	9.09
Fourth quarter	13.41	10.00
December 2007	13.41	11.00
2008		
January	14.09	11.86
February	15.14	12.36
March	15.00	12.73
April	13.80	11.75

Source: Zawya

THE OFFERING

The Company	Global Investment House K.S.C.C., a closed shareholder company incorporated in the State of Kuwait.
The Offering	The Offering comprises an offering of 306,666,670 Shares (which includes 40,000,000 Option Shares) in the form of GDRs: (i) within the United States only to QIBs as defined in, and in reliance on, Rule 144A, that are also QPs as defined in the Investment Company Act; and (ii) outside the United States to non-U.S. persons in reliance on Regulation S. The GDRs will be issued by the Depositary.
Option	40,000,000 Option Shares in the form of GDRs will be sold by the Company on the Closing Date for the purpose of allowing the Stabilising Manager, on behalf of the Underwriters, to effect transactions with a view to supporting the market price of the GDRs on the LSE as described more fully under *"Subscription and Sale"*.
The Depositary	The Bank of New York.
The GDRs	One GDR will represent five Shares on deposit with HSBC Bank Middle East Limited-Kuwait, as custodian (the "**Custodian**"). The GDRs will be issued by the Depositary pursuant to a deposit agreement (the "**Deposit Agreement**"), between the Company and the Depositary. The Regulation S GDRs will be evidenced initially by a master Regulation S GDR (the "**Master Regulation S GDR**") and the Rule 144A GDRs will be evidenced initially by a master Rule 144A GDR (the "**Master Rule 144A GDR**"), each to be issued by the Depositary pursuant to the Deposit Agreement. The Master Regulation S GDR and the Master Rule 144A GDR are herein collectively referred to as the "**Master GDRs**". Pursuant to the Deposit Agreement, the Shares represented by the GDRs will be held by the Custodian, for the benefit of the Depositary and, for the further benefit of, the holders and the beneficial owners of GDRs. Except in the limited circumstances described in this Prospectus, definitive GDR certificates will not be issued to holders in exchange for interests in the GDRs represented by the Master GDRs. Subject to the terms of the Deposit Agreement, interests in the Master Rule 144A GDR may be exchanged for interests in the corresponding number of GDRs represented by the Master Regulation S GDR. For more information, see *"Terms and Conditions of the Global Depositary Receipts"* and *"Clearance and Settlement"*. Additional Shares may be deposited, subject to the provisions set forth under *"Terms and Conditions of the Global Depositary Receipts"* and in the Deposit Agreement, with the Custodian against which the Depositary shall issue GDRs representing such Shares.
Offer Price	US$18.75 per GDR.
Closing Date	On or about 21 May 2008.
Stabilisation	In connection with the Offering, stabilisation measures in respect of the GDRs may be effected to the extent legally permissible. For additional information regarding stabilisation, see *"Subscription and Sale—Stabilisation"*.
Lock-up	Global and Senior Management have agreed, for a period of 180 days after the Closing Date, subject as further provided below, not to,

without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), (A) directly or indirectly (including through any subsidiaries of Global), issue, offer, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares, or GDRs or other securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, (B) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Shares, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Shares or other securities, in cash or otherwise, or (C) publicly announce such an intention to effect any such transaction; provided that, notwithstanding the foregoing, with respect only to any GDRs received by Global at the end of the Stabilisation Period as a result of stabilisation activities, Global has agreed not to undertake any transactions described in clause (A) or (B) above with respect to such GDRs or the Shares represented thereby for a period of 90 days after the end of the Stabilisation Period; and, provided further the foregoing restrictions shall not, in the case of the Company, apply to: (a) the issuance of the Shares underlying the GDRs and issuance, offer and sale of the GDRs in the Offering, (b) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Shares by Global to other members of the Group (which, for these purposes, shall be taken to mean Global and its subsidiaries and affiliates), or (c) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Shares by Global under or in connection with any stock incentive and other employee ownership or benefit plans including, for the avoidance of doubt, any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Shares by Global in connection with the exercise of any options or similar securities that may exist on the date hereof and have been approved by the Board of Directors of Global, provided that, in the case of (b), such entities first agree to be bound by the provisions set out herein. For more information, see *"Subscription and Sale"*.

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Selling and Transfer Restrictions	The offered GDRs will be subject to certain restrictions on sale and transfer as described under *"Subscription and Sale"* and *"Transfer Restrictions"*.
Dividend Policy	The Board has historically paid out a dividend that represents between 40 and 60 per cent. of Global's net income for the then most recently completed financial year. The Board believes that this is in line with other Kuwaiti and GCC investment banks and investment companies, but will continue to evaluate this in line with investor expectations, particularly in light of the recent changes in Kuwaiti tax law (which imposes a 15 per cent. tax on dividends declared on any Kuwaiti listed shares for foreign investors who are not individuals (regardless of their place of residence or domicile)). For more information, see *"Dividends and Dividend Policy"*.
Voting	Shareholders are generally entitled to one vote per share at a general meeting. Subject to receiving (i) confirmation from the Kuwaiti Ministry of Commerce and Industry as to the permissability of the following voting arrangements and (ii), if so requested by the Depositary, a legal opinion from Kuwaiti counsel, if the GDR holders

	as at the relevant record date validly instruct the Depositary to vote in a certain manner, the Depositary will exercise its voting rights by voting the Shares represented by the GDRs proportionally in accordance with such instructions. If the Depositary does not receive the foregoing confirmation or legal opinion if requested but instead receives a legal opinion to the effect that it is not prohibited from netting the number of votes representing the difference between the aggregate numbers of votes in favour of and against a particular resolution, respectively, it will vote such Shares in accordance with this alternative methodology. Otherwise, the Depositary will instruct a designated representative to vote all the Shares in the manner instructed by the GDR holders representing at least 50.1 per cent. of the Shares underlying the GDRs. If less than 50.1 per cent. of the holders of such Shares provide instructions, the GDR holders shall be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company to vote such Shares. For more information, see *"Terms and Conditions of the Global Depositary Receipts"*.
Local Disclosure Requirements	GDR holders will be responsible for complying with disclosure requirements applicable in Kuwait. These requirements include the disclosure of any interest in the capital of the Company, whether held directly or by way of GDRs, which exceed 5 per cent. of the total capital of the Company and any change in such holding. See *"Description of Share Capital — Disclosure requirements under Kuwaiti law"*.
Deposit and Withdrawal of Deposited Property	Investors may also make deposits into the GDR facility either by delivery of Shares to the Depositary or by requesting that the Depositary purchase the relevant number of Shares upon payment of the necessary amounts for such purchase. Any GDR holder may request the withdrawal of the Deposited Property. Holders of GDRs will have the option to (i) withdraw the Deposited Property through the KSE or in the event that the then applicable KSE rules prohibit such a withdrawal, withdraw the Deposited Property through the BSE, or (ii) request the Depositary to cause the sale of the Deposited Property and for the net proceeds of such sale to be paid to the GDR holder. For more information, see *"Terms and Conditions of the Global Depositary Receipts"*.
Use of Proceeds	Global currently intends to use the net proceeds of the Offering to fund organic growth and the potential purchase of a number of new assets in the GCC and MENA regions and for general corporate purposes. For more information, see *"Use of Proceeds"*.
Listing and Market for the Shares and GDRs	The Company has applied to the FSA, in its capacity as competent authority under the FSMA, for the GDRs to be admitted to the Official List of the UKLA and to the LSE for the GDRs to be admitted to trading under the trading symbol "GLOB" on the Regulated Market for listed securities through the IOB. The IOB is a part of the Regulated Market for purposes of the Markets in Financial Instruments Directive 04/39/EC. The Company's application to the FSA covers the listing of (i) 61,333,334 GDRs to be issued in the Offering, including 8,000,000 Option GDRs pursuant to the Option; and (ii) additional GDRs to be issued from time to time against deposit of Shares with the Depositary. The Company expects that conditional dealings in the GDRs will commence on the LSE on or about 16 May 2008. All dealings in

	the GDRs before the commencement of unconditional dealings will be at a "when issued" basis and will be of no effect if Admission does not take place. Such dealings will be at the sole risk of the parties concerned. It is expected that Admission will become effective and that dealings in the GDRs will commence on the LSE on or about the Closing Date.
	The Company expects that the Rule 144A GDRs will be eligible for trading on PORTAL.
	The Shares are listed on the BSE, the KSE and the DFM, each under the symbol "GLOBAL".
Payment and Settlement Procedures	Purchasers will be required to make payment for the GDRs on the settlement date, which is expected to be on or about the Closing Date.
	Payment for, and delivery of the Regulation S GDRs is expected to be made on the settlement date to the accounts of purchasers through the book-entry facilities of Euroclear and Clearstream. Payment for, and delivery of, the Rule 144A GDRs is expected to be made on the settlement date to the accounts of purchasers through the book-entry facilities of DTC. For more information, see *"Settlement and Delivery"*.
Taxation	For a discussion of certain tax considerations relevant to an investment in the Shares or the GDRs, see *"Taxation"*.
Security Codes	The security codes for the Shares and GDRs are as follows:

Regulation S GDRs	ISIN: US37948V2079
	Common Code: 036449691
	CUSIP: 37948V207
Rule 144A GDRs	ISIN: US37948V1089
	Common Code: 036449713
	CUSIP: 37948V108
LSE trading symbol:	GLOB
PORTAL identification number:	P37948V108

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

The selected consolidated financial data as of and for the three months ended 31 March 2008 and 2007 are derived from the Unaudited Interim Consolidated Financial Statements included elsewhere in this Prospectus. The selected consolidated financial data as of and for the three years ended 31 December 2007 are derived from the Annual Consolidated Financial Statements included elsewhere in this Prospectus.

Investors should read the following summary financial data together with the "Management's Discussion and Analysis of Financial Conditions and Results of Operations", the Consolidated Financial Statements, and the related notes, included elsewhere in this Prospectus.

	For the three months ended 31 March (unaudited)		For the year ended 31 December		
Income Statement Data	**2008**	**2007**	**2007**	**2006**	**2005**
			(KD Thousand)		
Fees and commission income(1)	15,275	3,857	30,137	31,597	25,348
Interest and similar income(2)	5,158	3,852	12,444	8,858	4,426
Net gain on financial assets held for trading(3)	(1,287)	2,137	19,738	8,655	4,074
Net gain on financial assets designated at fair value through statement of income(4)	22,489	7,633	56,097	49,151	42,469
Share of results of associates	796	192	4,081	551	685
Net gain on investment properties	7,654	—	2,876	4,561	839
Gain on disposal of associate(5)	(36)	2,699	5,579	1,694	—
Gain on disposal of subsidiaries(6)	—	9,649	18,975	2,299	—
Foreign exchange losses	(2,138)	207	(4,214)	(1,154)	(114)
Other operating income(7)	3,938	4,611	8,661	4,148	2,371
Net operating income	52,553	34,837	154,374	110,360	80,098
Personnel expenses	4,246	2,279	14,521	8,598	6,601
Interest and similar expense	9,367	7,706	34,423	20,351	5,983
Total expenses	16,043	11,447	58,890	34,986	16,502
Profit	34,921	22,694	92,240	72,719	61,463
Attributable to:					
Shareholders of the parent company	34,677	22,477	91,365	71,410	61,386
Minority interest	244	217	875	1,309	77

(1) Fees and commission income is comprised of (i) fees from managing fiduciary assets including annual management fees and annual incentive fees and placement fees relating to Global's asset management, custody and similar trust and fiduciary activities; (ii) investment banking and advisory fees; (iii) commission from Global's real estate brokerage services; and (iv) other fees and commission.

(2) Interest and similar income are comprised of (i) interest income from future trade financings for Global's margin customers; (ii) interest income from loans and advances to clients; (iii) Murabaha receivables; and (iv) cash and cash equivalents including money market investments.

(3) Net gain on financial assets held for trading comprises of all gains, which can be both realised and unrealised, on trading securities.

(4) Net gain on financial assets designated at fair value through statement of income is defined as realised gain on sale of non-trading securities or unrealised gain on such assets on a mark-to-market or market-to-model basis.

(5) Gain on disposal of associate is defined as gain on disposal of equity securities of a company of which the Company owns more than 20 per cent. but less than 50 per cent. of the total issued and outstanding shares of capital stock.

(6) Gain on disposal of subsidiary is defined as gain on disposal of equity securities of a company of which the Company owns more than 50 per cent. of the total issued and outstanding shares of capital stock.

(7) Other operating income is primarily comprised of dividend income.

Balance Sheet Data	As at 31 March (unaudited) 2008	2007	As at 31 December 2007	2006	2005
			(KD Thousand)		
Cash and cash equivalents	60,257	24,506	68,797	66,830	31,740
Financial assets held for trading	64,366	42,858	37,767	30,274	8,862
Financial assets designated at fair value through statement of income[(8)]	543,170	445,122	507,630	413,130	169,320
Murabaha receivables[(9)]	10,191	17,159	15,784	10,177	—
Loans and advances[(10)]	22,180	35,423	24,615	41,019	50,303
Financial investments available-for-sale[(11)]	12,738	—	18,087	—	—
Investments in associates	58,788	51,032	95,782	52,062	14,578
Investment properties	46,781	14,781	41,433	414	5,959
Total assets	966,653	723,616	912,957	691,891	300,695
Short term borrowings	284,057	237,705	244,349	201,670	54,796
Wakala payables	134,158	152,601	149,167	134,286	87,248
Medium term borrowings	82,429	24,612	84,754	55,972	—
Bonds	65,000	20,000	65,000	20,000	20,000
Total liabilities	651,744	489,400	583,492	442,925	171,591
Share capital	94,551	85,956	85,956	70,545	27,808
Share premium	91,873	91,873	91,873	91,040	21,284
Equity attributable to the shareholders of the parent company	309,091	231,555	323,051	244,384	120,496
Minority interest[(12)]	5,818	2,661	6,414	4,582	8,608

(8) Financial assets designated at fair value through statement of income are comprised of quoted securities and managed funds, unquoted equity securities and unquoted debt securities. The fair values of quoted securities and managed funds are determined on a mark-to-market basis. The fair values of unquoted equity securities are determined using valuation techniques that are based on recent arm's length market transactions or current fair value of another instrument that is substantially the same.

(9) Murabaha is a form of purchase price financing that is Sharia-compliant. Murabaha receivables is defined as principal and profit on Murabaha transaction that are repayable in one year from the date of transaction.

(10) Loans and advances are granted to fund and portfolio management clients and are secured against investments in the funds and securities held in fiduciary portfolios on behalf of such clients.

(11) Financial investment available for sale is defined as investment securities that do not qualify for inclusion in any of the other categories of financial assets.

(12) Minority interests represent the portion of the Company's consolidated net assets attributable to minority interests in its consolidated subsidiaries.

RISK FACTORS

Before making an investment decision regarding the GDRs offered by Global, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this Prospectus. Such risks are not the only ones facing Global. Additional risks and uncertainties that are not presently known to Global, or that Senior Management currently believe are immaterial, may also impair its business operations. Global's business, financial condition, results of operations or the value of prospective investors' investment could be materially adversely affected by any of these risks. In such case, the trading price of the GDRs could decline, and investors may lose all or part of their investment.

Risks Related to the Company

Difficult market conditions can adversely affect Global's business

Global's business is materially affected by conditions in the global financial markets and economic conditions throughout the world, particularly the GCC and the wider Middle East and North Africa ("**MENA**") regions, that are outside its control, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity and the value of investments, and Global may not be able to or may choose not to manage its exposure to these market conditions. The market conditions surrounding each of its businesses, and in particular its asset management and principal investments operations, have been favourable for a number of years. Future market conditions may not continue to be as favourable. In the event of a market downturn, each of Global's businesses could be affected in different ways.

Global's asset management and principal investment operations may be affected by reduced opportunities to exit and realise value from their investments and by the fact that it may not be able to find suitable investments to effectively deploy capital, which could adversely affect its ability to raise new funds or capital. In addition, investors in Global's open ended funds may generally redeem their investments on a weekly, monthly, or quarterly basis subject to the applicable fund's specific redemption provisions. In a declining market, the pace of redemptions and consequent reduction in Global's AUM could accelerate. Furthermore, during periods of difficult market conditions or slowdowns in a particular sector, companies in which Global invests may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased funding costs. During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to Global. In addition, during periods of adverse economic conditions, Global may have difficulty accessing financial markets, which could make it more difficult or impossible for Global to obtain funding for additional investments and harm its assets under management and operating results. A general market downturn, or a specific market dislocation, may result in lower investment returns, which would adversely affect its revenues by reducing returns on principal investments and decreasing fee and commission income from Global's managed funds. Furthermore, such conditions would also increase the risk of default with respect to Global's investments that have significant debt investments, such as the Global Bond Fund and the treasury operations.

In addition, Global's investment banking and brokerage operations would be materially affected by changes in conditions of the global financial markets and economic conditions throughout the world, and particularly in the GCC and wider MENA region. For example, revenue generated by each of these divisions is directly related to the volume and value of such transactions. During periods of unfavourable market or economic conditions, the volume and value of investment banking and brokerage transactions generally decrease. Reduced demand for these services leads to increased price competition among financial services companies seeking such engagements. If any of the foregoing events were to occur, it would have a material adverse effect on Global's business, results of operations, financial condition and prospects.

Poor performance of Global's investments would cause a decline in its revenue, net profit and cash flow and could adversely affect its ability to fund its future investments

A substantial majority of Global's net operating income and profits are derived from gain on investments of its own principal by its Principal Investments & Treasury division (which includes co-investment into funds managed by its Asset Management division) and, to a lesser extent, fees from funds managed on a fiduciary basis by its Asset Management division. If any of Global's principal investments were to perform poorly, its investment returns, revenue and operating profit would decline. In addition, because the value of assets under management of its managed funds would decrease, there would be a reduction in management fees and decreased investment returns in its Asset Management division, resulting in a reduction in incentive fees it earns. Global's clients would experience losses sustained in Global's managed funds. Furthermore, Global believes that the success of its principal investments has directly influenced its ability to attract clients to its other products. Therefore, poor performance of Global's funds and principal investments could make it more difficult for it to attract investors into its new funds or raise new capital for its operations. Investors might decline to invest in future investment opportunities offered by Global, and investors in open-ended funds might withdraw their investments as a result of poor performance of the funds in which they are invested. If any of the foregoing events were to occur, it could materially adversely affect Global's business, results of operations, financial condition and prospects.

Global's business could be adversely affected by damage to its reputation

Global depends on the trust and confidence of its clients. Global's reputation could be adversely affected if the investments or financial products Global recommends or places with its clients do not perform as expected. Global is also exposed to the risk that misconduct, operational failures, litigation and negative publicity and press speculation, whether valid or not, will harm its reputation. In addition, Global's reputation may be adversely affected by the conduct of third parties over whom Global has no control, including clients and managers of the companies in which Global invests. Any damage to Global's reputation could materially adversely affect its business, results of operations, financial condition and prospects.

Global may suffer as a result of loss of business from key clients and key investors

Global generates a significant proportion of its net operating income from certain clients. For the year ended 31 December 2007, the top 20 clients accounted for approximately 63.3 per cent. of the fiduciary AUM. See *"Business — Clients"*. The loss of all or a substantial portion of the business provided by one or more of these top clients could have a negative impact on Global's net operating income, business, results of operations, financial condition and prospects.

Global may not realise gains on many of its principal investments and the alternative investments it manages

Global makes investments for its own account and manages several alternative investment funds, in which Global co-invests, on a fiduciary basis. Historically, the gains made on its principal investments have accounted for a significant proportion of, and fee income from alternative investments has accounted for an increasing amount of, Global's operating income and net profit. Global could fail to realise capital gains on these investments, or may realise gains that fall short of Global's historical track record or the returns desired by Global or its clients. Many of the principal investments Global makes, as well as the investments by the alternative funds it manages, are in relatively new small or medium size companies that present a number of significant risks, including the following:

- *Limited capital resources.* The majority of these companies have limited financial resources and may be unable to meet their indebtedness obligations under their financing arrangements;
- *Limited operating history.* The majority of these companies have limited operating histories, narrower product lines and smaller market shares than larger businesses, which tend to make them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- *Limited information.* Generally, little public information exists about these companies, and Global is required to rely on the ability of its investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. Global conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment before making its investment decision. However, there can be no assurance that such investigations will reveal or highlight all relevant facts that may be necessary to properly evaluate an investment opportunity;
- *Dependency on key managers and personnel.* Some of these companies may depend on the management talents and efforts of a small group of persons, and the death, disability, resignation or termination of one or more of these persons would have a material adverse effect on these companies and, in turn, on Global's results of operations;
- *Lack of control over investments.* Most of the investments made by Global involve the purchase of equity or debt securities of companies that Global does not control. These companies may make business, financial or management decisions with which Global does not agree or may expose themselves to risks or otherwise act in a manner that does not serve the interests of Global or Global's investors or shareholders; and
- *Other risk factors.* These companies generally have less predictable operating results, may be susceptible to economic slowdowns or recessions, may be engaged in rapidly changing businesses with products subject to a

substantial risk of obsolescence, and may require substantial capital to support their operations, finance expansion or maintain their competitive position, which may be more difficult for them to obtain for many of the reasons set out above.

There can be no guarantee that Global will be able to exit such investments, whether by flotation, merger, private sale, or sale on regional markets. Even if securities held by Global are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing investment returns to risks of downward movement in market prices during the intended disposition period. Accordingly, under certain conditions, Global may be forced to either sell securities at lower prices than it had expected to realise or defer — potentially for a considerable period of time — sales that it had planned to make. Global has made and expects to continue to make significant principal investments and launch managed funds, in which Global is legally required to co-invest, that will invest in securities and other assets which are illiquid. Contributing capital to these investments is risky. Failure to realise gains or to provide adequate returns on these investments for its own account or for its clients could have a material adverse effect on Global's results of operations and financial condition, and may decrease its ability to attract clients for its investment products in the future.

Global's failure to increase its assets under management may impair its business growth

As Global seeks to continue to translate its success in its principal investments to more of its fee-based businesses, Global's growth in net operating income and profits depends on increasing its AUM. Global's asset management revenue is predominantly derived from management fees and incentive fees based, respectively, on the net asset value ("**NAV**") and the investment performance of its funds. A decline in the value of AUM, and/or a reduction in fees payable, or a failure to attract new AUM for whatever reason, would have a material adverse effect on Global's business, results of operations, financial condition and prospects.

Global's investments are concentrated in Kuwait and other GCC countries

Global's fiduciary and principal assets are and may continue to be concentrated in Kuwait and other GCC countries. Sovereign ratings of the GCC countries currently range from "A" to "AA-" by international ratings agencies such as S&P, Moody's and Fitch Ratings and the regional stock and real estate markets have generally experienced rapid growth in recent years. However, there can be no assurance that these markets will continue to do so and any downgrade in ratings or poor performance of such stock or real estate markets is likely to have a material adverse effect in Global's investments, business, results of operations, financial condition and prospects.

Global derives the largest proportion of its operating income from its Principal Investments & Treasury division

Although Global has been striving to achieve a greater balance in revenue contribution from its five business segments, the majority of its on-balance-sheet assets are principal investments and Global heavily depends upon net operating income from its Principal Investments & Treasury division. If its Principal Investments & Treasury division fails to identify new investment opportunities or maintain its historical rate of return on investments in the future, Global's business, results of operation, financial condition and prospects could be materially adversely affected.

Global may not succeed in implementing its growth strategies

Global's strategy contemplates growing its origination and placement of asset management and investment banking products and services in the GCC region and expanding its product offerings. Global is expanding the geographical reach of its existing services, particularly in Saudi Arabia, as well as in Egypt and Qatar, through stand-alone subsidiaries or local joint ventures and is expanding the range of products it offers, introducing new online and conventional brokerage services and a range of new alternative investments, including a new MENA-focused hedge fund. Implementing this strategy may entail significant difficulties, including obtaining necessary local licences and permits, recruiting a sufficient number of qualified professionals and adjusting to unfamiliar market and business customs. Any failure to do so may significantly impact Global's expansion strategies and could result in Global revising its expansion plans or curtailing its deployment of resources in one or more of its target markets.

Implementing its growth strategy will also significantly increase Global's costs, including the cost of recruiting, training and retaining a sufficient number of investment professionals and the cost of compliance arising from exposure to additional jurisdictions and activities. As Global expands its operations, it may become subject to legal uncertainties or regulations to which Global is not currently subject or from which Global is currently exempt, which may lead to greater exposure to risk or higher compliance costs. Global's expected growth may also lead to organisational and cultural challenges as it strives to integrate its newly acquired resources, including ensuring that adequate controls and supervisory procedures are in place. It is unlikely that Global's expanded operations initially will be able to generate sufficient additional fees or investment income to account for the increased costs, and Global's results of operations will be adversely affected. In addition, if Global does not manage the expansion and integration process successfully, the working relationship among Global's investment professionals and the culture of Global's organisation may suffer, with potentially adverse effects on Global's ability to retain high quality investment professionals and on clients' perceptions of Global's organisation as a whole. Any of the above events could materially adversely affect Global's business, results of operations, financial condition and prospects.

Ability to retain Global's founders and Senior Management may affect implementation of its strategies

Global's future success and growth depends to a substantial degree on its ability to retain and motivate Global's Senior Management and other key personnel and to strategically recruit, retain and motivate new senior management.

Global depends especially on the efforts, skill, reputations and business contacts of its founders, Maha K. Al Ghunaim, Omar M. El Quqa and Bader A. Al Sumait, and other Senior Management, the information and deal flow they generate and the synergies among the diverse fields of expertise and knowledge they hold. Accordingly, Global's success will depend on the continued service of these individuals. Only one of the founding executive officers of Global has left since its inception.

Global's Senior Management and other key personnel also possess substantial experience and expertise and have strong business relationships with clients and other members of the business community. As a result, the loss of these personnel could jeopardise Global's relationships with its clients and members of the business community and result in the reduction of fiduciary or principal assets or fewer investment and placement opportunities. There is no guarantee that the non-competition and non-solicitation agreements to which Global's Senior Management are subject, together with Global's other arrangements with them, will prevent them from leaving Global, joining Global's competitors or otherwise competing with Global or that these agreements will be enforceable in all cases. In addition, these agreements will expire after a certain period of time, at which point each of Global's Senior Management would be free to compete against Global and solicit Global's clients and employees. The loss of the services of Global's Senior Management and other key personnel who may later compete against Global could have a material adverse effect on Global's business, results of operations, financial condition and prospects and could harm Global's ability to maintain or grow its fiduciary and proprietary assets and raise additional funds in the future.

Global may have difficulty recruiting and retaining qualified professionals

Global's investment performance and investment banking revenues depend to a substantial degree on Global's ability to retain and motivate its asset management, principal investment, investment banking, research and marketing professionals and to strategically recruit, retain and motivate new talented professionals. However, Global may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for these professionals is extremely competitive in the markets where Global operates. New GCC and MENA competitors in asset management and investment banking markets are offering more attractive compensation packages that Global has, at present, decided not to match. Accordingly, Global's compensation policy may negatively affect Global's recruitment and retention of its professionals. If, in the future, Global determines that there is a need to revise its compensation policy to more closely match these more attractive packages, it may lead to significant increased costs. If any of the foregoing were to occur, it would materially adversely affect Global's business, results of operation, financial condition and prospects.

Increasing competition from existing competitors and new entrants in the markets in which Global operates may adversely affect its profitability

Global may face increasing competition for clients and attractive investment opportunities in the GCC region from existing and new competitors who perceive the region's economic growth in recent years as an opportunity to expand their investment placement and asset management activities further, and with whom Global may have overlapping investment strategies.

Competition in the conventional equity, fixed income, private equity, real estate and other markets in the GCC region has grown rapidly in recent years, leading to a substantial growth in committed capital. Although investors and fund managers in the region have expanded, the range of their investments in terms of transaction sizes, industries and countries invested in as asset classes have become more developed and GCC investors have become more familiar with different types of investment, there are a limited number of available investment opportunities at any given time. The most attractive opportunities are being pursued by an increasing number of investors and fund managers, which may result in the pricing of transactions in the region becoming less disciplined, with higher prices being offered than were offered in the past for comparable investments. If this occurs, returns on investments in the region would likely decline.

A decrease in returns may have an adverse effect on investors' allocations and result in lower cash inflows into or higher cash outflows from investments in the region. In addition, in the case of Global's managed funds, lower returns would lead to a decline in the managed fees investors are willing to pay and a decline in performance fees generally, which would have an adverse impact on Global's business, results of operations, financial condition and prospects.

In addition, Global competes with several investment banks in the region for placement opportunities of a variety of investment banking products and services. As competition for new mandates increases, there will likely be increased pressure to reduce placement fees and Global may have to incur higher costs to acquire new mandates than in the past. Any such changes would reduce the profitability of Global's Investment Banking division. Furthermore, in large GCC countries, particularly Saudi Arabia, and in other emerging markets where Global is planning to increase its activities, Global may also face competition from international investment banks, which have superior investment banking expertise and operational and financial resources. Growing competition from any of these entities would have a material adverse effect on Global's business, results of operations, financial condition and prospects.

Global has a relatively fixed cost structure, which could expose it to declining profit margins

Some elements of Global's cost structure, including the fixed component of its financing charges, salaries and certain other costs, will not decline if Global experiences reductions in its net operating income. As a result, if Global's net operating income should decrease for any reason, it may be unable to adjust these elements of its cost structure on a timely basis, if at all. Consequently, Global's operating profit would decrease.

Global's risk management and internal control over financial reporting may not meet international standards

Risk management applies to both Global's own principal investment operations and to the asset management service Global provides for its clients. Global has developed, and continues to update, strategies and procedures specific to Global's business for managing risks, which include, among others, market risk, operational risk, credit risk, liquidity risk and reputational risk. Historically, Global has had risk management policies and processes that were not as developed as those of full-service international investment banking firms. Global has been implementing what it believes to be a comprehensive risk management system, which is intended to more closely approximate international risk management standards, which it aims to complete in the second half of 2008.

Management of risks is complex given the highly structured nature of many of Global's products and services. Strategies and procedures may fail under some circumstances, particularly if Global is confronted with risks that it has underestimated or not identified. If the measures used to assess and mitigate risk prove insufficient, Global may experience unanticipated material losses and a decrease in the performance of its investments, resulting in an adverse effect on its business, results of operations, financial condition and prospects.

Further, Global's internal control over financial reporting has not been upgraded to meet the increased requirements of its current transaction volumes. Global has identified this as one of its key managerial weaknesses and has been implementing a new financial control and management system that is intended to more closely approximate international standards, which it aims to implement over the next 12 months. However, Global's internal control and management system and processes will be subject to further development to address rapid growth of Global's AUM and other transactional requirements, market changes and legal and regulatory changes. Any disruption in the development of these systems or processes, or issues that emerge in relation to their implementation, may result in additional costs and may negatively impact Global's ability to execute its strategy and to analyse in a timely and efficient manner its financial and other business information, and may ultimately have a material adverse effect on its business, results of operations, financial condition and prospects.

Notwithstanding the above, Global believes that its financial systems are sufficient to ensure compliance with the requirements of the UKLA's Disclosure Rules and Transparency Rules as a listed entity.

Global's investments in real estate will be subject to risks inherent in the ownership and operation of such assets

Global acquires for its real estate funds or for its own account direct or indirect interests in undeveloped land or underdeveloped real property, which often are non-income producing, opportunistic investments. They are subject to the risks normally associated with such assets and development activities, including risks relating to the uncertainty of return on investments, inflated real estate prices as a result of speculative market activities, availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of Global, such as weather or labour conditions or shortages of materials) and the availability of both construction and permanent financing on favourable terms as a result of increased competition for attractive real estate opportunities. For example, 95 per cent. of Global's principal real estate investments are located in the UAE. There has been growing speculation that the real estate markets in Dubai and other UAE emirates may be subject to correction from their current levels in the near future.

In addition, Global's investments in real estate in general will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include those associated with the burdens of ownership of real property, general and local economic conditions, changes in supply of and demand for competing properties in an area (as a result for instance of overbuilding), fluctuations in the average occupancy and rental rates for residential or commercial properties, the financial resources of tenants, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property tax rates, changes in interest rates, the reduced availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities and contingent liabilities on disposition of assets and other factors that are beyond Global's control. If any of the foregoing were to occur, it could materially adversely affect Global's business, results of operations, financial condition and prospects.

Global's brokerage business may not be successful

Global's brokerage business was formed in January 2008, and, accordingly, has very little operating history. Global is subject to certain of the business risks and uncertainties associated with any new business line, including the risk that it will not achieve its objectives and that the business line will be unable to generate a profit. There can be no assurance that Global's brokerage business will be able to generate sufficient revenue from operations to pay its operating expenses. Global must comply with a number of complex regulations, including brokerage licensing requirements and other compliance issues in a number of jurisdictions in which it operates.

Global also faces competition for its brokerage business from already-established regional and international brokerage service providers, as well as new competitors who may be attracted to opportunities in the GCC and wider MENA region. In addition, Global is dependent on fee-sharing arrangements with licenced floor trading brokers in Kuwait, where it is not licenced as a broker. If Global is unable to maintain these fee-sharing arrangements or acquire a brokerage licence in Kuwait, it may not be able to operate its brokerage business in Kuwait. Any of the above events could materially adversely affect Global's business, results of operations, financial condition and prospects.

Valuation methodologies for certain assets of Global's funds and principal investments can be subject to significant subjectivity and the value of assets established pursuant to such methodologies may never be realised, which could result in significant losses for its funds

There are no readily ascertainable market prices for a large number of illiquid investments of Global's investments, including investments in the private equity of operating companies and real estate properties and investments in funds managed by others. Values of private investments are determined by reference to public market or valuations for comparable companies or assets in the relevant asset class when such amounts are available.

Generally, Global evaluates these assets by applying its internal valuation models. The determination of value using these methodologies takes into consideration a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment.

Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the net asset values of such investments determined by Global do not necessarily reflect the prices that would actually be obtained if such investments were sold or exited. Realisations at values significantly lower than the values at which investments have been reflected in valuations would result in lower than expected return for Global's principal investments and a decline in management fees and incentive fees from Global's managed funds. Changes in values attributed to investments from quarter to quarter may result in volatility in the valuations and results of operations that Global reports from period to period. In addition, a situation where asset values turn out to be materially different from values reflected in prior valuations could cause investors to lose confidence in Global, which would in turn result in difficulty in raising additional funds for or result in redemptions from its managed funds.

Global is exposed to the risk of losses as a result of employee misrepresentation, misconduct or improper practice

Global's employees could engage in misrepresentation, misconduct or improper practice that could expose Global to the risk of direct and indirect financial loss and damage to Global's reputation such as mis-selling to potential investors, engaging in corrupt or illegal practices to originate investment products and services or to place investments, intentionally or inadvertently releasing confidential information or failing to follow internal procedures. It is not always possible to detect or deter employee misconduct, and the extensive precautions Global takes to detect and prevent misconduct may not be effective in all cases. Although Global continues to implement measures to decrease the risks associated with employee misconduct, there can be no assurance that these measures will be successful. Such actions by employees could expose Global to financial losses resulting from the need to reimburse clients, co-investors or other business partners who suffered loss or as a result of fines or other regulatory sanctions, and could damage Global's reputation, which in turn would materially adversely affect Global's business, results of operations, financial condition and prospects.

Global's revenue, net income and cash flow are all highly variable, which may make it difficult for Global to achieve steady earnings growth on a quarterly basis and may cause the price of its Shares to decline

The timing and receipt of income generated by Global's proprietary investments is uncertain and will contribute to the volatility of Global's results. Income from Global's proprietary investments depends on the performance of those investments and opportunities for realising gains, which may be limited. It takes a substantial period of time to identify attractive investment opportunities, to raise the funds needed to make an investment and to realise the cash value of an investment through a sale, public offering, recapitalisation or other exit. Even if an investment proves to be profitable, it may be several years before any profits can be realised. Global cannot predict when, or if, any realisation of investments will occur. Global recognises revenue on investments based on its allocable share of realised and unrealised gains or losses. If Global were to have a realisation event in a particular quarter, it may have a significant impact on Global's results which may not be replicated in subsequent quarters.

In addition, approximately 14 per cent. of total fees received for Global's managed funds for the year ended 31 December 2007 comprise incentive fees based on the performance of such funds. Incentive fees are generally payable to Global at annual intervals if the rate of return of an incentive fee-paying fund exceeds a specified hurdle rate. Certain funds also have higher water marks. The amount (if any) of the incentive fees is therefore dependent on the rate of return of a fund and is subject to volatility. The variation of incentive fees from period to period may cause earnings to be more volatile than if assets were not managed on an incentive fee basis.

Global also earns a portion of its revenue from investment banking engagements, and in many cases is not paid until the successful completion of the underlying transaction, restructuring or closing of the fund. As a result, Global's financial advisory revenue is highly dependent on market conditions and the decisions and actions of its clients, interested third parties and governmental authorities. If a transaction, restructuring or funding is not completed, Global often does not receive any financial advisory fees other than the reimbursement of certain out-of-pocket expenses, despite the fact that Global may have devoted considerable resources to these transactions. The volatility in earnings from any of the foregoing sources may have a material adverse effect on Global's business, results of operations, financial condition and prospects and may decrease its share price.

Global's business may suffer if there is any disturbance to its operational systems or a loss of business continuity

Global operates in businesses that are highly dependent on information systems and technologies and relies heavily on its financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, Global could suffer financial loss, a disruption of its businesses, liability to clients, regulatory intervention or reputational damage. In addition, Global's current information systems and technologies may not continue to be able to accommodate Global's growth. Such a failure to accommodate growth, or an increase in costs related to such information systems, would have a material adverse effect on Global and the cost of improving or upgrading such systems and technologies will be substantial and the cost of maintaining such systems is likely to increase from its current level. Global's business operations and business processes are vulnerable to damage or interruption from fires, floods, extreme weather, power loss, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters or other extreme events. These systems may also be subject to criminal damage, vandalism, theft and similar wrongdoing. Global's core businesses have in place disaster recovery plans covering current business requirements, which have been tested. Suppliers of administration, custody and information technology services and other back office functions have disaster recovery plans and business continuity plans. However, Global currently does not have a comprehensive emergency back-up IT operational system and facility to ensure the continuity of fully-functioning business operations in the event of major business disruption for any reason, including natural or man-made disasters, and if there is a disaster or other disruption and if the disaster recovery plans are found to be inadequate, there could be an adverse impact on Global's business, results of operation, financial condition and prospects.

Further, Global relies on third-party service providers for certain aspects of Global's business, including Microsoft, Reuters and Bloomberg. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the quality of Global's operations and could impact Global's reputation. If any of the foregoing were to occur, it could materially adversely affect Global's businesses, results of operations, financial condition and prospects.

Any deterioration of Global's credit ratings would have an adverse impact on its cost of funding and impact investor's perception of its business

Global was rated "BBB" for its long term debt and "F3" for its short term debt and given a "stable outlook" in June 2007 by Fitch Ratings. Although Global endeavours to maintain this rating or achieve a higher rating, it cannot guarantee that rating agencies will not downgrade its ratings in the future. Furthermore, factors beyond Global's control, such as those relating to the industry or geographic regions in which Global operates may affect the ratings assigned to Global by these agencies.

Any deterioration in Global's credit ratings or a negative outlook given by a rating agency could result in increased funding costs and may limit Global's funding sources or impact Global's liquidity. If any of the foregoing were to occur, it could materially adversely affect Global's business, results of operations, financial condition and prospects.

The historical returns attributable to Global's principal investments and managed funds should not be considered as indicative of the future results of such investments or funds, or of future results

Global has presented in this Prospectus certain information relating to the historical performance of all of its principal investments and its managed funds. The historical and potential future returns of such investments and funds are not directly linked to returns on the Shares or the GDRs. Therefore, potential investors should not conclude that continued positive performance of Global's principal investments and managed funds will necessarily result in positive returns on an investment in the Shares or the GDRs. However, poor performance of such investments and funds would cause a decline in Global's net operating income, and would therefore have a negative effect on its performance and, in all likelihood, the returns on an investment in the Shares of the GDRs.

Moreover, with respect to the historical returns of Global's principal investments and managed funds:

- rates of returns reflect unrealised gains as of the applicable measurement date that may never be realised, which may adversely affect the ultimate value realised from those investments;
- in the past few years, the rates of returns of Global's private equity funds have been positively influenced by a number of investments that experienced rapid and substantial increases in value following the dates on which those investments were made, which may not occur with respect to future investments;
- Global's returns have benefited from investment opportunities and general market conditions, particularly in the GCC region, that may not repeat themselves, and there can be no assurance that its current or future investment funds will be able to avail themselves of comparable investment opportunities or market conditions; and
- the rates of return reflect Global's historical cost structure, which may vary in the future due to factors beyond its control, including changes in laws.

Global's reliance on wholesale funding markets exposes it to short-term credit risks

Global does not have a deposit taking capacity and obtains a substantial majority of its debt funding through instruments that mature in one year or less. Global currently rolls over approximately US$350 million - US$450 million of short-term funding every month. The short-term nature of this funding increases volatility in interest expenses and may impact Global's ability to continue to obtain funding at favourable rates should credit conditions in the GCC region deteriorate.

Risk Factors Relating to Investing in the State of Kuwait and the GCC and wider MENA region

Global's investment in entities in the GCC and wider MENA region exposes it to risks particular to those regions

Global primarily invests its own principal and its managed funds in investment opportunities in the GCC and wider MENA region. In particular, Global makes the substantial majority of such investments in the State of Kuwait. In addition, most of Global's clients are concentrated in the GCC region and, in particular, Kuwait, where 78 per cent. of its clients reside. Any disruption of markets in these regions, and particularly in Kuwait, including armed conflicts, acts of terrorism, uncertain economic prospects or instability, could therefore reduce investment opportunities or returns for Global and its clients, whether as a result of a real or perceived negative impact on the local or international economy, decrease funds available for investment with Global or decrease the demand for Global's products. Further, any disruption in the political stability of these countries could adversely affect the market conditions under which Global operates. For example, the Amir of Kuwait recently dissolved the Parliament and called for new elections after the entire Cabinet resigned on 17 March 2008, less than one year after it had been sworn in. First Deputy Prime Minister and Defense Minister Sheikh Jaber Mubarek al-Sabah submitted the resignation to the Prime Minister citing a lack of cooperation from the Members of the Parliament regarding a public sector pay award. New elections are scheduled for 17 May 2008. No assurance can be given that these events will not cause a disruption in the Kuwaiti market, which may in turn adversely affect Global's operating results. The occurrence of any of the foregoing events could materially adversely affect Global's business, results of operations, financial condition and prospects.

Fluctuations in oil price could adversely affect Global's business

Economies in the GCC region have for the past few years experienced, and continue to experience, rapid growth that has created a favourable environment for Global to originate and place investments in the GCC region. This economic growth is, in particular, attributable to historically high oil prices. Revenues relating, directly or indirectly, to oil prices are one of the primary sources of wealth in the GCC region. There can be no assurance that the price of oil will remain high. In the past the price of oil has been volatile, and if the price of oil were to decrease significantly in real or nominal terms and, as a consequence, economic growth or investment demand in the GCC region were to decline significantly, Global's ability to originate and place investments in the GCC region may be negatively affected. Any such event would have a material adverse effect on Global's business, results of operation, financial condition and prospects.

The GCC and MENA markets are unstable emerging markets subject to increased risk

In investing in emerging markets, Global is exposed to numerous risks that could negatively affect its operations. Most of Global's investments and investment banking mandates are concentrated in emerging markets in the GCC and wider MENA region, South Asia and South East Asia. For instance, the majority of Global's principal real estate investment portfolio is currently concentrated in the UAE where real estate prices have increased dramatically over the past five years, and may be inflated by speculative investors.

Investments in companies and other entities in emerging markets may be speculative and involve a high degree of risk. Risks include, but are not limited to:

- greater risk of expropriation, confiscatory taxation, nationalisation, social and political instability (including the risk of changes of government following elections or otherwise) and economic instability;
- relatively low liquidity and high price volatility;
- certain national policies that may restrict Global's investment opportunities, including restrictions on investing in industries or issuers deemed sensitive to national interests;
- legal uncertainties, including: (i) a weak judicial system or the absence of developed legal and regulatory structures governing private or foreign investment and private property; and (ii) culturally and historically limited cognisance and acceptance of the rule of law;
- the potential for higher rates of inflation or hyper-inflation;
- currency risk and the imposition, extension or continuation of foreign exchange controls;
- interest rate risk;
- lower levels of democratic accountability;
- differences in accounting standards and auditing practices which may result in unreliable financial information;

- underdeveloped corporate governance frameworks; and
- corruption.

Investor risk aversion to emerging markets can have a significant adverse effect on the value or liquidity of investments made in or exposed to such markets, and can accentuate any downward movement in the actual or anticipated value of such investments that is caused by any of the factors described above. If any of the foregoing risks were to materialise, it would materially adversely affect Global's business, results of operations, financial condition and prospects.

The GCC countries have relatively high inflation rates, and their stock and real estate markets may be subject to correction

The GCC countries have experienced relatively high rates of inflation in recent years. The 2007 inflation figures for Kuwait and Saudi Arabia were 5.5 per cent. and 4.1 per cent., respectively. The latest inflation figures publicly available for UAE and Jordan (2006) were 9.3 per cent. and 6.3 per cent., respectively. If these countries continue to have high or unpredictable inflation rates, it may discourage investments in Global's managed funds by Global's existing and potential clients due to the negative impact that such levels, or inflation volatility, may have on investment returns. This may cause Global to curtail its principal investment activities.

The market capitalisation of the GCC region's stock markets have increased dramatically in recent years. The UAE's real estate market, in which 95 per cent. of Global's principal real estate investments are located, has more than doubled in value in the past four years. As global stock and real estate market conditions have been deteriorating since July 2007, increased price volatility in the GCC markets may negatively affect Global's investment performance. Further, there has been growing speculation that the GCC markets, especially the stock and real estate markets in Dubai and other UAE emirates, may be subject to correction from their current levels in the near future. If any of the foregoing were to occur, Global's business, results of operation, financial condition and prospects would be materially adversely affected.

Legal and regulatory systems in the GCC region, in particular in Kuwait and Saudi Arabia, and other jurisdictions where Global operates may create an uncertain environment for Global's investment and business activities

The GCC region, particularly Kuwait and Saudi Arabia, is in the process of developing legal and regulatory systems that are not yet as firmly established as they are in the industrialised countries. These countries may experience changes in its economy and government policies including, without limitation, policies relating to foreign ownership, taxation, repatriation of profits and property that may affect Global's business.

No assurance can be given that the GCC governments will not implement regulation or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which would have a material adverse effect on Global's business, results of operations, financial condition and prospects.

It may be difficult to enforce foreign judgments in Kuwait

Under Kuwaiti law, foreign judgments are enforceable (without re-trial or examination of the merits of the case) in the event that: (i) there is reciprocity in the foreign jurisdiction, i.e., the foreign court where the judgment was issued allows for the enforcement of Kuwaiti judgments; and (ii) the following conditions are met: (a) the judgment was rendered by a competent court, in accordance with the laws of the jurisdiction where it was rendered; (b) the parties to the case were properly summoned to appear and duly represented at the proceedings; (c) the judgment has become res judicata in accordance with the laws of the jurisdiction where it was rendered; (d) the judgment is not in conflict with a judgment already rendered by a Kuwaiti court; and (e) the judgment does not contain anything that is in violation of Kuwaiti public policy or morality as determined by Kuwaiti courts at their discretion.

Kuwaiti courts have not readily enforced foreign judgments not obtained in a GCC or Arab country. There is no treaty between Kuwait and the United Kingdom or the United States that affords such required reciprocal treatment. There are no known instances of English or U.S. courts enforcing Kuwait judgments, while there are contradictory precedents in Kuwait by the Kuwait Court of Cassation with regard to the enforcement in Kuwait of a court judgment issued by the English courts. A lower court has previously issued an enforcement order with respect to a judgment issued by a Court in the State of California. Therefore, there is uncertainty with respect to Kuwaiti Courts' position in respect of the enforcement of judgments of the English or U.S. courts in Kuwait and there can be no assurance that any foreign judgments (including those of the English or U.S. courts), in relation to a dispute arising out of the GDRs, will be enforced by the Kuwaiti Courts. Enforcement of a foreign judgment in Kuwait requires the filing of an enforcement action in the courts of Kuwait. The procedures before the courts of Kuwait, including an enforcement action, can take a relatively long time before the court issues a final judgment that is not subject to appeal. In addition, the formal system of reporting court decisions in Kuwait is not similar to, and less efficient than, systems of reporting court decisions in the United States, United Kingdom or Europe. These factors can sometimes create judicial uncertainty.

Global is subject to currency-related risks that could adversely affect its results of operations

Global is exposed to foreign currency fluctuations. Many GCC countries have their currencies pegged to the US dollar, which has been experiencing a prolonged period of weakness against several other major world currencies. Several of these countries are currently examining alternatives to a US dollar peg, such as using a basket of currencies to determine the value of their respective currencies. If one or more of the GCC countries were to change the valuation of its currency, it could have a material adverse effect on the value of a portion of Global's principal investments or the value of one or more of its managed funds which, in turn, may adversely affect its business, results of operations, financial condition and prospects.

Kuwaiti courts may not accept the choice or application of English law

Kuwaiti law permits Kuwaiti courts to apply foreign substantive law in certain events as referenced and detailed in the Kuwaiti Conflict of Laws Decree, Law No. 5 of 1961. In this instance, Kuwaiti courts would respect English law as the governing law in the relevant agreements, provided, however, that the choice or application of English law does not contravene public policy or offend the morals of the Kuwaiti public. Whether a particular foreign law is consistent with Kuwaiti public policy and morality standards is a question of fact that must be determined by the Kuwaiti Courts at their discretion, prior to the actual enforcement of said governing laws in Kuwait.

Risks Related to Regulatory and Legal Matters

A regulatory breach may result in enforcement measures or subject Global to significant penalties and could adversely affect its reputation, any of which could result in a significant decline in Global's business

Although Global seeks to comply with all applicable regulatory requirements, any possible future breach of regulatory requirements may result in enforcement measures. There is a risk that, in the case of severe or repeated breaches of the regulatory requirements in any jurisdiction, the licences of Global or its subsidiaries could be revoked or limited. Possible sanctions could also include the revocation of licences to operate certain businesses, the suspension or expulsion from a particular jurisdiction or market of any of Global's business organisations or their key personnel, the imposition of fines and censures of Global's employees or Global and the imposition of additional capital requirements.

Regulators of the financial services industry typically have a wide range of interpretive and enforcement powers in the event they favour stricter regulation or discover any irregularities. Public trust and confidence are critical to Global's business, and any material loss of investor or client confidence as a result of a breach or an alleged breach of regulatory requirements could result in a significant decline in investments, which would have a material adverse effect on Global's business, results of operations, financial condition and prospects.

Regulation of financial services in the markets in which Global operates is increasing and likely to continue to increase

All of Global's business divisions are subject to extensive regulation, including periodic examinations by governmental and self-regulatory organisations in multiple jurisdictions, each of which may have separate regulatory requirements governing industry segments. The regulations to which Global is subject may not be uniform or harmonised. In addition, Global may become subject to more stringent regulations in the future. It is also possible that laws and regulations could be amended or interpreted in a manner that would be adverse to Global and its current operations.

In this regard, during the past year, governments, legislators, regulators and industry groups in Europe and the United States have actively been discussing and evaluating whether private equity funds, hedge funds or other funds for non-retail investors should be subject to more extensive regulation in such areas as disclosure, corporate governance, licensing of funds and their employees. This regulatory interest appears in the recent past to have had, and may in the future have, an influence on regulators in the GCC region. For example, regulators in the GCC region have sought from Global information about the disclosure that Global provided to investors in Global's various fund products, in particular with regard to fees and use of proceeds. Given the general global trend towards enhanced disclosure and protection of investors and securities markets, Global faces the possibility of continued or increased scrutiny of its business by regulators in the GCC region and in other markets in which Global may hold investments or operate.

If regulation becomes more stringent and restricts Global's business (such as, for example, minimum standard conditions for products or stricter regulation relating to fees), or negatively affects the investment performance of products offered, Global's business and revenues could be adversely affected. A more stringent regulatory regime may also result in substantially higher compliance costs that would affect Global's profitability. Tougher regulations could effectively preclude Global from offering certain products or operating in certain jurisdictions. For additional information on the regulatory schemes that are applicable to the Company and its investments, see *"Regulation"*.

Many of these regulators, including foreign government agencies and self-regulatory organisations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of an investment adviser or broker-dealer from registration or memberships. Due to the fragmented status of investment management regulation and the complexity of certain of Global's products, the Company cannot completely mitigate the risk that despite its thorough compliance efforts, products may be in violation of relevant laws or regulations, such as, for example, laws or regulations regarding which products may be publicly distributed without a licence, or what type of distribution methods may qualify as a non-public distribution. Even if an investigation or proceeding does not result in a sanction or the sanction imposed against Global or its personnel by a regulator were small in monetary amount, the adverse publicity relating to an investigation, proceeding or imposition of sanctions could harm Global's reputation and cause Global to lose existing clients or fail to gain new clients. In the event of a severe violation, or repeated violations, of the regulatory requirements in any jurisdiction, the result could be the suspension or expulsion of business or key personnel from a particular jurisdiction or market, the imposition of fines and censures on employees or the Company and the imposition of additional regulation and harm to Global's reputation. Any of these events would materially adversely affect Global's business, results of operations, financial condition and prospects.

Global is subject to anti-money laundering and other regulations and exposed to the risks arising from any non-compliance and to the risk that more stringent rules will impose high costs and restrictions on its business

Global is subject to laws in Kuwait relating to the prevention of money laundering. Generally, Global is required to conduct a know-your-customer ("**KYC**") investigation of each customer and any other beneficial owners of relevant assets and to notify the authorities if Global suspects that assets involved in a transaction or a business relationship originate from criminal activity. For cultural and religious reasons, it is more difficult to obtain KYC documentation in the GCC region compared to Western countries. Global is subject to anti-money laundering regulation in many of the other jurisdictions with which Global has dealings, particularly the United Kingdom. In recent years, Global has experienced increased anti-money laundering regulation in those jurisdictions. Furthermore, other jurisdictions with which Global has dealings have proposed or adopted regulations to strengthen prohibitions on money laundering and terrorist financing, as well as on tax evasion.

Non-compliance with the obligations imposed by law could lead to the imposition of fines and other penalties. Failure to verify the identity of the beneficial owner with the level of diligence required under the circumstances would be an offence and could subject Global to regulatory sanctions and reputational damage. Monitoring compliance with ever more stringent anti-money laundering rules may place a significant financial burden on Global and pose technical problems. Global cannot guarantee that it is in compliance with all applicable anti-money laundering rules at all times or that its anti-money laundering standards are being consistently applied by employees in all circumstances. In addition, when Global invests as a limited partner, it is reliant upon the anti-money laundering procedures of its relevant general partner, and may become exposed to sanctions as a result of non-compliance by other parties beyond its control. Any violation of anti-money laundering rules or even a suggestion of such violations may have legal and reputational consequences for Global and may adversely affect its business, results of operations, financial condition and prospects.

Global is exposed to substantial legal risks that may arise in the conduct of business and the outcome of related legal claims may be difficult to predict

Global faces substantial legal risks in its business. Both the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services providers are increasing. These risks could potentially involve disputes over the terms of transactions in which Global acts as principal, intermediary or otherwise.

Companies in Global's industry are increasingly exposed to claims (with or without merit) for recommending investments that are not consistent with a client's investment objectives, providing inadequate disclosure to clients or engaging in unauthorised or excessive trading. In addition, to the extent clients suffer losses resulting from fraud, gross negligence, wilful misconduct or other similar misconduct, they may have remedies against Global, its senior management or Global's affiliates. While its management and investment professionals, including its directors, officers, other employees and affiliates, are generally indemnified to the fullest extent permitted by law with respect to their conduct in connection with the management of the business and affairs of the Company, such indemnity does not extend to actions determined to have involved fraud, gross negligence, wilful misconduct or other similar misconduct. During a severe downturn in the markets in which Global operates, these claims could increase.

Many of Global's products are structured to comply with regulatory holding periods and other requirements. Although Global believes that those structures will withstand scrutiny by the relevant regulatory authorities, an adverse decision by a court or regulatory authority with respect to one or more of Global's products' structures may lead to litigation against Global from clients and other parties, which could lead to reputational and financial losses.

In addition, product offerings are structured to protect each product from the liabilities of other products and aspects of the Company business under applicable law. It is possible that the courts or authorities in certain jurisdictions will not respect this limited liability arrangement, which could result in damages to investors in one portion of Global's business if required to assume potential liabilities of another portion of the business. This could lead to reputational and, indirectly, financial losses. If any of the foregoing were to occur, it could materially adversely affect Global's business, results of operations, financial condition and prospects.

Risks Related to the Offering

The Offering is conditional upon the approval of the Offer Price at an ordinary General Assembly of Global's shareholders to be held after the date of this Prospectus

Due to the passing of Sheikh Saad Abdullah al-Sabah, a former Amir of Kuwait, on 13 May 2008, the Kuwaiti government declared three days of mourning, during which, among other things, Kuwaiti government ministries were closed. As a result, the ordinary General Assembly called to approve the Offer Price and scheduled to take place on 15 May 2008, which must be attended by an official from the Kuwaiti Ministry of Commerce and Industry (the **"MOCI"**), had to be postponed until 18 May 2008, the first business day after 15 May. The Offering is conditional on approval of the Offer Price by an ordinary General Assembly scheduled to take place on 18 May 2008. If for any reason the ordinary General Assembly does not approve the Offer Price, the Joint Bookrunners may, in their sole discretion, terminate the Offering or agree with the Company to postpone the Closing Date. Should the Offering be terminated, all conditional dealings in the GDRs will be of no effect, and any such dealings will be conducted at the sole risk of the parties concerned.

Global's Senior Management hold a beneficial interest in a significant portion of the Shares and, accordingly, management decisions may be influenced by the preferences of such shareholders

Immediately after the Offering, Senior Management will have a beneficial interest in, directly or indirectly (through holding companies, personal trusts or otherwise), 2.59 per cent. of the Shares. Those individuals are in charge of devising and implementing Global's strategy, supervising its investment management activities and directing all other critical aspects of its business. Their interests as shareholders may directly or indirectly influence the decisions of these individuals as directors or managers. The preferences and interests of those large shareholders may be different from the preferences and interests of other shareholders, such as holders of the GDRs. See *"Business — Share Schemes"*.

The Company expects to be classified as a passive foreign investment company for U.S. federal income tax purposes

Global expects to be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. If Global is or becomes classified as a PFIC, U.S. holders of GDRs could be subject to materially adverse tax consequences. Prospective U.S. holders are urged to review the discussion under *"Taxation — United States Federal Income Tax Consideration — Passive Foreign Investment Company Rules"* below and to consult their tax advisors regarding the consequences of an investment in the GDRs if Global is classified as a PFIC.

There is no prior public market for the GDRs

To date, there has been no public market for the GDRs. The offering price for the GDRs will be determined in agreement with the Joint Bookrunners following a book-building process conducted in connection with the

Offering, with reference to the current share price. Due to the absence of a prior market for the GDRs, the offering price may not accurately reflect the market price of the GDRs following the Offering.

An active trading market for the GDRs may not develop or continue after the Offering and the market price for the GDRs may be volatile following the Offering

Although the GDRs are expected to be listed on the Official List of the UKLA and admitted for trading on the LSE's market for listed securities, there is no guarantee that active trading in the GDRs will develop and continue after the Offering. If no active trading in the GDRs develops or continues after the Offering, there could be a material adverse effect on the liquidity and market price of the GDRs. In the past, the prices of securities offered publicly for the first time have been subject to considerable fluctuations that may not have reflected the business or financial success of the particular company. The market price for the GDRs could also be negatively influenced by adverse developments affecting the investment climate in Europe, the United States, the Middle East or other financial markets or changes in the general conditions of the global economy and financial markets. In addition, geopolitical factors including war or acts of terrorism may adversely affect the market price of the GDRs.

There has been a limited trading market for the Shares and there is no assurance as to the liquidity of the Shares underlying the GDRs

Although the Shares have been traded on the KSE under the symbol "GLOBAL" since May 2003, on the BSE under the symbol "GLOBAL" since October 2004, and on the DFM under the symbol "GLOBAL" since September 2005, the KSE, the BSE and on the DFM are substantially smaller in size and trading volumes than more established securities markets, such as those in the United Kingdom and the United States. No assurance can be given as to the liquidity in the markets on the KSE, BSE or DFM for the Shares. In addition, brokerage commissions and other transaction costs related to trades effected on the KSE, BSE and DFM may be higher than those of other securities exchanges, and transaction settlement may in some instances be subject to administrative delays by the clearing banks. Such factors could generally also decrease liquidity and increase the volatility of the price of the Shares, which in turn could increase the volatility of the price of the GDRs and impair the ability of a holder of a GDR to sell any Shares withdrawn under the Deposit Agreement in the amount and at the price and time such holder may wish to do so. For additional information on Global's historical trading volume and per share price, see *"Trading Market Information"*.

Global's ability to pay dividends to the holders of the GDRs is dependent on the availability of distributable profits

Global's ability to pay dividends to the holders of the GDRs depends on the availability of sufficient distributable profits. Global cannot offer any assurance that distributable profits will be available in any given fiscal year. Even if there are sufficient distributable profits available, Global may not pay a dividend for a variety of reasons. Payment of future dividends will depend on earnings, strategy, future outlook, financial condition and other factors, including regulatory and liquidity requirements, as well as tax and other legal considerations. The terms of the Deposit Agreement may also restrict the Company's ability to pay dividends. For additional information regarding Global's dividend policy, see *"Dividends and Dividend Policy"*.

The impact of recent changes to Kuwaiti tax law is uncertain

Kuwaiti tax legislation was recently amended pursuant to Law No.2 of 2008 "Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955", dated 3 February 2008, to, among other things, reduce the income tax rate applicable to cash dividends received by foreign corporate investors from Kuwaiti companies listed on the KSE. Within six months of the date of publication of this amendment, the Ministry of Finance is required to issue implementing regulations which may change current interpretations of Kuwaiti tax law and may clarify some of the uncertainties surrounding the tax positions of the Ministry. Based on informal meetings the Company had with the Directorate of Income Tax (the "**DIT**") of the Ministry of Finance of the State of Kuwait (the "**Ministry of Finance**") and also on the opinion of the Company's Kuwaiti counsel, the Company believes that: (i) a foreign corporate investor that owns shares listed on the KSE will be subject to tax on cash dividends at the rate of 15 per cent.; (ii) any profits resulting from trading on the KSE are not subject to Kuwaiti income tax; and (iii) undistributed profits of a Kuwaiti company listed on the KSE would not be subject to Kuwaiti income tax, as there is no clear legal basis for taxing undistributed profits; and (iv) non-cash distributions to foreign corporate investors are not subject to Kuwaiti income tax. No ruling will be sought by the Company from the Directorate of Income Tax as to whether it agrees with the Company's understanding of the effect of the amendment on the Kuwaiti tax legislation described above, and whether it will interpret the amendment accordingly when promulgating regulations in respect thereof or otherwise. Accordingly, the Company cannot assure any investor that the Directorate of Income Tax will interpret the amendment in the manner described above or, in the event of a legal challenge, of how a local court will interpret the amendment. Risks associated with a different interpretation of the amendment that is adverse to potential investors in the Offering include taxation on amounts other than declared and paid dividends and the sale by the Depositary of Shares underlying the GDRs to satisfy such taxes as set forth in the Deposit Agreement. Any investor considering an investment in the GDRs should therefore consult its own tax advisers about the Kuwaiti tax implications of such investment. Further details of the amendment and the Company's understanding of such amendment are contained in "Taxation—Kuwait Tax Considerations".

Investors may not be able to enforce judgments of the courts of the United States or the United Kingdom against Global or Global's Senior Management

Global Investment House K.S.C.C. is incorporated in the State of Kuwait. All of its directors and executive officers named in this Prospectus reside outside the United States and the United Kingdom. Substantially all of its assets are located outside the United States and the United Kingdom. As a result, it may not be possible for prospective investors to effect service of process within the United States or the United Kingdom upon Global's directors and executive officers named in this Prospectus who reside outside the United States and United Kingdom or enforce, in the United States or the United Kingdom, court judgments obtained in courts of the United States or the United Kingdom, as the case may be, against Global or any of its directors and executive officers named in this Prospectus and who reside outside the United States and United Kingdom in any action, including actions under the civil liability provisions of federal securities laws of the United States.

In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States or the United Kingdom, liabilities predicated upon United States or United Kingdom securities laws.

If any claim relating to the information contained in this document is brought before a court in the European Economic Area, the shareholder or investor who brings such a claim might, under the national legislation of the EEA states, have to bear the costs of translating this document before the legal proceedings are initiated.

Future sales by shareholders or equity offerings by Global may affect the market price of the GDRs

Future sales of substantial amounts of Shares by Global's shareholders or equity offerings by Global or even the perception that such a sale or offering might occur may adversely affect the market price of the GDRs. In particular, the limited trading market for the Shares makes it more likely that any sell down could lead to a significant price change. In addition, any future equity offerings by Global may reduce the proportional ownership interests of Global's existing shareholders, including holders of interests in the Shares through the GDRs, if new Shares are issued on a non-preemptive basis. Newly issued securities may also have rights, preferences or privileges attached to them that are senior to those attached to the GDRs.

Investors' voting rights with respect to Shares represented by GDRs are limited by the terms of the Deposit Agreement

Holders of GDRs will have no direct voting rights with respect to the Shares represented by their GDRs. Holders will be able to exercise voting rights with respect to Shares represented by the GDRs only in accordance with the provisions of the Deposit Agreement and the relevant requirements of Kuwaiti law. However, there are practical limitations upon the ability to exercise voting rights due to the additional procedural steps involved in Global's communication with GDR holders. GDR holders will not receive notice directly from Global, but from the Depositary, which has undertaken, in turn, to distribute to record holders of GDRs notice of any such meeting, copies of voting materials (if and as received by the Depositary from Global) and a statement as to the manner in which voting instructions may be given by holders. To exercise their voting rights, GDR holders must instruct the Depositary how to vote Shares represented by the GDRs they hold. Because of this additional procedural step involving the Depositary, the process for exercising voting rights may take longer for holders of GDRs than for holders of Shares and Global can give no assurance that investors will receive voting materials in time to enable them to return voting instructions to the Depositary in a timely manner.

GDR holders will not have the benefit of dissenting or minority shareholders' rights in respect of an event or action in which the holder or beneficial owner has instructed the Depositary to vote against, or with respect to which the holder or beneficial owner has not given the Depositary voting instructions. See *"Terms and Conditions of the Global Depositary Receipts"* for a description of the voting rights of holders of GDRs. As a result, holders may experience significant difficulty in exercising voting rights with respect to Shares underlying the GDRs.

USE OF PROCEEDS

The gross proceeds that Global expects to receive from the sale of the GDRs (including GDRs representing the Option Shares) pursuant to the Offering are US$1,150 million. After deducting commission and other estimated fees and expenses incurred in connection with the Offering, the Company expects to receive net proceeds of approximately US$1,126 million.

Global currently intends to use the net proceeds of the Offering as follows:

- up to 25 per cent. of the proceeds to fund the Company's geographic expansion in the GCC and wider MENA region, including acquisitions of investment banking, asset management and brokerage licences, establishing local offices and entering into joint ventures;
- up to 25 per cent. of the proceeds to co-invest in a number of Global's managed funds in the short and medium term; and
- up to 50 per cent. of the proceeds for the acquisitions to further support its expansion strategy, including (i) an asset management company operating in emerging markets; (ii) an asset management company operating in the developed markets with a focus on investing in the GCC region; and/or (iii) a commercial bank operating in the GCC region.

Any remaining proceeds of the Offering will be used for general corporate purposes.

DIVIDENDS AND DIVIDEND POLICY

The Board has historically paid out a dividend that represents between 40 and 60 per cent. of Global's net income for the then most recently completed financial year. The Board believes that this is in line with other Kuwaiti and GCC investment banks and investment companies, but will continue to evaluate this in line with investor expectations. Global may at its discretion revise its dividend policy from time to time, particularly in consideration of the recent Kuwaiti tax law amendments which impose a 15 per cent. tax on dividends declared on any Kuwaiti listed shares to foreign investors who are not individuals (regardless of their place of residence or domicile). Future dividend payments will depend upon a number of other factors, including but not limited to, operational performance, financial results, financial situation and prospects, as well as cash and liquidity requirements (including capital expenditure and investment plans), market situation, legal, regulatory and contractual restrictions, tax and such other factors as the Board may deem relevant at the time. Investors who are a holder of record of the GDRs will be entitled to receive dividend payments. For information on any withholding tax applicable to such amounts for distribution to GDR holders, see "*Taxation – Kuwait Tax Considerations*".

For the financial years 2005 to 2007, Global allocated in its annual accounts the following amounts of dividends to its shareholders:

Financial Year	Date of Resolution	Dividend per Share (KD)	Total number of Shares	Total amount of dividend (KD)
2005	21 March 2006	0.07	273,628,571	19,154,000
2006	14 March 2007	0.05	684,000,000	34,200,000
2007	26 March 2008	0.05	855,380,000	42,769,000

CAPITALISATION

The following table sets forth Global's consolidated capitalisation as at 31 March 2008, and as adjusted to give effect to the Offering.

	As at 31 March 2008	
	Actual	As Adjusted(1)
	(KD thousands)	
Cash and cash equivalents	60,257	60,257
Short-term borrowings	284,057	284,057
Wakala payables	134,158	134,158
Total short-term debt	418,215	418,215
Medium-term borrowings	82,429	82,429
Bonds	65,000	65,000
Equity		
Share capital	94,551	125,218
Share premium	91,873	361,265
Share options reserve	2,015	2,015
Statutory reserve	27,765	27,765
General reserve	27,765	27,765
Treasury shares	(7,658)	(7,658)
Treasury shares reserve	2,407	2,407
Fair value reserve	3,359	3,359
Foreign exchange revaluation reserve	(3,022)	(3,022)
Retained earnings	70,036	70,036
Equity attributable to the shareholders of the parent company	309,091	609,150
Minority interest	5,818	5,818
Total equity	314,909	614,968
Total capitalisation(2)	462,338	762,397

(1) After giving effect to the Offering, net of total commissions, fees and expenses of KD6.3 million.

(2) Equals the total of medium-term borrowings, bonds and total equity.

Except as set forth above, there have been no material changes to Global's capitalisation since 31 March 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is derived from and should be read in connection with the Consolidated Financial Statements and the related notes thereto, included elsewhere in this Prospectus. The following discussion of Global's financial condition and results of operations contains forward-looking statements that are based on assumptions about its future business development. As a result of many factors, including the risks set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus, Global's actual results may differ materially from those anticipated by these forward-looking statements. In addition, because the amount and timing of Global's revenues can vary significantly, its operating results are susceptible to fluctuations and may be volatile. In its audited financial statements and in this Prospectus, ***Global uses the term "net operating income" to refer to its revenue.***

Overview

Since its founding in 1998, Global has grown rapidly to become one of the leading asset management and investment banking companies in the GCC and the MENA regions. Global has one of the largest asset management businesses in the region by reference to AUM. Global also has one of the largest principal investment and proprietary trading operations in the region by asset size. As an investment bank, Global is a leading manager of private placements and public offerings and acts as a strategic advisor to corporations, governments, institutions and individuals in the GCC region. Global has access to a client base of approximately 6,500 individuals and institutions that are predominantly based in the GCC region.

Global's operations are divided into five business divisions:

- Asset Management — this division provides third party fund management and portfolio management services to approximately 6,500 clients who are predominantly based in the GCC region.
- Principal Investments & Treasury — this division undertakes the following activities for Global's own account: (i) co-investments in its managed funds with its clients; (ii) strategic investments for its geographic expansion; (iii) private equity and private investment in public equity, which includes investments in related financial services companies or in private placements and public offerings with Global's investment banking clients and other investments made across the GCC and wider MENA region to develop a track record in private equity investments; (iv) proprietary trading; and (v) investments in fixed income securities. The Company's treasury group is placed in this division, and manages Global's capital, liquidity and foreign exchange activities. The treasury group is responsible for the division's proprietary trading and fixed income investments, as well as loans and future trade financings for margin customers.
- Investment Banking — this division provides a range of investment banking products and services, including acting as lead manager for private placements and public offerings of equity and debt securities in the GCC and the wider MENA region, as well as corporate structuring, mergers and acquisitions and general corporate advisory service, to approximately 120 clients who are predominantly based in the GCC regions.
- Real Estate — this division, which was established in January 2006, invests or co-invests in a variety of commercial and residential properties and real estate development projects. The Company's current property portfolio comprises of a land bank and built-up areas acquired at a cost of KD100.4 million (US$367.2 million) that is located entirely within the GCC region, particularly the UAE.
- Brokerage — this division commenced its operations in January 2008 to build upon Global's strong regional client base in asset management and investment banking, as well as its in-house trading and research capabilities. The Company's aim is to capitalise on the high growth opportunities for brokerage business in the GCC and wider MENA regions. Global has recently launched on-line trading over the KSE and conventional trading and brokerage services across a range of the GCC and MENA-based stock exchanges.

In addition, Global also has in-house research and index team of 26 analysts, which provides research support for all of Global's businesses, and provides periodic research reports and daily stock index services to its clients.

Factors Affecting Global's Financial Results

Ability to Identify and Act upon Investment Opportunities

The success of Global's Principal Investment, Asset Management, Investment Banking and Real Estate divisions depends on its ability to identify and act upon investment opportunities that it believes offer the best potential for positive returns. Global bases its investment decisions on its analyses of risk and return profiles of investment opportunities, as well as its study of macro-economic market conditions and industry and sector analyses.

Ability to Generate Fee Income through Asset Management Products

Global generally charges placement fees, annual management fees and incentive fees in connection with its asset management services. These fees constituted 42.4 per cent., 99.4 per cent., 69.0 per cent., 59.1 per cent. and 47.2 per cent. of the fee and commission income earned by Global in the three months ended 31 March 2008 and 2007, and the years ended 31 December 2007, 2006 and 2005, respectively. These fees depend upon the number and size of the investments clients make into funds managed by Global in a given period, the type of funds in which these clients invest, the size and performance of Global's funds and the number of funds that have been exited in a given year. Fee income also depends, in part, on Global's ability to enhance the attractiveness of its products and services to existing and potential clients, including offering new or innovative fund products.

Ability to Exit Principal Investments Successfully and Within Anticipated Timeframes

Many of the principal investments Global makes are in companies whose shares trade on regional markets, or in private equity, real estate or other alternative investments, and therefore may be relatively illiquid at any given time. In order for Global to realise gains on its investments, it must seek appropriate exit strategies, which may include public flotation of shares, mergers, block trades or other private sales to one or more investors.

Ability to Continue to Fund its Principal Investments

In addition to providing the majority of its net operating income and profits, Global believes its success in its Principal Investments division has enhanced its reputation throughout the GCC and wider MENA regions. While Global believes its ability to research potential investments of its own principal is key to its success, it has a limited ability to anticipate when favourable investment opportunities will arise and must be able to access funding at relatively short notice. To date, Global has met its capital requirements through a combination of funding generated through its business operations and short and medium-term debt financing issued by a number of local and international commercial lenders. Global's believes its continued ability to make principal investments on favourable terms depends on its ability to continue to access sufficient funding on favourable terms.

Ability to Identify and Pursue Investment Banking Mandates

The success of Global's Investment Banking division depends primarily on its ability to identify, pursue and win investment banking mandates. Global works to leverage its reputation in producing positive returns in its principal investments to generate interest in its investment banking services from its existing and other institutional clients in the region. Global's success also depends on Global's ability to provide value-added investment banking products and services.

Performance of Global's Real Estate Investments

Global invests in a number of real estate opportunities. Global's income from its real estate investments and co-investments depends on the performance of the underlying real estate investments. Currently, all of Global's real estate investments are in the UAE and primarily in Dubai. Property prices in this market, and particularly in Dubai, have risen dramatically over the past five years, and it is unlikely that prices will continue to increase at the same pace or at all in the future. Global may not be able to realise gains in future periods if it is not able to sell or derive sufficient rental or lease income from its investments.

Ability to Successfully Launch the Brokerage Division

The success of Global's Brokerage division depends primarily on its ability to build upon its reputation as a leading regional asset manager and investment bank to identify new brokerage clients and to cross-sell brokerage services to its existing asset management and investment banking clients.

Global's Ability to Continue to Expand in the GCC Region

The vast majority of Global's clients are institutions and high net worth individuals in the GCC region. High levels of liquidity and rapid wealth creation in the GCC region due to high oil prices and GDP growth have considerably increased investable wealth in the region. This rapid growth in recent years, together with Global's ongoing marketing efforts, has enabled it to increase placements of its products to investors in the GCC region, which has in turn contributed positively to its results of operations. A deterioration in Global's ability to place products with investors in the GCC region — whether as a result of an economic slowdown, increased competition for clients and investments, damage to Global's reputation, an inability to realise gains on its investments, difficulty in its compliance with multiple regulatory regimes or a number of other risks — would have a negative effect on its results of operations.

Changes in General Economic or Investment Specific Conditions May Affect Value of Investments

Changes in general economic and market conditions regionally or globally, such as rising or falling equity markets or oil prices, may affect the value of Global's investments and the availability of new investment opportunities, as well as the overall amount of investable wealth in the GCC and wider MENA regions. Any positive or negative changes in business fundamentals or any specific condition, event or issues that may arise in respect of such investments could materially impact the value of such investments.

Competition for Clients and Deal Flow

As a result of the significant investable wealth created principally by the oil and gas sector, the GCC and the wider MENA regions have attracted an increasing number of regional and international investment banks, commercial banks, investment funds and other financial institutions seeking to offer financial products and services to institutional investors and high net worth individuals in the region. Further, as regional investors increasingly seek out and become more familiar with a wider array of investments, additional competitors are likely to be attracted to the area. Global's ability to maintain its existing client base and attract additional clients directly affects its growth and ability to place products with its investors, which in turn affects its results.

In addition, Global's ability to generate fees depends on its access to potential investment opportunities. The most attractive opportunities are pursued by an increasing number of investors and managers with an increasing amount of funds to invest. Although there are an increasing number of asset management, principal investment, investment banking, real estate and brokerage opportunities in the region, there is also a finite set of available opportunities in these areas at any given time.

Explanation of Key Financial Statement Items

Net Operating Income

Global's net operating income is primarily composed of net gain on financial assets designated at fair value through statement of income, net gain on financial assets held for trading, interest and similar income and fee and commission income. For the three months ended 31 March 2008, net operating income included a substantial gain on disposal of subsidiaries and significant contributions from net gain on investment properties and interest and similar income. For the year ended 31 December 2007, net operating income also included a substantial gain on disposal of subsidiaries and significant contributions from other operating income and gain on the disposal of associate. Gains on disposals of subsidiaries and associates represent the sale of principal investments, not disposals of core operating divisions.

Net Gain on Financial Assets

Financial assets held for trading comprise short-term equity investments made to realise trading income. Financial assets designated at fair value through statement of income comprise mid- to long-term principal investments in any disposals of Global's managed funds, private equity and public equity. The investment period and percentage ownership vary depending on the strategic importance of such investments to Global's long-term business objectives. Net gain on financial assets held for trading is mainly comprised of trading income on disposal of long positions in GCC equity stocks, and is reflected in the financial results of the Principal Investments & Treasury division. Net gain on financial assets designated at fair value through statement of income is mainly comprised of (i) realised gains on disposal of private equity investments or private investments in public equity that are not accounted for as associates or subsidiaries and (ii) unrealised gains on Global's principal investments in financial assets. Such gains are reflected in the financial results of the Principal Investments & Treasury division.

Gain on Disposal of Subsidiaries

Gain on disposal of investments in subsidiaries, which is reflected in the financial results of the Principal Investments & Treasury division, comprises realised gains on disposal of principal investments for which Global owned more than 50 per cent. of the issued and outstanding shares of capital stock, but which do not constitute core operating divisions of the Company. The increase in the percentage gain on disposal of subsidiaries contributed to net operating income in 2007 was attributable to the sale of substantial interests in two companies.

Fees and Commission Income

Fees and commission income has four components: (i) fees from managing fiduciary assets, including annual management fees and incentive fees and placement fees relating to asset management, custody and similar trust and fiduciary activities of Global's Asset Management division, which are principally driven by the number and size of the funds Global manages for its asset management clients; (ii) investment banking and advisory fees relating to activities of Global's Investment Banking division; (iii) brokerage fees and commission from Global's real estate brokerage services conducted by its Real Estate division; and (iv) other fees and commission relating to activities of Global's Investment Banking division.

The primary components of fees and commission income are management fees and investment banking and advisory fees. Global's investment banking and advisory fees are comprised of: (i) fee revenues generated from the equity capital market group's seed capital financing, private placements and initial and secondary public offerings; (ii) corporate advisory fees from mergers and acquisitions or other equity transactions for which Global's equity capital market group advises its clients; and (iii) fee revenues generated from its debt capital market group's corporate bonds and syndicated loan offerings, Islamic finance offerings and listing advisory services.

Interest and Similar Income

Interest and similar income is comprised of: (i) interest income from future trade financings for Global's margin customers, which consist of margin lending for Global's portfolio management clients; (ii) interest income from loans and advances to its high-net worth clients; (iii) Murabaha receivables; and (iv) cash and cash equivalents including money market investments. Such income is reflected in the financial results of the Principal Investments & Treasury division.

Operating Expenses

Global's operating expenses are primarily comprised of interest and similar expenses, personnel expenses and other operating expenses.

Interest and Similar Expense

Interest and similar expense primarily consists of interest expense relating to Global's short-term borrowings, Wakala payables, medium-term borrowings and bonds, the levels of each of which are principally driven by Global's use of leverage to fund its principal investments and general operational costs, including for geographical expansion. All of these liabilities are stated at amortised cost. For more details on Global's borrowings, see "— *Liquidity and Capital Resources*" below.

Personnel Expenses

Personnel expenses are principally determined by the number of employees, which is driven by transaction volume at each division, and by average compensation levels per employee. Compensation is driven by the levels of competition for a limited pool of qualified employees. Global's personnel expense has a significant performance-based component, which is based on its overall financial performance, as well as the performance of individual departments and employees.

Other Operating Expenses

Other operating expenses primarily consist of general and administrative expenses and depreciation of property and equipment.

Results of Operations for the Three Months ended 31 March 2008 and 2007

The following table sets forth net operating income, expenses and profit of Global for the three months ended 31 March 2008 and 2007.

	For the three months ended 31 March (unaudited)	
	2008	2007
	(KD thousand)	
Net operating income	52,553	34,837
Expenses	(16,043)	(11,447)
Contribution to KFAS	(329)	(206)
Provision for NLST	(899)	(490)
Zakat	(361)	—
Directors' fees	—	—
Profit for the period	34,921	22,694

The following discussion analyses the principal factors affecting the Group's results of operations during the periods under review.

Net Operating Income

Global manages its business and analyses its net operating income on the basis of its five business divisions: Principal Investments & Treasury, Asset Management, Investment Banking, Real Estate and Brokerage. Global's net operating income for the three months ended 31 March 2008 increased by KD17.7 million, or 50.9 per cent., to KD52.6 million from KD34.8 million in the three months ended 31 March 2007. This increase was primarily attributable to a KD14.9 million, or threefold, increase in net gain on financial assets designated at fair value through statement of income, a KD11.4 million, or nearly fourfold, increase in fees and commission income and a KD7.7 million increase in gain on investment properties.

Principal Investments & Treasury

Net operating income from Global's Principal Investments & Treasury division comprises the following: (i) net gain on financial assets held for trading; (ii) net gain on financial assets designated at fair value through statement of income; (iii) interest and similar income; (iv) gains on disposal of subsidiaries; (v) gains on disposal of associates; (vi) share of results of associates; (vii) foreign exchange losses; and (viii) other operating income.

Net operating income for Global's Principal Investments & Treasury division for the three months ended 31 March 2008 was KD29.6 million, a decrease of KD1.4 million, or 4.5 per cent., as compared to net operating income of KD31.0 million for the three months to 31 March 2007. The decrease was primarily due to decreases in gain on disposal of subsidiaries, net gain on trading and gain on disposal of associates. This decrease was partly offset by increases in net gain on financial assets designated at fair value through statement of income and interest and similar income.

Net gain on financial assets designated at fair value through statement of income. The following table summarises Global's net gain on financial assets designated at fair value through statement of income for the three months ended 31 March 2008 and 2007.

	For the three months ended 31 March (unaudited)	
	2008	2007
	(KD thousand)	
Realised gains	11,819	1,555
Unrealised gains-mark-to-market	10,670	4,365
Unrealised gains-mark-to-model[1]	—	1,713
Net realised and unrealised gains	22,489	7,633

(1) These gains are derived from Global's internal valuation models involving estimations and use of valuation techniques that are not necessarily based on observable market prices or rates.

Global recorded KD22.5 million in net gain on financial assets designated at fair value through statement of income for the three months ended 31 March 2008, a KD14.9 million, or nearly threefold increase, as compared to KD7.6

million in the three months ended 31 March 2007. The increase was primarily due to increases in realised gains of KD10.3 million resulting from the sale of financial assets above the acquisition costs of such assets and an increase in unrealised gains (marked-to-market) of KD6.3 million resulting from the appreciation of the quoted financial assets held by Global. This increase was partially offset by a decrease in unrealised gains (marked-to-model) of KD1.7 million, resulting from fewer instances of substantial value increase of unquoted securities (marked-to-model) held by Global.

Gains on disposal of subsidiaries. Global earned KD nil on disposal of subsidiaries for the three months ended 31 March 2008 as compared to KD9.6 million in the three months ended 31 March 2007. Global made no disposals of subsidiaries during the three-month period ended 31 March 2008.

Net gain on financial assets held for trading. The following table sets out the net gain on Global's financial assets held for trading for the three months ended 31 March 2008 and 2007:

	As at 31 March (unaudited)	
	2008	**2007**
	(KD thousand)	
Realised gains	4,090	2,712
Unrealised (loss)/gains-mark-to-market	(5,377)	(575)
Net realised and unrealised (loss)/gains	(1,287)	2,137

Global recorded KD1.3 million in net loss on financial assets held for trading for the three months ended 31 March 2008, a decrease of KD3.4 million as compared to a net gain of KD2.1 million for the three months to 31 March 2007. The decrease was primarily due to an increase in unrealised losses (marked-to-market) of KD4.8 million resulting from the decrease in the market value of the quoted financial assets held for trading by Global. The decrease was partially offset by an increase in realised gains of KD1.4 million due to an increase in trading income on disposal of trading securities.

Gain on disposal of associates. Global recorded KD0.04 million in loss on disposal of associates for the three months ended 31 March 2008, a decrease of KD2.7 million as compared to a gain of KD2.7 million in the three months ended 31 March 2007. The decrease was primarily due to a net loss of KD0.3 million realised on the disposal of a 24 per cent. interest in Al Quds Bank and a net loss of KD0.4 million realised on the disposal of a 20 per cent. interest in Union Bank for Savings. This decrease was partially offset by a net gain of KD0.7 million realised on the disposal of Global's share of a 22 per cent. interest in Arab East Investment for Real Estate.

Interest and similar income. The table below sets out the interest and similar income recorded by Global for the three months ended 31 March 2008 and 2007:

	As at 31 March (unaudited)	
	2008	**2007**
	(KD thousand)	
Cash and cash equivalents	594	608
Financial assets designated at fair value through statement of income	18	58
Murabaha receivables	220	136
Financing of future trades by customers	3,370	2,214
Loans and advances	956	836
Total	5,158	3,852

Global earned KD5.2 million in interest and similar income for the three months ended 31 March 2008, an increase of KD1.3 million, or 33.9 per cent., as compared to KD3.9 million in the three months ended 31 March 2007. The increase was primarily due to a KD1.2 million increase in interest income from financing of future trades by customers, reflecting an increase in the volume of margin lending.

Asset Management

Net operating income from Global's asset management operation is comprised of fee income, which includes management fees, incentive fees and placement fees, which are components of the fees and commission line item of Global's income statement.

The following chart sets out Global's fee income for the three months ended 31 March 2008 and 2007.

	For the three months ended 31 March (unaudited)	
	2008	2007
	(KD thousand)	
Management fees on assets under management	5,029	3,415
Incentive fees on assets under management	1,165	395
Placement fees-managed funds	286	23
Other fees and commissions	395	—
Brokerage fees	—	24
Total	6,875	3,857

Net operating income for Global's Asset Management division for the three months ended 31 March 2008 was KD6.9 million, an increase of KD3.0 million, or 78.2 per cent., as compared to KD3.9 million in the three months ended 31 March 2007. The increase was primarily due to a KD1.6 million, or 47.3 per cent., increase in management fees resulting from a KD347.2 million, or 16.3 per cent., increase in the AUM for asset management clients and, to a lesser extent, an increase of KD0.8 million in incentive fees. Management fees increased at a higher rate than AUM due to an increase in the number and size of the private equity funds, which generate higher management fees than other types of funds.

Investment Banking

Net operating income from Global's Investment Banking division consists of (i) investment banking and advisory fees, which is comprised of fees earned from private placements and public offering of equity and equity-linked securities of start-ups and small-to-medium-size companies, and arrangement of debt offerings, including bonds, FRNs, Murabahas and Sukuks and (ii) other fees and commission, which consist of advisory services revenues, including mergers and acquisitions, and other investment banking advisory fees. Income from the Investment Banking division forms a part of fees and commissions income.

The table below sets out the Investment Banking division's net operating income for the three months ended 31 March 2008 and 2007:

	For the three months ended 31 March (unaudited)	
	2008	2007
	(KD thousand)	
Investment banking and advisory fees		
Equity offerings	7,527	—
Corporate advisory	—	—
Debt offerings (and listing)	208	—
Total	7,735	—

Net operating income for Global's Investment Banking division for the three months ended 31 March 2008 was KD7.7 million as compared to KD nil in the three months ended 31 March 2007 primarily due to a KD7.5 million increase in fees and commissions generated from equity offerings.

Real Estate

Net operating income from the Real Estate division consists of net gain on investment properties and any portion of fees and commission income derived from real estate brokerage services (less a *de minimis* portion of such fees and income attributable to the Investment Banking division).

The table below sets out the net gain on investment properties for the three months ended 31 March 2008 and 2007:

	For the three months ended 31 March (unaudited)	
	2008	2007
	(KD thousand)	
Realised gains arising from disposals	7,654	—
Unrealised gains arising from revaluations	—	—
Total net gains on investment properties	7,654	—

Net operating income from the Real Estate division for the three months ended 31 March 2008 was KD7.7 million, as compared to KD nil in the three months ended 31 March 2007 due to gains from disposals of its holdings in certain investment properties in the United Arab Emirates ("**UAE**").

Brokerage

Net operating income from the Brokerage division for the three months ended 31 March 2008 was KD665,000 as compared to KD nil in the three months ended 31 March 2007. This reflected brokerage fees earned from arranging secondary market buy/sell transactions with respect to certain unquoted securities.

Expenses

The main components of Global's expenses are interest and similar expense and personnel expenses. Global charges expenses directly incurred by its business divisions to the relevant division and apportions its remaining expenses among its five business divisions. The following table breaks down Global's total expenses by division for the three months ended 31 March 2008 and 2007:

	For the three months ended 31 March (unaudited)			
	Interest and similar expense	Personnel expenses	Other expenses(1)	Total expenses
	(KD thousand)			
Principal investments & treasury				
2008	8,615	2,802	1,662	13,079
2007	7,706	1,407	1,322	10,435
Asset management				
2008	—	1,221	629	1,850
2007	—	794	54	848
Investment banking				
2008	—	159	100	259
2007	—	78	86	164
Real estate				
2008	752	32	19	803
2007	—	—	—	—
Brokerage				
2008	—	32	20	52
Totals				
2008	9,367	4,246	2,430	16,043
2007	7,706	2,279	1,462	11,447

(1) Other expenses include other operating expenses, depreciation of property and equipment, and (reversal) provision charge for credit losses.

Global's expenses for the three months ended 31 March 2008 were KD16.0 million, an increase of KD4.6 million, or 40.2 per cent., as compared to KD11.4 million in the three months ended 31 March 2007. This increase was primarily driven by an increase of KD2.0 million in personnel expenses and an increase of KD1.7 million in interest and similar income. The contribution of interest and similar expenses was primarily reflected in the Principal Investments & Treasury division, while personnel expenses and other expenses were spread across Global's divisions.

Principal Investments & Treasury

A substantial majority of Global's interest and similar expense for the three months ended 31 March 2008 was attributable to the Principal Investments & Treasury division and comprised the majority of expenses for the division. Personnel expenses relate to direct costs associated with the Principal Investment & Treasury division's operations, as well as indirect costs associated with shared support staff, such as research and risk control staff, that are allocated to the division. Other expenses include facility maintenance cost, general and administrative expenses and depreciation of property and equipment.

Expenses for Global's Principal Investments & Treasury division for the three months ended 31 March 2008 were KD13.1 million, an increase of KD2.6 million, or 25.3 per cent., as compared to KD10.4 million in the three months ended 31 March 2007. The increase was primarily due to a KD1.4 million increase in personnel expenses due to an overall increase in personnel requirements to support business growth and an increase in salary levels. In addition, interest and similar expense increased by KD0.9 million due to an increase in the division's total capital requirement, which included short-term borrowings and Wakala payables and medium-term borrowings and bonds used for funding Global's principal investments and proprietary trading.

Asset Management

The Asset Management division's expenses are comprised mainly of personnel expenses, which are comprised of direct personnel expenses in connection with the division's operations as well as indirect costs associated with shared support staff such as operation, accounting and risk control staff. Other expenses include general and administrative expenses, facility maintenance cost and depreciation of property and equipment.

Expenses for Global's Asset Management division for the three months ended 31 March 2008 were KD1.9 million, a more than twofold increase of KD1.1 million as compared to KD0.8 million in the three months ended 31 March 2007. The increase was due to an increase in personnel expenses, due to an overall increase in personnel requirements to support business growth, and an increase in other operating expenses, due primarily to an increase in administrative expenses associated with new funds.

Investment Banking

Expenses of Global's Investment Banking division for the three months ended 31 March 2008 and 2007 were KD0.3 million and KD0.2 million, respectively, and were mainly comprised of personnel expenses, facility management and administrative expenses.

Real Estate

Expenses of Global's Real Estate division for the three months ended 31 March 2008 and 2007 were KD0.8 million and KD nil, respectively. The majority of expenses for the Real Estate division for the three months ended 31 March 2008 and consisted of interest and similar expense in connection with funding used to acquire investment properties. The remaining costs were divided between personnel and other expenses.

Brokerage

Expenses of Global's Brokerage division for the three months ended 31 March 2008 were KD0.05 million. These expenses were mainly comprised of personal expenses, facility management and administration expenses.

Profit before Contribution to KFAS, Provision for NLST, Zakat and Directors' Fees

Global's profit before contribution to KFAS, provision for NLST, Zakat and directors' fees for the three months ended 31 March 2008 was KD36.5 million, an increase of KD13.2 million, or 56.1 per cent., as compared to the profit of KD23.4 million for the three months ended 31 March 2007.

The following table sets out Global's profit before contribution to KFAS, provision for NLST, Zakat and directors' fees for the three months ended 31 March 2008 and 2007 by business division, excluding inter-segment income/expense:

	For the three months ended 31 March (unaudited)	
	2008	2007
	(KD thousand)	
Principal Investments & Treasury	16,545	20,545
Asset Management	5,025	3,009
Investment Banking	7,476	(164)
Brokerage	613	—
Real Estate	6,851	—
Total	36,510	23,390

Profit for the Three Months ended 31 March 2008 and 2007

Global's profit for the three months ended 31 March 2008 was KD34.9 million, an increase of KD12.2 million, or 53.8 per cent., as compared to profit of KD22.7 million in the three months ended 31 March 2007.

The following table sets out Global's profit for the three months ended 31 March 2008 and 2007 by business division, reflecting net impact of inter-segment income/expense:

	For the three months ended 31 March (unaudited)	
	2008	2007
	(KD thousand)	
Principal Investments & Treasury	12,906	18,260
Asset Management	5,165	3,342
Investment Banking	9,409	1,092
Brokerage	602	—
Real Estate	6,839	—
Total	34,921	22,694

Results of Operations for the Years ended 31 December 2007, 2006 and 2005

The following table sets forth net operating income, expenses and profit of Global for the years ended 31 December 2007, 2006 and 2005.

	For the year ended 31 December		
	2007	2006	2005
		(KD thousand)	
Net operating income	154,374	110,360	80,098
Expenses	(58,890)	(34,986)	(16,502)
Contribution to KFAS	(817)	(667)	(572)
Provision for NLST	(2,189)	(1,838)	(1,411)
Zakat	(58)	—	—
Directors' fees	(180)	(150)	(150)
Profit for the year	92,240	72,719	61,463

The following discussion analyses the principal factors affecting the Group's results of operations during the periods under review.

Net Operating Income

Global's net operating income for the year ended 31 December 2007 increased by KD44.0 million, or 39.9 per cent., to KD154.4 million from KD110.4 million in 2006. This increase was primarily attributable to a KD16.7 million increase in gain on the disposal of subsidiaries, a KD11.1 million increase in net gain on financial assets held for trading and a KD6.9 million increase in net gain on financial assets designated at fair value through statement of income. The contribution of these line items was entirely reflected in the Principal Investments & Treasury division.

Global's net operating income for the year ended 31 December 2006 increased by KD30.3 million, or 37.8 per cent., to KD110.4 million from KD80.1 million in 2005. This increase was primarily attributable to a KD6.7 million increase in net gain on financial assets designated at fair value through statement of income, a KD6.2 million increase in fees and commission income, a KD4.6 million increase in net gain on financial assets held for trading, a KD4.4 million increase in interest and similar income and a KD3.7 million increase in net gain on investment properties. The contribution of these line items was reflected across Global's business divisions.

Principal Investments & Treasury

Net operating income for Global's Principal Investments & Treasury division for the year ended 31 December 2007 was KD121.4 million, an increase of KD48.1 million, or 65.7 per cent., as compared to net operating income of KD73.2 million for the year ended 31 December 2006. The increase was primarily due to increases in gain on disposal of subsidiaries, net gain on financial assets held for trading, net gain on financial assets designated at fair value through statement of income, interest and similar income and other operating income.

Net operating income for Global's Principal Investments & Treasury division for the year ended 31 December 2006 was KD73.2 million, an increase of KD19.3 million, or 35.8 per cent., as compared to net operating income of KD53.9 million in 2005, primarily due to increases in net gain on financial assets designated at fair value through statement of income, net gain on financial assets held for trading and interest and similar income.

Gains on disposal of subsidiaries. Global earned KD19.0 million on disposal of subsidiaries for the year ended 31 December 2007, a KD16.7 million, or approximately eight-fold, increase as compared to KD2.3 million in 2006. This increase was due to (i) a KD9.7 million gain realised on the sale of a 65.7 per cent. interest in Kadhma Holding Company — KSC (Holding) and (ii) a KD9.3 million gain from the sale of a 87.0 per cent. interest in Nibras Holding Company KSC (Closed).

Global earned KD2.3 million on disposal of subsidiaries for the year ended 31 December 2006, while it recorded no gains on disposal of subsidiaries in 2005. The amount recorded in 2006 was mainly due to (i) a KD1.4 million gain realised on the sale of a 19.9 per cent. interest of Real Estate Development Company — JSC and (ii) a KD1.0 million gain realised on the sale of an equity interest in Arabian Seas Insurance Co. (SAL).

Net gain on financial assets held for trading. The following table sets out the net gain on Global's financial assets held for trading for the years ended 31 December 2007, 2006 and 2005.

	For the year ended 31 December		
	2007	2006	2005
		(KD thousand)	
Realised gains	18,107	7,705	2,241
Unrealised gains-mark-to-market	1,631	950	1,833
Net realised and unrealised gains	19,738	8,655	4,074

Global recorded KD19.7 million in net gain on financial assets held for trading for the year ended 31 December 2007, a KD11.1 million, or more than a twofold, increase as compared to KD8.7 million for the year ended 31 December 2006. The increase was almost entirely due to an increase in realised gains of KD10.4 million. This reflected an increase in the volume of trading activities and an overall increase in the value of trading securities in the markets in which Global invested.

Global recorded KD8.7 million in net gain on financial assets held for trading for the year ended 31 December 2006, a KD4.6 million, or more than two-fold, increase as compared to KD4.1 million in 2005. The increase was due to an increase in trading income on disposal of trading securities of KD5.5 million as a result of an increase in sales of trading securities and an overall increase in the value of trading securities.

Net gain on financial assets designated at fair value through statement of income. The following table summarises Global's net gain on financial assets designated at fair value through statement of income for the years ended 31 December 2007, 2006 and 2005.

	For the year ended 31 December		
	2007	2006	2005
		(KD thousand)	
Realised gains	26,855	20,326	20,430
Unrealised gains-mark-to-market	26,893	18,530	20,877
Unrealised gains-mark-to-model(1)	2,349	10,295	1,162
Net realised and unrealised gains	56,097	49,151	42,469

(1) These gains are derived from Global's internal valuation models involving estimations and use of valuation techniques that are not necessarily based on observable market prices or rates.

Global recorded KD56.1 million in net gain on financial assets designated at fair value through statement of income for the year ended 31 December 2007, an increase of KD6.9 million, or 14.1 per cent., as compared to KD49.2 million in 2006. The increase was primarily due to increases in unrealised gains (marked-to-market) of KD7.9 million, resulting from the appreciation of the quoted financial assets held by Global and realised gains of KD6.5 million, resulting from the sale of financial assets above the acquisition costs of such assets. This increase was partially offset by a decrease in unrealised gains (marked-to-model) of KD7.9 million, resulting from Global's application of higher illiquidity discounts to its unquoted financial assets and devaluation of some of its unquoted financial assets due to adverse changes in the value creation cycle of such investments.

Global recorded KD49.2 million in net gain on financial assets designated at fair value through statement of income for the year ended 31 December 2006, an increase of KD6.7 million, or 15.7 per cent., as compared to KD42.5 million in 2005. The increase was primarily due to an increase in unrealised gains (marked-to-model) of KD9.1 million, primarily due to higher valuation of some of its unquoted financial assets due to favourable changes in the value creation cycle of such investments. This increase was partially offset by a decrease in unrealised gains (marked-to-market) of KD2.4 million resulting from depreciation of the quoted financial assets held by Global for principal investments.

Interest and similar income. The table below sets out the interest and similar income recorded by Global for the years ended 31 December 2007, 2006 and 2005:

	For the year ended 31 December		
	2007	2006	2005
		(KD thousand)	
Cash and cash equivalents	679	1,873	368
Financial assets designated at fair value through statement of income	405	92	10
Murabaha receivables	1,471	355	810
Financing of future trades by customers	6,166	2,329	292
Loans and advances	2,769	4,209	2,946
Others	954	—	—
Total	12,444	8,858	4,426

Global earned KD12.4 million in interest and similar income for the year ended 31 December 2007, an increase of KD3.6 million, or 40.5 per cent., as compared to KD8.9 million in 2006. The increase was primarily due to a KD3.8 million increase in interest income from financing of future trades by customers, as well as a KD1.1 million increase in interest received from Murabaha receivables as a result of an increase in average outstanding Murabaha receivables and an increase in other interest and similar income of KD1.0 million, arising from consolidation of a subsidiary. These increases were offset in part by a decrease in interest collected on loans and advances of KD1.4 million due to a decrease in average outstanding loans and advances, and a decrease in interest on cash and cash equivalents of KD1.2 million.

Global earned KD8.9 million in interest and similar income for the year ended 31 December 2006, a KD4.4 million, or two-fold, increase as compared to KD4.4 million in 2005. The increase was primarily due to a KD2.0 million increase in interest income from financing of future trades by customers, reflecting an increase in the volume of margin lending, and a KD1.5 million increase in interest on cash and cash equivalents.

Other operating income. Global's other operating income for the year ended 31 December 2007 was comprised entirely of dividend income and totalled KD8.7 million, a KD4.5 million, or approximately two-fold, increase as compared to KD4.1 million in 2006. The increase was primarily due to a KD5.5 million rise in dividend income, which was partially offset by the absence of rental income from real estate during the period.

Global's other operating income for the year ended 31 December 2006 was KD4.1 million, an increase of KD1.8 million, or 74.9 per cent., as compared to KD2.4 million in 2005. The increase was due to a KD0.8 million rise in dividend income, and the collection of rental income from real estate of KD1.0 million in 2006.

Gain on disposal of associates. Global recorded KD5.6 million in gain on disposal of associates for the year ended 31 December 2007, a KD3.9 million, or more than three-fold, increase as compared to KD1.7 million in 2006. The increase was primarily due to a gain of KD6.0 million realised on the disposal of a 37.2 per cent. interest in Real Estate Developments Company — JSC.

Global recorded KD1.7 million in gain on disposal of associates for the year ended 31 December 2006, and had no such gains in 2005. This related primarily to gains realised on disposal of one of its Jordanian associates.

Asset Management

The following chart sets out Global's fee income for the years ended 31 December 2005, 2006 and 2007.

	For the year ended 31 December		
	2007	2006	2005
	(KD thousand)		
Management fees on assets under management	16,864	13,625	8,083
Incentive fees on assets under management	2,752	1,965	1,810
Placement fees-managed funds	1,176	3,072	2,080
Total	20,792	18,662	11,973

Net operating income for Global's Asset Management division for the year ended 31 December 2007 was KD20.8 million, an increase of KD2.1 million, or 11.4 per cent., as compared to KD18.7 million in 2006. The increase was primarily due to a KD3.2 million, or 23.8 per cent., increase in management fees, resulting from a KD263 million, or 12.6 per cent., increase in the AUM for asset management clients. Management fees increased at a higher rate than AUM due to an increase in the number and size of the private equity funds, which generate higher management fees than other types of funds and, to a lesser extent, an increase in incentive fees. This increase was partially offset by a decrease in placement fees of KD1.9 million primarily due to decreases in the overall level of placement activities and the proceeds from placement fee sharing arrangements with international placement agents.

Net operating income for Global's Asset Management division for the year ended 31 December 2006 was KD18.7 million, an increase of KD6.7 million, or 55.8 per cent., as compared to KD12.0 million in 2005. The increase was primarily due to an increase in management fees of KD5.5 million, or 68.6 per cent., which reflected an increase in AUM of KD254 million, or 13.9 per cent. Management fees increased at a higher rate than AUM due to an increase in the number and size of the private equity funds.

Investment Banking

The table below sets out the Investment Banking division's net operating income for the years ended 31 December 2007, 2006 and 2005:

	For the year ended 31 December		
	2007	2006	2005
	(KD thousand)		
Investment banking and advisory fees			
Equity offerings	5,364	11,824	11,912
Corporate advisory	170	361	68
Debt offerings (and listing)	1,122	728	1,385
Total investment banking and advisory fees	6,656	12,913	13,365
Brokerage (less portion attributable to Real Estate division)(1)	61	22	—
Other fees and commission	2,001	—	—
Total	8,718	12,935	13,365

(1) KD61 thousand of brokerage fees in 2007 and all brokerage fees in 2006 were attributed to the net operating income of the Investment Banking division, due to secondary market equity broking activities conducted by the division. For the year ended 31 December 2007, the remaining KD627 thousand in brokerage fees and commission were attributed to the Real Estate division.

Net operating income for Global's Investment Banking division for the year ended 31 December 2007 was KD8.7 million, representing a decrease of KD4.2 million, or 32.6 per cent., as compared to KD12.9 million in 2006. The decrease was primarily due to a KD6.5 million, or 54.6 per cent., decrease in fees and commission generated from equity offerings due to a decrease in the number of equity offering mandates in the mid-size investment banking market in which Global operates. The decrease in fees and commission from equity offerings was partially offset by a KD2.0 million increase in other fees and commission resulting from a one-time consolidation of an investment banking income booked by a subsidiary.

Net operating income for Global's investment banking operation for the year ended 31 December 2006 was KD12.9 million, representing a decrease of KD0.4 million, or 3.2 per cent., as compared to net operating income of KD13.4 million in 2005. The decrease was primarily due to a decrease in fees generated from debt offerings resulting from a decrease in the number of non-Islamic debt offering mandates in the mid-size investment banking market in which Global operates, and was partially offset by an increase in fees from corporate consulting and advisory services.

Real Estate

The table below sets out the net gain on investment properties for the years ended 31 December 2007, 2006 and 2005:

	For the year ended 31 December		
	2007	2006	2005
	(KD thousand)		
Realised gains arising from disposals	730	4,561	839
Unrealised gains arising from revaluations	2,146	—	—
Real estate brokerage fees/commission	627	—	—
Rental income	—	978	15
Total net gains on investment properties	3,503	5,539	854

Net operating income from the Real Estate division for the year ended 31 December 2007 was KD3.5 million, a decrease of KD2.0 million, or 36.8 per cent., as compared to KD5.5 million in 2006. The decrease was due to a KD3.8 million decrease in realised gains arising from disposals due to the sale of its holdings in certain business park and building projects in the UAE in 2006. This decrease was partially offset by an increase in unrealised gains arising from the revaluation of plots of land in Sharjah that was assessed with a fair value at KD2.1 million in excess of Global's cost of investment in the year ended 31 December 2007.

Net operating income from the Real Estate division for the year ended 31 December 2006 was KD5.5 million, a KD4.7 million, or more than six-fold, increase as compared to KD0.9 million in 2005. The increase was primarily due to an increase of KD3.7 million in realised gains arising from disposals from KD0.8 million to KD4.6 million for the period, relating to the sale of its holdings in certain business park and building projects in the UAE. The net gain on investment properties in 2005 of KD0.8 million was from a disposal of an investment property by Global's Jordanian subsidiary.

Expenses

The following table breaks down Global's total expenses by division for the years ended 31 December 2007, 2006 and 2005:

	For the year ended 31 December[(1)]			
	Interest and similar expense	Personnel expenses	Other expenses[(2)]	Total expenses
	(KD thousand)			
Principal investments & treasury				
2007	33,827	9,117	6,910	49,854
2006	20,351	4,995	3,990	29,336
2005	5,983	3,384	2,669	12,036
Asset management				
2007	—	4,378	2,477	6,855
2006	—	2,560	1,285	3,845
2005	—	2,433	1,123	3,556
Investment banking				
2007	—	812	400	1,212
2006	—	893	237	1,130
2005	—	784	126	910
Real estate[(3)]				
2007	596	214	159	969
2006	—	150	525	675
Totals				
2007	34,423	14,521	9,946	58,890
2006	20,351	8,598	6,037	34,986
2005	5,983	6,601	3,918	16,502

(1) No expenses were apportioned to the Brokerage division in 2007 as the division did not exist until January 2008.

(2) Other expenses include other operating expenses, depreciation of property and equipment, and (reversal) provision charge for credit losses.

(3) Separate accounting for the Real Estate division commenced in January 2006.

Global's expenses for the year ended 31 December 2007 increased by KD23.9 million, or 68.3 per cent., to KD58.9 million as compared to KD35.0 million in 2006. This increase was primarily driven by an increase of

KD14.1 million in interest and similar expense and by a KD5.9 million increase in personnel expenses. The contribution of interest and similar expense was almost entirely reflected in the Principal Investments & Treasury division, while personnel expenses were spread across Global's divisions.

Global's expenses for the year ended 31 December 2006 increased by KD18.5 million, or 112.0 per cent., to KD35.0 million as compared to its expenses of KD16.5 million in 2005. The substantial majority of the increase in expenses was due to a KD14.4 million increase in interest and similar expenses. The contribution of interest and similar expense was entirely reflected in the Principal Investments & Treasury division.

Principal Investments & Treasury

Almost all of Global's interest and similar expense for the year ended 31 December 2007 and all of such expense for the year ended 31 December 2006 were attributable to the Principal Investments & Treasury division, as almost all of the capital raised by Global was used to fund expansion of Global's principal investments portfolio.

Expenses for Global's Principal Investments & Treasury division for the year ended 31 December 2007 were KD49.9 million, an increase of KD20.5 million, or 69.9 per cent., as compared to KD29.3 million in 2006. The increase was primarily due to a KD13.5 million, or 66.2 per cent., increase in interest and similar expense due to an increase in the division's total capital requirement, which included short-term borrowings and Wakala payables and medium-term borrowings and bonds used for funding Global's principal investments and proprietary trading. In addition, personnel expenses increased by KD4.1 million, or 82.5 per cent., due to an overall increase in personnel requirements, to support business growth and a general increase in the salary levels.

Expenses for Global's Principal Investments & Treasury division for the year ended 31 December 2006 increased KD17.3 million, or more than two-fold, to KD29.3 million, as compared to KD12.0 million in 2005. This increase was primarily due to a KD14.4 million, or more than three-fold, increase in interest and similar expense to KD20.4 million from KD6.0 million due to an increase in total capital requirements, which included short-term borrowings and Wakala payables used to meet working capital needs and medium-term borrowings and bonds used for general financing purposes.

Asset Management

Expenses for Global's Asset Management division for the year ended 31 December 2007 were KD6.9 million, a KD3.0 million, or 78.3 per cent., increase, as compared to KD3.8 million in 2006. The increase was due to a KD1.8 million, or 71.0 per cent., increase in personnel expenses, due to an overall increase in personnel requirements to support business growth and an increase in merit-based compensation, and a KD1.2 million, or 92.8 per cent., increase in other operating expenses, due primarily to an increase in administrative expenses associated with the new funds and product lines introduced during the period, including six new funds.

Expenses for Global's Asset Management division for the year ended 31 December 2006 were KD3.8 million, an increase of KD0.3 million, or 8.1 per cent., as compared to KD3.6 million in 2005. The increase was due to incremental increases in personnel expenses and other operating expenses.

Investment Banking

Expenses of Global's Investment Banking division for the years ended 31 December 2007, 2006 and 2005 were KD1.2 million, KD1.1 million and KD0.9 million, respectively, and were mainly comprised of personnel expenses, facility maintenance and administrative expenses.

Real Estate

The majority of expenses for the Real Estate division for the year ended 31 December 2007 consisted of interest and similar expense in connection with funding used to acquire investment properties. The remaining costs were divided between personnel and other expenses. Expenses of Global's Real Estate division for the years ended 31 December 2007 and 2006 were KD1.0 million, KD0.7 million, respectively. The division did not have operations in 2005. Investments in real estate for its own accounts were handled by Global's Principal Investments & Treasury division.

Profit before Contribution to KFAS, Provision for NLST, Zakat and Directors' Fees

Global's profit before contribution to KFAS, provision for NLST, Zakat and directors' fees for the year ended 31 December 2007 was KD95.5 million, an increase of KD20.1 million, or 26.7 per cent., as compared to the profit of KD75.4 million for the year ended 31 December 2006, which was an increase of KD11.8 million, or 18.5 per cent., as compared to the profit of KD63.6 million in 2005.

The following table sets out Global's profit before contribution to KFAS, provision for NLST, Zakat and directors' fees for the years ended 31 December 2007, 2006 and 2005 by business division, excluding inter-segment income/expense:

	For the year ended 31 December		
	2007	2006	2005
		(KD thousand)	
Principal investments & treasury	71,509	43,888	41,870
Asset management	13,936	14,817	8,417
Investment banking	7,505	11,805	12,455
Real estate	2,534	4,864	854
Total	95,484	75,374	63,596

Profit for the Year

Global's profit for the year ended 31 December 2007 was KD92.2 million as compared to profit of KD72.7 million in 2006 and KD61.5 million in 2005.

The following table sets out Global's profit for the years ended 31 December 2007, 2006 and 2005 by business division, reflecting net impact of inter-segment income/expense:

	For the year ended 31 December		
	2007	2006	2005
		(KD thousand)	
Principal investments & treasury	61,517	36,770	36,097
Asset management	16,339	16,682	8,908
Investment banking	11,850	14,403	15,604
Real estate	2,534	4,864	854
Total	92,240	72,719	61,463

Liquidity and Capital Resources

Liquidity

Global's liquidity requirements arise principally from the need to make principal investments and acquisitions, to meet its debt service requirements and to fund its working capital needs. Global funds these requirements primarily from cash generated from operating activities, short-term borrowings, Wakala payables, medium-term borrowings, bond issuances and new and secondary equity offerings. Global intends to increase the proportion of its fundings from long-term debt obligations to secure stable funding sources. Global believes that these sources are sufficient to fund its working capital needs for the next 18 months.

The table below sets forth Global's funding by type as at 31 December 2007 and 2006 and as at 31 March 2008 and 2007:

	As at 31 March				As at 31 December			
	2008		2007		2007		2006	
	Total amount	Percentage of total funding	Total amount	Percentage of total funding	Total amount	Percentage of total funding	Total amount	Percentage of total funding
	(KD thousands)	(%)	(KD thousands)	(%)	(KD thousands)	(%)	(KD thousands)	(%)
Short-term borrowings	284,057	32.3	237,705	35.5	244,349	28.0	201,670	30.5
Wakala payables	134,158	15.2	152,601	22.8	149,167	17.1	134,286	20.3
Medium-term borrowings	82,429	9.4	24,612	3.7	84,754	9.7	55,972	8.5
Bonds	65,000	7.4	20,000	3.0	65,000	7.4	20,000	3.0
Equity	314,909	35.8	234,216	35.0	329,465	37.8	248,966	37.7
Total	880,553	100.0	669,134	100.0	872,735	100.0	660,894	100.0

Global expects to pay dividends to its shareholders, and may from time to time repurchase its share capital. See *"Dividends and Dividend Policy"*. Global's ability to fund its growth and service or refinance its existing debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond its control. See *"Risk Factors"*.

Cash Flows

Set forth below is a summary of Global's cash flow statement for the three months ended 31 March 2008 and 2007 and the years ended 31 December 2007, 2006 and 2005.

	Three months ended 31 March		Year ended 31 December		
	2008	2007	2007	2006	2005
	(KD millions)		(KD millions)		
Cash and cash equivalents, beginning of period	68.8	66.8	66.8	31.7	7.3
Net cash from/(used in) operating activities	(33.2)	7.6	0.1	(63.5)	25.6
Net cash from/(used in) investing activities	30.6	(16.8)	(58.7)	(9.6)	(11.2)
Net cash from/(used in) financing activities	(5.9)	(33.1)	60.6	108.2	10.0
Cash and cash equivalents, end of period	60.3	24.5	68.8	66.8	31.7

Net cash from operating activities. Net cash used in operating activities for the three months ended 31 March 2008 was KD33.2 million, representing a KD40.8 million decrease as compared to net cash from operating activities of KD7.6 million for the three months to 31 March 2007. The decrease principally reflected a KD45.7 million increase in cash used for other assets, principally comprised of future trade financings and amounts due from related parties, due to an increase in the volume of margin lending and a KD19 million receivable from an associate company, a KD33.3 million increase in cash used for Wakala payables and a KD14.0 million increase in cash used to purchase financial assets held for trading. This decrease was partly offset by a KD12.7 million decrease in Murabaha receivables and a KD11.2 million increase in other liabilities partly due to declared but unpaid dividend payments owed to certain shareholders.

Net cash from operating activities for the year ended 31 December 2007 was KD0.1 million, representing an increase of KD63.6 million, as compared to net cash used in operating activities of KD63.5 million for the year ended 31 December 2006. The increase principally reflected a KD178.8 million decrease in cash used for investment in financial assets designated at fair value through statement of income to KD95.0 million from KD273.8 million due to a decrease in new principal investments in financial assets. This amount was mostly offset by a KD104.2 million decrease in Global's short-term borrowings to KD42.7 million from KD146.9 million and a KD32.2 million decrease in Wakala payables due to the decrease in financial assets purchased in the year ended 31 December 2007.

Net cash used in operating activities for the year ended 31 December 2006 was KD63.5 million, representing a decrease of KD89.1 million as compared to net cash used in operating activities of KD25.6 million for the year ended 31 December 2005. The decrease principally reflected a significant increase in changes in operating assets and liabilities, primarily resulting from an increase in new principal investments in financial assets by KD186 million from KD157 million to KD343 million, offset in part by an increase in short term borrowings by KD96 million, or 188 per cent., from KD51 million to KD147 million offset in part by a higher profit.

Net cash used in investing activities. Net cash from investing activities was KD30.6 million for the three months ended 31 March 2008. Net cash used in investing activities was KD16.8 million for the three months ended 31 March 2007 and KD58.7 million, KD9.6 million and KD11.2 million for the years ended 31 December 2007, 2006 and 2005, respectively.

The net cash from investing activities in the three months ended 31 March 2008 principally reflected proceeds from disposal of associates of KD44.0 million, primarily in connection with disposal of Global's interests in Union Bank for Savings, Arab East Investment for Real Estate and Al Quds Bank and KD14.6 million from the disposals of investment properties in connection with its real estate portfolio in the UAE. This was offset in part by KD15.7 million used in investments in associates, principally representing Global's acquisition of an ownership stake in a special purpose vehicle for its investment banking transaction, and KD12.3 million in purchase of investment properties, reflecting Global's paydown of its investment properties in the UAE on an instalment basis. The net cash used in investing activities in the three months ended 31 March 2007 principally reflected the purchase of investment properties of KD14.4 million, principally comprised of Global's acquisitions in the UAE, investments in associates of KD4.2 million in its ordinary course of business and the purchase of property and equipment of KD2.6 million. This was offset in part by proceeds from the disposal of associates of KD4.3 million, which consisted of the disposal of Global's holdings in Real Estate Developments Company — JSC.

The net cash used in investing activities in December 2007 principally reflected principal investments in associates of KD57.0 million, primarily in connection with investments in associates, principally representing Global's acquisition of ownership stakes in Arab East Investment for Real Estate, Union Bank for Savings, Investment House Qatar and Al Quds Bank and purchase of investment properties of KD41.0 million in the UAE. This was offset in part by KD32.8 million in proceeds from disposal of subsidiaries, which consisted of disposal of Global's holdings in Kadma Holding Company KSC and Nibras Holding Company KSC and KD20.8 million in proceeds from disposal of associates in connection with the disposal of Global's holding in Real Estate Developments Company — JSC.

The net cash used in investing activities in 2006 principally reflected purchase of investment properties of KD49.3 million, principally comprised of Global's acquisitions in the UAE, and investments in associates of KD21.8 million in connection with its acquisitions of JS Global, Fina Corp. and Barings Private Equity Asia. This was partially offset by proceeds from sale of investment properties of KD59.4 million in connection with its disposal of Dubai Healthcare City and Shams Abu Dhabi properties.

The net cash used in investing activities in 2005 principally reflected an increase in investments in associates of KD13.1 million under the equity method of accounting. This was partially offset by an increase in cash inflows as a result of an acquisition of a subsidiary.

Net cash (used) in financing activities. Global's net cash flows used in financing activities were KD5.9 million, and KD33.1 million for the three months ended 31 March 2008 and 2007, respectively. Net cash flows from financing activities were KD60.6 million, KD108.2 million and KD10.0 million for the years ended 31 December 2007, 2006 and 2005, respectively.

Global's net cash flows used in financing activities in the three months ended 31 March 2008 reflected the KD8.6 million purchase of treasury shares, which was partially offset by proceeds from sale of treasury shares of KD2.7 million. Global's net cash flows used in financing activities in the three months ended 31 March 2007 primarily reflected repayments of medium term borrowings of KD31.4 million.

Global's net cash flows from financing activities in December 2007 reflected proceeds from the KD95.0 million sale of treasury shares, medium term borrowings of KD81.4 million to finance day-to-day operations and bonds issued of KD45.0 million, which were offset in part by the KD76.1 million purchase of treasury shares, repayments of medium term borrowings of KD52.6 million and dividends paid to shareholders of the parent company of KD34.2 million.

Global's net cash flows from financing activities for 2006 reflect proceeds from the issuance of share capital of KD84.7 million in connection with a 50 per cent. rights issue and medium term borrowings of KD56.0 million, which were offset in part by the KD28.7 million purchase of treasury shares and dividends paid to shareholders of the parent company of KD19.2 million.

Global's medium-term debt as at 31 March 2008 and 2007, 31 December 2007, 2006 and 2005 was KD82.4 million, KD24.6 million, KD84.8 million, KD55.9 million and KD nil, respectively. Its short-term debt (including current portion of amounts payable after one year and both conventional and Islamic short-term financing, i.e. Wakala Payables) as of 31 March 2008 and 2007, 31 December 2007, 2006 and 2005 was KD418.2 million, KD390.3 million, KD393.5 million, KD335.9 million and KD142.0 million, respectively.

Contractual Commitments and Contingent Liabilities

The following table gives a breakdown of Global's contractual payment obligations by maturity as at 31 March 2008:

	Payments due by period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(KD thousand)				
Short-term borrowings	284,057	284,057	—	—	—
Wakala payables	134,158	134,158	—	—	—
Medium-term borrowings	82,429	—	82,429	—	—
Bonds	65,000	—	20,000	45,000	—
Securities investment obligations	125	125	—	—	—
Real estate investment obligations	34,157	10,376	23,781	—	—
Forward foreign exchange contracts	53,485	53,485	—	—	—

As at 31 March 2008, Global had commitments to invest in securities, which in aggregate amount to KD0.125 million, after deducting commitments by Global's clients. Further, Global had commitments for acquisition of interests in real estate properties amounting to KD34.2 million payable. Forward foreign exchange contracts are comprised of both contracts with clients and offsetting contracts with bank counterparties to cover Global's foreign currency exposure.

Off-balance Sheet Arrangements

Other than as described above, Global does not enter into off-balance sheet arrangements in the normal course of business.

Regulatory Capital

Kuwait's regulatory authorities impose minimum required levels of capital that must be maintained by banks within its jurisdiction. Although Global does not currently have a banking licence in Kuwait, and is therefore not subject to such requirements, it voluntarily imposes minimum levels on itself similar to those imposed on banks in Kuwait. Required levels of capital are determined by reference to the relative risk associated with specified categories of assets Global owns. These requirements are generally referred to as risk based capital requirements, and are regarded as an important supervisory tool in measuring the safety and soundness of Global's financial health. Global currently imposes minimum risk based capital requirement of 15 per cent. of its total risk weighted assets. The following table presents a breakdown of Global's capital as at 31 December 2007 and 2006.

	As at 31 December	
	2007	2006
	(KD million)	
Total risk weighted amount	1,175.6	901.4
Tier 1 capital	207.7	158.1
Tier 2 capital	29.2	23.5
Tier 1 capital adequacy ratio	17.7%	17.5%
Tier 2 capital adequacy ratio	2.5%	2.6%
Capital adequacy ratio	20.2%	20.1%

Quantitative and Qualitative Disclosures About Market Risk

In the course of its operating and financing activities, Global is exposed to a variety of market risks, including currency risk, interest rate risk, equity price risk, credit risk, concentration risk and liquidity risk. Of these risks, the most material relates to concentration risk, which arises when a number of counterparties are engaged in activities in the same industry or in activities in the same geographic region, which may cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Most of Global's counterparties are active in the banking and real estate sectors and are located predominantly in the GCC and the wider MENA region. Global seeks to manage its concentration risk by establishing and constantly monitoring geographic and industry wide concentration limits.

For information on Global's other market risks and how it attempts to manage them, see note 40 to the Consolidated Financial Statements included elsewhere in this Prospectus.

Critical Accounting Considerations, Policies and Estimates

The accounting considerations, policies and estimates discussed in this section are those that Global considers to be the most critical to an understanding of its financial statements, as they require the application of management's most challenging, subjective or complex judgments, often in relation to matters that are inherently uncertain. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. To the extent that actual events differ from management's estimates and assumptions, there could be a material impact on Global's financial statements. The following section should be read together with the corresponding Note 3 to the Consolidated Financial Statements included elsewhere in this Prospectus.

Key Sources of Estimation Uncertainty

Valuation of unquoted equity investments

Global generally values unquoted equity investments based on either recent arm's length market transactions or current fair value of another instrument that is substantially the same. The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Critical Judgements in Applying Accounting Policies

Classification of real estate property

Global decides upon acquisition of real estate whether it should be classified as trading, property held for development or investment property. Property is classified as trading property if it is acquired principally for sale in the ordinary course of business. Property is classified as property under development if it is acquired with the intention of development. Property is classified as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use. Classification of real estate property requires valuation and assessment process at the acquisition stage and periodic revaluation to reflect changing market condition and project development phase.

Classification of investments

Global decides upon acquisition of an investment whether it should be classified as held for trading, at fair value through statement of income or as available for sale. Investments are classified as held for trading if they are acquired primarily for the purpose of making a short term profit. Investments are classified as fair value through statement of income if they are acquired primarily for making a medium term profit on capital appreciation or for long-term strategic purposes. All other investments are classified as available for sale. Classification of investments requires periodic revaluation of investment portfolios to reflect changing market dynamics and the strategic importance of each investment.

Changes in Accounting Policies

In 2007, Global adopted IFRS 7 Financial Instruments: *Disclosures*, which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements and IFRIC 10 Interim Financial Reporting and Impairment effective for annual reporting periods beginning 1 November 2006.

IFRS 7 — Financial Instruments: Disclosures

Global's financial statements now include a sensitivity analysis, to explain its market risk exposure in regards to its financial instruments and net gain or loss on each category of financial assets, each at the balance sheet date. This new regulation has not resulted in any prior-period adjustments of cash flows, net income or balance sheet items.

IAS 1 — Presentation of Financial Statements

Global's financial statements now include a report on its capital management objectives, policies and procedures in its annual financial report.

IFRIC 10 — Interim Financial Reporting and Impairment

IFRIC 10 Interim Financial Reporting and Impairment prohibits reversal of impairment losses recognised in an interim period on goodwill, equity instruments and financial assets carried at amortised cost at a subsequent balance sheet date. This new regulation does not have any impact on the Consolidated Financial Statements.

For information on other new and revised IFRSs that have not yet become effective, see Note 2 to the Annual Consolidated Financial Statements included elsewhere in this Prospectus.

BUSINESS

OVERVIEW

Since its founding in 1998, Global has grown rapidly to become one of the leading asset management and investment banking companies in the GCC and the wider MENA regions. Global has one of the largest asset management businesses in the region by reference to assets under management ("**AUM**"). As an investment bank, Global is a leading manager of private placements and public offerings and acts as a strategic advisor to corporations, governments, institutions and individuals in the GCC region. Global also has one of the largest principal investment and proprietary trading operations in the region by asset size. Global has access to a client base of approximately 6,500 individuals and institutions that are predominantly based in the GCC region. In recognition of its performance and reputation in the region, Global has won numerous local and international awards, such as "Best Equity House in Kuwait" in 2006 and 2005 awarded by *Euromoney,* "Deal of the Year Award" in 2006 awarded by *The Banker* magazine and "Best Investment Bank in Kuwait" in 2007 awarded by *Euromoney.* Global's Shares are publicly listed and traded on the KSE, the BSE and the DFM.

Global's operations are divided into five business divisions:

- Asset Management — this division provides third party fund management and portfolio management services to approximately 6,500 clients who are predominantly based in the GCC region. As at 31 December 2007, the fund management division managed 30 funds (including conventional equity and bond funds and alternative investments, such as private equity, hedge funds and real estate funds) and had AUM of approximately KD2.3 billion (US$8.6 billion). For the year ended 31 December 2007, the Asset Management division contributed KD20.8 million (US$76.1 million), or 13.5 per cent., of Global's net operating income;

- Principal Investments & Treasury — this division undertakes the following activities for Global's own account: (i) co-investments in its managed funds with its clients; (ii) strategic investments for its geographic expansion; (iii) private equity and private investment in public equity, in related financial services companies, private placements and public offerings with Global's investment banking clients or other investments made across the GCC and wider MENA region to develop a track record in private equity investments; (iii) proprietary trading; and (iv) investments in fixed income securities. The Company's treasury group is placed in this division, and manages Global's capital, liquidity and foreign exchange activities. The treasury group is responsible for Global's proprietary trading and fixed income investments as well as loans and future trade financings for margin customers. The division accounted for approximately KD810 million (US$3.0 billion), or 88.8 per cent., of Global's on-balance-sheet assets as at 31 December 2007. For the year ended 31 December 2007, the Principal Investments & Treasury division contributed KD121.4 million (US$443.9 million), or 78.6 per cent., of Global's net operating income;

- Investment Banking — this division provides a range of investment banking products and services, including acting as lead manager for private placements and public offerings of equity and debt securities in the GCC and the wider MENA regions, including "seed capital" financing for early-stage investment propositions, as well as corporate structuring, mergers and acquisitions and general corporate advisory services, to approximately 120 clients who are predominantly based in the GCC regions. Its equity capital market and debt capital market groups have acted on various transactions, which helped to raise KD623.6 million (US$2.3 billion) and KD980.9 million (US$3.59 billion) since 2005, respectively. For the year ended 31 December 2007, the Investment Banking division contributed KD8.7 million (US$31.7 million), or 5.6 per cent., of Global's net operating income;

- Real Estate — this division, which was established in January 2006, invests or co-invests in a variety of commercial and residential properties and real estate development projects. The Company's current property portfolio comprises a land bank and built up areas acquired at a cost of KD100.4 million (US$367.2 million) that is located entirely within the GCC region, particularly the UAE. For the year ended 31 December 2007, the Real Estate division contributed KD3.5 million (US$13.0 million), or 2.3 per cent., of Global's net operating income; and

- Brokerage — this division was set up in January 2008 to build upon Global's strong regional client base in asset management and investment banking, as well as its in-house trading and research capabilities. The Company's aim is to capitalise on the high growth opportunities for brokerage business in the GCC and wider MENA region. Global intends to provide its clients with both on-line and conventional trading and brokerage services (through arrangements with licenced floor trading brokers in Kuwait) across a range of the GCC and MENA-based stock exchanges.

In addition, Global also has an in-house research and index team of 26 analysts, which provides research support for all of Global's businesses, and provides periodic research reports and daily stock index services to its clients.

Global commenced a strategy in 2003 of geographical expansion by establishing branches, subsidiaries and strategic alliances in other GCC countries, the MENA region and, to a limited extent, other emerging markets, such as India, Pakistan and Hong Kong. Global currently has a local presence in 16 countries.

A key part of Global's expansion strategy is to penetrate and expand in large or prosperous regional markets, particularly in Saudi Arabia, as well as Egypt and Qatar. Global believes that there are opportunities for it to capture significant market shares in asset management, investment banking and brokerage in these countries. In 2007, Global was granted a licence by the Capital Market Authority of Saudi Arabia to establish a full service investment banking and asset management business, and it intends to increase its existing presence of four people to between 20 and 25 employees operating in Saudi Arabia by the end of 2008.

STRENGTHS

Strong Platform for Asset Management and Investment Banking Products and Services in the GCC and wider MENA region

Global believes it is uniquely positioned to offer a wide range of products and services that have been specifically tailored to meet the needs of clients in the GCC and wider MENA region, including a range of both conventional and Islamic-based investment options. Global draws on its strength and track record in principal investments, which provides a strong platform for building a customer base for a diverse array of product offerings in asset management and investment banking. Global's understanding of the region and its ability to tailor products is enhanced by its research team, which has provided award winning coverage of these regions since Global's inception 10 years ago and currently has over 70,000 subscribers. Global believes it has a culture of innovation that has led to its introduction of a number of private equity and buy-out funds, hedge funds and real estate funds that were among the first of their kinds in the region. Global also offers value-added investment banking services, such as developing structured financings in the region, as well as advising on debt restructurings, mergers and acquisitions and multi-jurisdictional listings.

Regional Expertise, Experience and Coverage

Global has a history of successful investment in both the GCC and wider MENA region, and benefits from a significant on-the-ground presence and a team of investment professionals with deep knowledge of, and experience in, these regions. Global has established a network of branches, subsidiaries and joint ventures which provides it with a presence in 16 countries across the region, a scope of geographic coverage that is unique among its competitors. The existing contacts and client relationships established through Global's network of regional offices and through its investment professionals provide Global with insight into and access to potential investment opportunities as they become available. The knowledge gained through Global's network of professionals and its research team permit Global to analyse such opportunities and assess the risks that are particular to potential investments in these regions.

Well Positioned to Benefit from High Regional Growth

Global's operations and focus are centred in the GCC and wider MENA region, where the vast majority of its clients are based. These regions, including Saudi Arabia and Qatar, are among the world's fastest growing investable wealth markets, driven by factors such as rising energy prices and strong oil and gas production volumes, significant sovereign investments and population growth.

With the presence of Global's franchise and its strong existing relationships across these regions, Global believes it is well-positioned to take advantage of this growth. Global has invested significantly in its regional infrastructure and believes that it can reap the benefits of this investment as the scale of its non-Kuwaiti operations increases. Further, Global believes that its expertise, broad product spectrum and reputation for innovation will help it to capitalise on regional investors' increasing sophistication and appetite for more complex and advanced products. Global believes it can utilise its track record and experience gained through its principal investments to continue to establish successful third-party funds on a fiduciary basis to increase its existing clients' level of involvement with Global, as well as being attractive to potential new clients.

In addition, in spite of the growth of investable wealth in these regions, asset management and investment banking services have a relatively low rate of penetration in the countries of these regions compared to levels of penetration achieved in Western Europe and the United States. Further, the GCC markets have exhibited relatively low correlation with global market developments, including those of other emerging markets. This has provided diversification opportunities to investors, particularly in the current global market environment. Global believes that these factors provide it with further opportunities for growth. Global has recently obtained investment banking licences in Saudi Arabia and Qatar and is in the process of applying for the relevant licences in Egypt. Global has begun to expand its operations in Saudi Arabia and plans to do so in Qatar and Egypt in the near future.

Attractive Investment Performance and Co-Investment Strategy

Since its inception, Global's Principal Investment & Treasury division has performed strongly, and has allowed Global to leverage off of the expertise it has developed to help fund and build a track record in asset management and investment banking. Global has been able to generate strong returns for clients. For example, its flagship funds, Global Opportunistic Investment Funds I and II, have achieved a return on investment (comprising realised gain in respect of disposals of Global's entire holdings in portfolio companies and partially realised gain in respect of partial disposals of Global's holding in portfolio companies) of 105 per cent. and 80 per cent., respectively. The appeal of Global's managed funds and investment banking products is enhanced by the fact that Global co-invests in the majority of its own asset management funds and investment banking mandates. As at 31 December 2007, Global had an aggregate of KD273.5 million (US$1 billion) of proprietary co-investments across its asset management and investment banking product lines.

Large and Expanding Client Base

Global has access to an existing client base of approximately 6,500 individuals and institutions predominantly based in the GCC and wider MENA region. As at 31 December 2007, approximately 70 per cent. of Global's investment banking clients also invested in one or more of Global's managed funds. This base includes high-net worth individuals, regional and international financial institutions, major business conglomerates, private offices of prominent families in the GCC, pension funds and corporations. The diversity of its products enables Global to meet the widely varied investment objectives and financial needs of its clients. Its strong base has enabled Global to raise large amounts of funding for its managed funds, and has enhanced Global's capacity for successfully placing the securities it offers through its investment banking activities. Global's team of marketing and client relationship managers seeks to maintain close and interactive relationships with existing clients and to identify and develop potential new clients either through Global's headquarters in Kuwait or through branch offices or subsidiaries in the MENA region.

Stable and Strong Senior Management Team

Global has a stable and strong senior management team, many of which have been with the Company since its inception. In addition, Global added new members to its management team in the past two years to enhance its expertise in areas such as risk management, compliance and back office operations to support its growth strategy. The management team has significant experience in the industry and a track record of delivering consistent profitability, which has increased from KD2.7 million in 1999 to KD92.2 million (US$337.4 million) in 2007, and has acquired and integrated a number of complementary assets to fuel the growth of Global's operations. Immediately following the Offering, on a fully diluted basis, the Senior Management holds an aggregate of 32,808,071 Shares, and is further incentivised by Global's management stock option scheme. See "— *Share Scheme*".

Supportive Shareholders

Approximately 17.1 per cent. of the issued and outstanding Shares after this Offering will be held by two prominent regional investors (Dubai Investment Group Capital and Public Institute for Social Security of Kuwait) as well as by management and employee shareholders. The remainder of the Shares will be publicly traded. Public Institute for Social Security of Kuwait helped to found Global, and has continuously supported Global by investing in the Company's asset management products. The ownership of Global's stock and funding and other support by Dubai Investment Group Capital and Public Institute for Social Security demonstrates Global's reputation in the region and its relationships with the region's prominent institutional investors.

STRATEGY

Global's strategy is to be the preferred investment banking and asset management services provider in the GCC and wider MENA region. Global intends to pursue this strategy by expanding its geographic reach and product offerings by leveraging its large, growing client base, diverse product and service lines and local presence, as well as its regional reputation and close relationships with local institutions and prominent families.

Geographic Expansion

Develop a Significant Local Presence in Each Market in the GCC and Wider MENA Region Where They Operate

Global's main focus is to be a key local player in each GCC and MENA market. Global intends to enhance its local presence in countries in which it currently operates. Global will continually pursue strategic investment opportunities to gain exposure to new markets, new products and services and new distribution channels as well as to secure local knowledge, experience and talented local professionals which it believes helps to generate investment banking and asset management revenues for Global in local markets. Global also intends to build upon the brand it has established with its existing client base to increase its market share in each country in which it operates. Through its client relationship management team and local contacts, Global will actively market and seek to target new sources of investable wealth across the region.

Continue to Invest in Organic Growth in the GCC and Wider MENA Region

Global is seeking to increase its presence in the GCC and wider MENA region to capture the growing demand for investment banking (especially the mid-market segment), asset management and brokerage services and increase the diversification of its operating income and profits. Accordingly, Global is investing in organic growth by deploying more resources and experienced personnel to its existing regional operations with a particular focus on three key markets: Saudi Arabia, Egypt and Qatar.

- *Saudi Arabia:* Global intends to leverage its existing Saudi asset management client base to increase its Saudi fund origination and placement capabilities to potential Saudi clients and to eventually grow its Saudi operations to a scale similar to that of its existing Kuwaiti operations in the medium to long term. Global will seek to operate as a fully-licenced investment bank, asset manager and broker/dealer with a focus on mid-market equity placements, Islamic structured products managed funds and portfolio management. Saudi Arabia represented approximately 49 per cent. of combined gross domestic products and 44 per cent. of combined market capitalisation of the GCC region for the year ended 31 December 2006. Global believes that the country also has large under-served investment banking and private wealth markets. Global believes its Saudi operation has a potential to be a significant driver of Global's revenue growth in the medium term.
- *Qatar and Egypt:* Global has acquired the necessary licences for its operations in Qatar and is in the process of acquiring licences to operate asset management and investment banking services in Egypt. In Qatar, Global seeks to leverage its existing local client base and the distribution channel of one of its associates, Qatar Islamic Bank, to launch its investment banking and asset management operations. In Egypt, Global acquired an Egyptian portfolio management and brokerage services company in 2007 and intends to build upon its existing products and client network in Egypt to grow its asset management and investment banking operations. Egypt and Qatar represent significant potential markets for Global, in part due to significant inflows of foreign direct investment.

Make Strategic Investments in the MENA Region and Selected Emerging Markets

Global intends to enhance its existing operations and further expand its geographical reach by making strategic investments in the MENA region and selected emerging markets. The company may also consider making investments in companies based in developed markets, where such companies have a particular focus on the MENA region. Global considers several strategic factors before making investment decisions, including the extent to which the target company will help Global gain access to new distribution channels, new lines of complementary or related products and services and/or to gain local knowledge and experience. In addition to the strategic benefits, the target company must have attractive fundamentals and the potential to generate high returns in its own right.

Product Expansion

Increase Proportion of Assets in Private Equity and Other Alternative Investment Funds that Generate Higher Fees

As Global's clients increasingly require investment funds with various risk and return profiles, additional opportunities exist to leverage the Global franchise to increase the proportion of higher-fee generating alternative investment funds. Global has acquired extensive experience investing in pre-IPO or listed companies for its own account in the GCC and wider MENA region. Global has capitalised on its expertise in regional private equity investments by launching and managing a number of successful private equity and buy-out funds for its fiduciary clients and believes it can increase the proportion of assets in private equity and other alternative investment funds.

Global will also target its existing asset management clients who may be interested in investing in other alternative types of fund products.

Leverage Its Reputation as a Leading Regional Asset Manager to Place Its Funds and Introduce New Funds Originated From or Targeted at New Markets

Throughout its history, Global has achieved an impressive performance track record for its asset management clients. Global seeks to leverage its reputation as a leading regional asset manager to penetrate new markets with its existing funds and at the same time introduce new types of funds originated from local stock exchanges and/or local private companies or funds specifically designed to attract investors in such new markets. As it seeks to increase the geographic diversity of its products, Global is particularly interested in seeking to originate products in regions where the development opportunities and market dynamics are similar to those it has previously encountered.

Increase Fee-generating Activities and Balance Revenue Contributions from the Five Business Divisions

Global believes it can grow further its fee-generating asset management, investment banking and brokerage businesses to achieve a greater balance of revenue contribution among its five business divisions and increase fees generated per client. Global currently generates more operating income from its principal investments than from its fee-generating operations. Global intends to balance revenue contributions by entering into new markets with its asset management and investment banking products and services, increasing the scale of its fee generating business in terms of the number and range of products it offers and offer a greater proportion of higher-fee products.

HISTORY

Global was established to promote and bring international standards and products in investment banking and asset management services to the regional market with a long-term view to developing a full-service investment banking firm with global reach. The following are the key milestone events during Global's 10 year history:

- In June 1998, Global was established by a team of investment professionals, including Maha K. Al-Ghunaim, Bader A. Al-Sumait, Omar M. El-Quqa, Sameer A. Al-Gharaballi and Khawla B. Al-Roomi (see *"Management and Corporate Governance — Board of Directors"*), and received its full service investment company licence(1) in June 1998.
- In 1999, Global was among the first investment companies in the region to introduce managed funds focused on Kuwait and the wider GCC capital markets. Global also commenced its own principal private equity investment operations. As at 31 December 1999, Global had AUM of KD178.4 million.
- In 2000, Global consolidated its Kuwaiti operations. As at 31 December 2000, Global had AUM of KD208.5 million.
- In 2001, Global launched its first bond and balanced funds in Kuwait and also arranged its first seed capital financing for a start-up company. Global also acted as lead manager for its first bond offering mandate and acted as listing adviser for its first IPO mandate. As at 31 December 2001, Global had AUM of KD420.9 million.
- In 2002, Global published its first publicly available research report. Global also launched the Global Start Up Index. As at 31 December 2002, Global had AUM of KD523.7 million.
- In 2003, Global established 4 funds, including funds domiciled outside of Kuwait. In May 2003, the Shares were listed on the KSE. In June 2003, Global opened its first overseas office in Bahrain. During the year, Global started publishing research reports on Saudi, Bahraini, Qatari and Omani markets. As at 31 December 2003, Global had AUM of KD0.7 billion.
- In 2004, Global started to increase its focus on private equity investment, identifying it as one of the growth areas in its fee-generating, fiduciary services and launched its first private equity fund to its asset management clients. In October 2004, Global opened a branch office in Dubai and listed its Shares on the BSE. Global also launched Global US Real Estate Fund, its first real estate fund. As at 31 December 2004, Global had AUM of KD1.0 billion.
- In 2005, Global launched its Qatar Index, and in September 2005, the Shares were listed on the DFM. Global also commenced its PE/PIPE investment operations. Global established subsidiaries in Oman and Jordan and

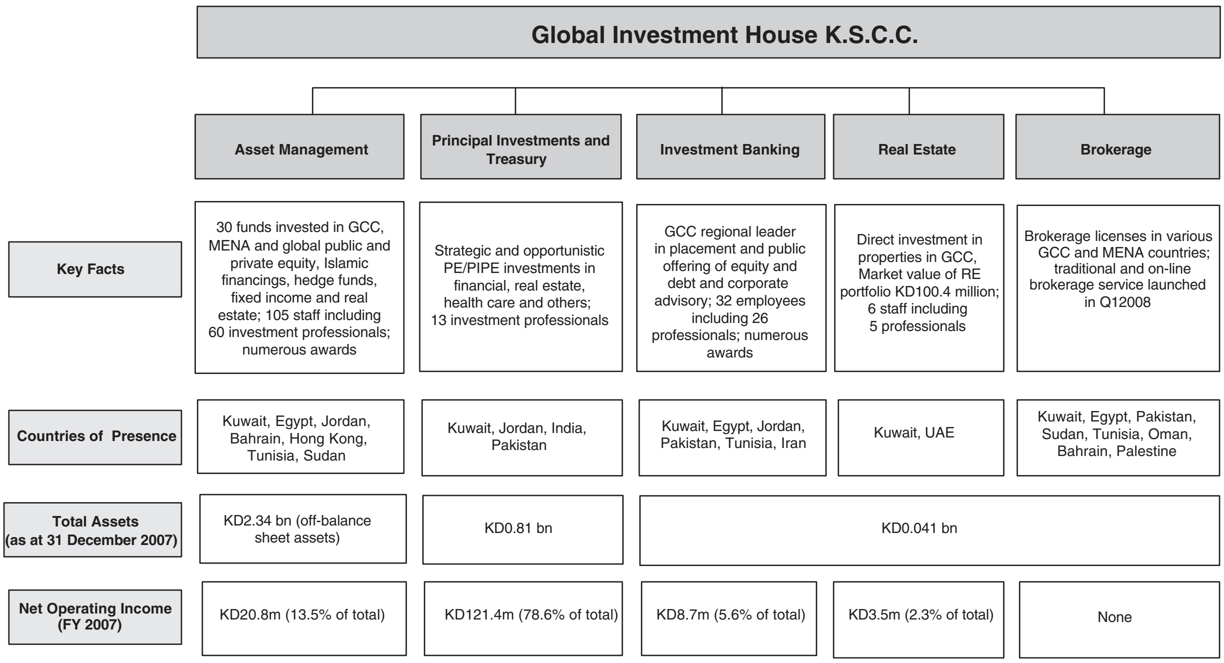
(1) This licence allows Global to operate asset management, principal investment and treasury and investment banking businesses. This licence does not permit Global to operate brokerage services or engage in deposit-taking activities.

opened an associate office in Tunisia. In addition, Global launched Global Opportunities Fund I, the first IPO and pre-IPO focused fund in the GCC region. As at 31 December 2005, Global had AUM of KD1.8 billion.

- In 2006, Global established subsidiaries in India, Qatar and Sudan, opened associate offices in Hong Kong (through acquisition of a 25 per cent. stake in Barings Asia Private Equity) and Pakistan, and opened branch offices in Abu Dhabi and Yemen. As at 31 December 2006, Global had AUM of KD2.1 billion.
- In 2007, the Company launched the Global Buyout Fund, which was awarded the "Fund of the Year Award" by *Private Equity World Forum,* organised by Terrapin, an international media company, and entered into a strategic alliance with international investment banks for the marketing of the fund. During the year, Global established subsidiaries in Egypt, Iran and Saudi Arabia. In June 2007, Global received a licence to conduct investment banking services in Saudi Arabia. Global also lead-managed the largest-ever IPO in Jordan. As at 31 December 2007, Global's AUM reached KD2.3 billion.
- In January 2008, Global opened its branch office in Turkey, raising the number of local branch and subsidiary offices to 16. Global also reorganised its business into the five current business divisions and launched its brokerage services.

OPERATIONS

On 1 January 2008, Global rearranged its business into five business divisions — Asset Management, Principal Investments & Treasury, Investment Banking, Real Estate and Brokerage. The following diagram shows Global's current business structure, and provides certain information about each division and the countries in which Global currently has a presence:



The table below provides a breakdown of the Company's net operating income by segment (before inter-segment income or expense) for the financial years ended 31 December 2007, 2006 and 2005:

	Year ended 31 December 2007	% of total	Year ended 31 December 2006	% of total	Year ended 31 December 2005	% of total
	(all figures, other than percentages, in KD million)					
Net operating income	154.4	100.0	110.4	100.0	80.1	100.0
Asset Management	20.8	13.5	18.7	16.9	11.9	14.9
Principal Investments & Treasury	121.4	78.6	73.2	66.3	53.9	67.3
Investment Banking	8.7	5.6	12.9	11.7	13.4	16.7
Real Estate	3.5	2.3	5.5	5.0	0.9	1.1
Brokerage	—	—	—	—	—	—

Asset Management

Overview

Global's Asset Management division is engaged in providing third-party fund and portfolio management services on a fiduciary basis. The division offers conventional and Islamic investment funds in Kuwait and other GCC and MENA markets, as well as alternative investment opportunities, including private-equity and buy-out funds, funds of hedge funds and real estate funds with extensive geographic coverage. The division also provides management services for discretionary or non-discretionary portfolios, which are comprised of a variety of assets depending on client's preference in respect of asset types, risk and return profiles and geographic spread. For the year ended 31 December 2007, the Asset Management division contributed KD20.8 million (US$76.1 million) or 13.5 per cent. of Global's net operating income. The division employed 60 investment professionals as at 31 December 2007.

The division's AUM has grown from KD178.4 million as at 31 December 1999 to KD2.3 billion as at 31 December 2007, as shown in the table below.

AUM in Asset Management division as at 31 December

1999	2000	2001	2002	2003	2004	2005	2006	2007
				(KD million)				
178.4	208.5	420.9	523.7	704.2	1,036.9	1,831.1	2,084.5	2,347.7

Global began providing asset management services in 1998 to meet the asset allocation needs of Kuwaiti-based institutions, corporations and high net worth investors in Kuwait and other GCC markets. The business model of the division evolved from providing discretionary portfolio services and international portfolio management services on a limited scale to third parties on a fiduciary basis into a comprehensive suite of asset management products, offering conventional GCC, MENA and international funds, Islamic funds, private equity funds, funds of hedge funds and real estate funds as well as discretionary and non-discretionary portfolio management services. Global now operates one of the largest asset management services in the GCC region, both in terms of AUM and the number and range of funds offered. One quarter of Global's asset management clients invest in more than one of Global's fund products.

Business Strategy

The Asset Management division aims to pursue a range of growth initiatives in order to expand and enhance its regional presence through its MENA and GCC specialised teams in Jordan and Kuwait, respectively. In addition, Global will continue to introduce new funds to meet regional demand. Global has recently launched an Egypt fund to attract both Egyptian and GCC investors seeking exposure to the Egyptian market. Global has also introduced funds not commonly available in the region, such as the Global Buyout Fund. Global also intends to focus on higher margin alternative investment products and has already established a new Alternative Investment division which focuses on private equity, real estate and funds of hedge fund products. In addition, Global intends to further leverage its research expertise as a marketing tool and has recently expanded its Saudi research coverage prior to the launch of Saudi focussed funds.

Activities

The Asset Management division manages a variety of conventional and alternative investment funds and also provides portfolio management services. It has a client base of approximately 6,500 institutional investors and high net worth individuals. As at 31 December 2007, the division managed 30 funds with an aggregate net asset value of KD1.1 billion, representing diverse investment themes and strategies. The division also managed KD967.4 million of clients' portfolios comprised of a variety of equity securities as at 31 December 2007. The conventional fund management activities include managing portfolios of listed stocks in Kuwait and other GCC countries, managed funds, bonds, Islamic Murahabahas and cash. Alternative investment management activities include managing funds focused on investment assets that are typically unavailable to retail investors in the region, such as private equity, hedge funds and foreign real estate. Portfolio management activities include (i) actively managing discretionary portfolio of a variety of assets depending on clients' investment preferences or (ii) managing non-discretionary portfolio of clients as custodian of such fiduciary assets.

Through its knowledge of the GCC markets and local companies, Global has developed an in-house stock selection matrix that gives stock-specific buy/sell recommendations and portfolio constitution recommendations. The table below shows the composition of AUM of Global's asset management division as at 31 December 2007, 2006 and 2005:

	As at 31 December		
	2007	**2006**	**2005**
		(KD million)	
Balanced funds	17.7	17.6	20.0
Bond funds	28.3	31.3	35.2
Equity funds	429.3	357.5	353.0
Money market funds	11.0	19.3	88.2
Total conventional funds:	486.3	425.7	496.4
Islamic funds	85.3	86.6	57.5
Private equity funds	394.0	169.0	110.3
Fund of Hedge funds	47.0	48.0	44.1
Real estate funds	39.1(1)	30.6	19.5
Total alternative investment funds	480.1	247.6	173.9
Portfolios	967.4	945.1	853.7
Others	328.6	379.5	249.6
Total AUM	2,347.7	2,084.5	1,831.1

(1) This represents a portion of the total outstanding amount committed to investing in these real estate funds, which amounted to KD95.0 million as at the same date. Global receives management fees based on the total commitment value.

- C*onventional Investment Funds*

  Conventional investment fund activities are focused on offering GCC equity and fixed income investment opportunities to Global's client base. Global currently manages eight equity funds, one bond fund, three money market funds and two balanced funds. The division has two separate conventional fund management teams operating with different geographic focus, one focusing on the MENA and the other on the GCC region. The aggregate net asset value of these funds was approximately KD486.3 million as at 31 December 2007. Global makes use of financial modelling techniques, technical analysis, high-end software and technology to monitor risks and rewards associated with diversified fund and fund-of-funds strategies. Global launched a new Egypt fund with an initial commitment value of approximately US$100 million in February 2008.

- *Islamic Investment Funds*

  Global manages two Islamic funds focused on Sharia compliant GCC equities, bonds and other financial instruments. The aggregate net asset value of the funds was approximately KD85.3 million as at 31 December 2007. These funds are subject to the control of an external Sharia supervisory board appointed for each Islamic fund which oversees the fund's continued compliance with the Islamic laws.

- *Alternative Investment Funds*

  Alternative investment fund activities are focused on offering a broad array of investment choices for clients. Unlike conventional investment funds, many of Global's alternative investment strategies seek positive returns that have less correlation to overall market movements. Global's alternative investment funds offer a range of investment choices, including exposure to growth capital private equity, buy-out, local and foreign real estate and international hedge fund opportunities. The majority of Global's alternative investment clients are regional financial institutions and corporations and high net worth individuals.

  Private Equity Funds. Global manages five private equity funds, targeting growth capital private equity and buyout opportunities across 16 countries in the GCC and wider MENA region, South Asia and China. The aggregate net asset value of the funds was approximately KD394 million as at 31 December 2007, compared to KD110.3 million as at 31 December 2005. Since 2004, Global has invested US$934 million in 46 companies across the five funds. As at 31 December 2007, Global's private equity funds have generated approximately US$118 million of cash proceeds from exited investments, and a further US$373 million of unrealised capital gains. The Company's Global Buyout Fund won "The Best Fund of the Year" awarded by a forum entitled *Private Equity World* organised by *Terrapinn,* an international media company in 2007. Global is currently raising funds for a US$500 million Islamic buyout fund in partnership with Millennium Capital and Dubai Islamic Bank.

Hedge Funds. Global has been investing in hedge funds since 1999 and currently manages six funds that are invested in a variety of international hedge funds. Global has a database of over 10,000 hedge funds and long standing relationships with hedge fund managers and prime brokers. These funds aim to provide institutional and retail clients with access to a range of international hedge funds to help diversify their investment structuring opportunities. The aggregate net asset value of these funds as at 31 December 2007 was KD47.0 million.

Real Estate Funds. Global manages three real estate funds which have an aggregate net asset value of KD39.1 million as at 31 December 2007. However, Global receives management fees for the aggregate commitment amount for these funds, which amounted to KD95.0 million as at 31 December 2007. These funds target real estate assets in four different regions: Kuwait, the US, the GCC and MENA and Asia. Global won the "Best Real Estate Investment House" award from *IREF Middle East* in 2006.

- *Portfolio Management*

  Global manages discretionary and non-discretionary portfolios for its clients. The aggregate net asset value of such portfolios was KD967 million as at 31 December 2007. Global actively manages discretionary portfolios of an aggregate AUM of approximately KD93 million, comprised of GCC and MENA equities, managed funds, Islamic instruments, fixed income and cash in accordance with clients' instruction based on their preferences in terms of asset classes, risk and return profiles and geographic spread. Its portfolio management services also include non-discretionary custody portfolios, which are passive portfolios for which Global provides safekeeping of the underlying assets.

Investment Strategy

The Asset Management division aims to enhance its reputation as a regional expert in asset management by continually offering innovative fund and portfolio management products and services and further diversifying its asset management client base. Global also aims to create value and achieve strong returns by constructing and managing funds with sound value expectations, carefully structured liquidity profiles and low correlation between the investments within the funds. Global has developed its own bottom-up investment process, centred on investments in high-growth, value driven companies, executed through a broad financial product mix, such as equity, debt and real estate products. Global aims to supplement this process with a top-down investment approach based on macro-economic analyses to identify stable, high return investment opportunities. This approach emphasises quantitative, forecast-driven sector and geographical diversification.

The majority of Global's funds involve investments in the emerging markets of the GCC and wider MENA region, which are characterised by a number of market imperfections, including local and international political dynamics, institutional inefficiencies, illiquidity and general information asymmetries. Global believes that its investment managers can exploit these inefficiencies, through its familiarity with local and international political, economic and market dynamics and team of research analysts.

Global's bottom-up investment process is divided into six stages: (i) generating a list of companies that Global believes have the potential to generate the desired returns; (ii) conducting comprehensive quantitative and qualitative analyses to assess each company's long-term value; (iii) selecting stocks which Global believes offer "growth at a reasonable price"; (iv) creating "model portfolios" taking into account, among other things, the return, risk, liquidity needs, regulatory constraints and unique preferences of the funds; (v) reviewing and rebalancing portfolios to ensure adherence to investment objectives and benefit from market movements; and (vi) exiting the investments when the target investment return have been achieved. Global added six new investment funds in 2007, including the Global Buyout Fund, Global GCC Islamic Fund and Global Real Estate Ijarah Fund. Global aims to increase its total assets under management, primarily in the area of alternative investments, which offer higher margins than traditional investments. Global believes that an increase in assets under management contributes to an increase in fee based revenues as the reputation gained through asset management services can provide a gateway for offering further investment banking and brokerage products to its expanding client base.

Fees

Asset management fees are comprised of initial placement fees, annual management fees and incentive fees. These fees are calculated and earned on the net asset value of the funds managed, and are as follows:

- Initial placement fees range from 0.5 to three per cent. of the initial value of the assets under management;
- Annual management fees range from 0.5 to 2.5 per cent. per annum on the net asset value of the assets under management, subject to specific fund structures, at the start of the quarter and are payable in most cases on a

quarterly basis. Smaller management fees ranging from 0.1 to 1.0 per cent. per annum are levied for non-discretionary portfolio management services and other portfolio custody and similar trust and fiduciary services; and

- Incentive fees are charged to clients if the realised rate of return on such fund exceeds a specified target return. Incentive fees vary depending on the fund size and type of asset classes but typically ranges from 10 to 25 per cent. per annum of annual return exceeding hurdle rates between five and 25 per cent. per annum.

The aggregate amount of placement fees, management fees and incentive fees earned by the Asset Management division in 2007 was KD20.8 million. For more detailed information, see *"Management Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations for the Years ended 31 December 2007, 2006 and 2005*".

Investment Performance

Global has been able to generate strong returns for clients, its conventional funds and Islamic funds having achieved average annual returns of 32.2 per cent. and 34.6 per cent., respectively on 31 December 2007. Private equity funds and funds of hedge funds achieved average annual returns of 55 per cent. and 17.8 per cent., respectively as on 31 December 2007. Global has met its principal goal of achieving strong returns for its clients, and has won numerous awards, including "Best Investment Bank in Kuwait" in 2007 and "Best Equity House in Kuwait" in 2005 and 2006 by *Euromoney*, as well as recognition for individual funds, including "Fund of the Year", awarded to the Company's Global Buyout Fund in 2007 by a forum entitled *Private Equity World* organised by *Terrapinn* and "Best Performing Fund in Kuwait" awarded to the Global 10 Large Cap Index Fund by *Lipper Reuters* in 2006. Global's clients also have shown continued confidence by reinvesting in Global's funds at a rate of 5 to 10 per cent. For more detailed information about Global's 30 funds and fund fee structure, see *"Schedule A — Global's Current Funds"*.

Recent Developments

Global is currently contemplating launching a new fund, initially comprised of selected investments made by Global in financial services companies in the GCC and MENA region currently held within its Principal Investments, which are no longer regarded as strategic. Global is considering the feasibility, timing and the potential size of the fund as well as any legal, accounting, tax and other regulatory implications of creating the fund. If Global decides to proceed with the plan, its current intention is to initially incorporate the fund as a wholly owned subsidiary and seek a listing of the fund on an internationally recognised stock exchange. Global has not decided on the portfolio of assets to be transferred to the fund, but currently anticipates that the value of assets to be transferred would range from KD100 million to KD160 million, depending on which assets are transferred and the valuation of such assets at the time of transfer. Global may raise further funding through this investment vehicle and use the proceeds to make further investments in the financial services sector in the GCC and wider MENA region as well as in other emerging markets. In addition, Global intends to retain strategic stakes in such financial services companies through this fund. Further, Global will continue to hold a substantial stake in the fund as part of its co-investments in its managed funds. Global typically co-invests in its other managed funds.

Principal Investments & Treasury

Overview

Global began its principal investment operation in 1999 with a KD9.0 million seed capital investment, as a part of Global's first expansion plan outside Kuwait. The division undertakes a broad array of investments for Global's own account in the GCC and wider MENA region and, to a limited extent, in other emerging markets such as India, Pakistan, Turkey and Malaysia. Principal investments are evaluated periodically and recorded on a mark-to-market, or as necessary, mark-to-model basis on Global's balance sheet. In particular, the division undertakes the following activities:

- co-investing with Global's clients in some of Global's managed funds pursuant to Kuwaiti regulations requiring fund managers to invest at least five per cent. of fund's commitment value as manager of registered fund. Global also co-invests in such funds to diversify the risk-return profiles of its proprietary investments;
- strategic investments in associates for geographical expansion;
- private equity and private investment in public equity (PE/PIPE) in (i) related financial services companies (including commercial banks, insurance companies and consumer finance companies); (ii) co-investing with Global's investment banking clients in private placements and public offerings (most of which are lead-

managed by Global's Investment Banking division); and (iii) other principal investments made across the GCC and wider MENA region to develop a track record in private equity investments;

- proprietary trading in directional equity (long positions only); and
- investing in fixed income securities such as bonds and floating rate notes.

The following table shows the breakdown of Global's Principal Investments & Treasury division by sector as at 31 December 2007:

Portfolio Distribution as at 31 December 2007

Financial Services	Funds	Real Estate	Insurance	Oil and Gas	Health Care	Debt Securities	Others
38.2%	18.4%	21.0%	2.6%	2.2%	1.8%	1.4%	14.4%

Total assets within the Principal Investments & Treasury division have grown from KD9.0 million as at 31 December 1999 to KD659.3 million as at 31 December 2007. The table below sets forth Global's principal investment assets on its balance sheets over that time period.

Principal Investments as at 31 December

1999	2000	2001	2002	2003	2004	2005	2006	2007
				(KD million)				
9.0	10.7	13.3	17.1	29.1	67.5	192.8	495.6	659.3

Global's Treasury group also provides loans and future trader financings for its selected high-net worth individuals and institutional clients. The total amount of Global's loan and margin lending portfolio as at 31 December 2007 was approximately KD62.0 million.

For the year ended 31 December 2007, the Principal Investments & Treasury division contributed KD121.4 million (US$443.9 million); or 78.6 per cent., of Global's net operating income. Over the last four years, Global has expanded the geographic scope of its principal investments and proprietary trading. The Principal Investments & Treasury division's primary focus is on investments in the GCC and wider MENA region and, to a limited extent, other emerging markets such as India, Pakistan, Turkey and Malaysia. The table below sets forth the geographical distribution of Global's portfolio as at 31 December 2007.

Geographical Distribution as at 31 December 2007

Kuwait	Jordan	Other GCC	Broader MENA	Rest of Asia	Cayman Islands	Other Areas
41.1%	22.1%	16.6%	6.5%	7.1%	5.7%	0.9%

The division had 14 employees, including 13 investment professionals, as at 31 December 2007. As at 31 December 2007, Global had principal investments in approximately 170 companies.

Activities

Global's Principal Investments & Treasury division's activities include the following:

Co-investments

The division co-invests with its clients in the funds managed by its Asset Management division domiciled in Kuwait to comply with a Kuwaiti regulatory funding requirement for managed funds, which requires a fund manager to invest at least five per cent. of the fund's commitment value and act as a general partner of the registered fund. In addition, Global co-invests in some of its managed funds across the region to diversify the overall risk profile of its proprietary assets. Global had an aggregate of KD91.4 million (US$334.3 million) invested across 11 Kuwait-domiciled funds and 19 non-Kuwait-domiciled funds as of 31 December 2007. These funds achieved an average annual return of 23.2 per cent. from 2003 to 2007.

The following table presents certain information about Global's top three co-investments in its managed funds in terms of the amount invested by Global as at 31 December 2007.

Name of Fund	Size of Fund (KD million)	Domicile of Fund	Global's co-investment amount (KD million)	Return Since Launch (%)
Global Private Equity Fund	12.9	Kuwait	8.9	N/A
Global Al-Durrah Islamic Fund	68.6	Kuwait	6.5	34.64
Global Bond Fund	28.3	Kuwait	6.5	4.41

Strategic Investments for Geographical Expansion

The division manages Global's investments in sectors and countries that are considered to be of strategic importance to the Company. Through these investments, Global aims to achieve geographic expansion and gain exposure to new PE/PIPE investment opportunities.

As at 31 December 2007, Global had an aggregate amount of KD20.8 million (US$76.1 million) in four strategic investments in investment companies, all of which were initiated to foster Global's geographical expansion. Global's ownership in these firms ranges from 30 per cent. to 49 per cent. of the total issued and outstanding shares of capital stock. Global's activities relating to these investments include having its officers serve on the boards of directors of these companies, exercising shareholder rights and entering into funds distribution agreements on a commission basis with some of these companies.

The following table presents Global's top three strategic investments for geographic expansion in terms of the amount invested by Global as at 31 December 2007.

Company	Industry	Country	Date of Acquisition	Equity Deployed (KD million)	Carrying Value at 31 December 2007 (KD million)	Interest held by Global (%)
JS Global Capital	Investment Company	Pakistan	Oct 2006	9.9	10.9	43.5
Baring Private Equity Asia Group	Private Equity Fund	Hong Kong	July 2006	7.7	7.7	25.0
Investment House Qatar	Investment Company	Qatar	Sept 2007	2.0	2.0	22.0

PE/PIPE

Global makes PE/PIPE investments for its own account. Global looks for opportunities where a combination of revenue growth and margin enhancement is expected to generate an increase in value in the medium-term. These investments are originated from the GCC and wider MENA region and other emerging markets such as Pakistan, India and China.

Global co-invests for its own account, together with some of its investment banking clients or co-managers and co-placement agents, in some of the syndicated equity private placements and public offerings that its Investment Banking division lead-manages in the GCC and wider MENA region. These amount to KD182.0 million as of 31 December 2007. Global also acquires strategic stakes in financial services companies whose businesses are related or complementary to Global's operation. These investments expose the Company to new target markets as well as new products and services and provide a platform for Global's operational expansion. These amount to KD131.2 million as of 31 December 2007. These include commercial banks, insurance companies and consumer finance companies in the GCC and wider MENA region. Global's other PE/PIPE investments include investments made across the GCC and wider MENA region to develop a track record in private equity investments as a platform for further principal investments in the region as well as Global's local expansion to generate investment banking and asset management revenues. These amount to KD186.8 million as of 31 December 2007. Global typically purchases between 15 and 30 per cent. of a target's equity shares. These entities typically have total enterprise values ranging from KD75 million to KD125 million and require on average KD10 million of equity investment from Global. As at 31 December 2007, Global had an aggregate of KD500 million (US$1,828.8 million) invested in PE/PIPE investments.

The following table presents Global's top ten PE/PIPE investments in terms of the amount invested by Global as at 31 December 2007.

Company	Industry	Country	Year of Acquisition	Equity Deployed (KD million)	Carrying Value at 31 December 2007 (KD million)
Union Bank for Savings	Commercial Bank	Jordan	2007	32.2	32.2
Mazaya Holding Co	Real Estate	Kuwait	Several	22.1	29.7
Kuwait Business Town	Real Estate	Kuwait	2004	19.1	17.0
United Arab Investor	Investment	Jordan	2007	18.0	16.8
National International Holding . . .	Investment	Kuwait	2005	14.8	18.2
Bank of Bahrain & Kuwait	Commercial Bank	Bahrain	2007	13.7	13.4
Mayadin	Real Estate	Kuwait	2006	13.6	15.5
Jordan Islamic Bank	Commercial Bank	Jordan	2007	13.3	20.8
First Dubai Holding Co	Investment	Kuwait	2005	7.9	12.1
Burgan Group Holding Co.	Financial Services	Kuwait	2006	5.9	14.0

Trading

The Treasury group within the Principal Investment & Treasury division manages Global's proprietary trading in equity stock (long positions only). It also manages the Company's capital, liquidity and foreign exchange activities. Trading activities contributed 10.8 per cent. of Global's net operating income (contributing KD16.7 million for the year ended 31 December 2007). Global's pool of trading securities had an aggregate market value of KD37.7 million (US$137.9 million) as at 31 December 2007. For a description of Global's internal policies on proprietary trading and exposure limits, see *"Risk Management."*

Fixed Income Securities

As a part of its operations, the Treasury group invests for Global's own account in fixed income securities, including bonds and floating rate notes. These securities had an aggregate market value of KD9.3 million (US$34 million) as at 31 December 2007. Global generated KD1.7 million of operating profit from interest on its own-account fixed income securities in 2007.

Loans and Advances and Murabaha Receivables:

Treasury group provides loans and advances to a number of fund and portfolio management clients, who typically finance 40-50 per cent. of their investments through margin borrowing. These activities include providing Murabaha financing, a form of purchase price financing that is Sharia-compliant, to its fund and portfolio management service clients. The total outstanding amount of Murabaha receivables as at 31 December 2007 was KD15.8 million and the total outstanding amount of future trade financing as at 31 December 2007 was KD37.8 million. The aggregate gross interest income less provision for credit losses for the year ended as at 31 December 2007 was KD8.9 million.

Investment Strategy

In its principal investments, Global generally looks for opportunities with (i) attractive fundamentals and potential to generate returns in their own right, which also (ii) complement and help expand Global's product and geographic offerings and distribution channels, (iii) bring local knowledge and experience as well as talented local professionals and (iv) help generate investment banking and asset management revenues for Global. Global's principal investment opportunities are primarily sourced through its contacts in financial institutions and intermediaries throughout the GCC and wider MENA region. Global seeks to maintain and strengthen these relationships, ensuring that these parties have a strong understanding of Global's business model and strategy and, therefore, the type of investments in which Global seeks to invest. In addition to sourcing investment opportunities through financial intermediaries, Global also identifies opportunities through its own investment professionals and relationship managers in the GCC and wider MENA region.

In the GCC, MENA and South East Asia regions in which Global has obtained a certain level of local market expertise and presence, it acquires a controlling stake in a local investment banking and asset management ventures or establishes a wholly-owned subsidiary to replicate its business model in Kuwait. In markets in which Global has not attained a desired level of market expertise and client base, it seeks to acquire a minority stake (ranging from 15 to 30 per cent.) in a local partner to gain exposure to the new market and enter into fund distribution and other commercial arrangements with such partner. For Global's PE/PIPE investments, it looks to invest in small to medium sized pre-IPO or early stage IPO companies in the GCC and wider MENA region as well as other emerging markets such as Pakistan, India and China. Its main focus, in these cases, is to facilitate deal structuring for its investment banking clients and to co-invest with them in high-growth companies to achieve desired returns for clients and for its own account. Global also seeks to acquire equity stakes (ranging from 15 to 30 per cent.) in complementary and related financial services businesses in target markets to generate capital gains and gain exposure to new corporate and retail clients and new types of products and services. Global also makes PE/PIPE investments to develop a strong track record and build its reputation in PE/PIPE investments as a platform to launch its asset management products by leveraging its expertise gained through PE/PIPE activities. Global periodically evaluates its portfolio of strategic investments. Strategic investments that no longer provide a strategic benefit are re-classified as opportunistic investments or realised to maximise value. Global increases its ownership stakes in investments that prove to be of significant strategic value to it with a view to full integration into Global's operations.

Global also makes investments in its own funds, both to satisfy KSE requirements and to attract third-party investors by demonstrating its commitment to the investment strategies of the funds.

While Global applies similar investment processes across its principal investments, it takes a significantly less active management role in connection with its opportunistic principal investments. Global divides its investment process into four basic stages: (i) conducting detailed and extensive financial and business due diligence on target companies to identify and screen potential investments that meet Global's investment criteria and provide the potential for a steady cashflow and sizeable capital gains upon exit; (ii) executing investment transactions; (iii) active participation in the post-investment management of its strategic investments, including preparing business plans, recruiting management and monitoring the progress of the target company; and (iv) continuously evaluating market conditions, revaluating its investments periodically and exiting the investment after an average realisation period of three to five years, which period may vary significantly depending on whether an investment is strategic or opportunistic. Global does not apply any fixed exit schedule to its principal investments. Based on Global's periodic review and revaluations, however, investments that no longer meet the investment criteria of Global are realised for investment gain, whether by disposal, exit IPO, transfer into managed funds or placement with Global's clients. For further information, see "*Recent Developments*"

Investment Performance

The total market value of Global's principal investment assets as at 31 December 2007 was approximately KD683.1 million (US$2.5 billion). As at 31 December 2007, Global's Principal Investment & Treasury division had equity investments in approximately 250 companies. Global's principal investment assets achieved an average annualised return on investment of 18.9 per cent., 18.7 per cent. and 38.0 per cent. respectively, for the years ended 31 December 2007, 2006 and 2005. The table below sets forth Global's return on top five exited principal investments in terms of the amount invested by Global since its inception:

Company	Equity Placement Value (US$ million)	Investment Type	Exit Date	Annualised Return on Investment
Al-Mazaya	108	Investment Banking	July 2007	13%
Nibras Holding	75	Investment Banking	November 2007	46%
Umniah Telecom	58	Opportunistic	June 2006	222%
Iraq Holding [(1)]	56	Strategic PIPE	June 2007	14%
Kadhma Holding	46	Investment Banking	March 2007	24%

(1) This was a listed Kuwaiti company investing in GCC financial assets.

Investment Banking

Overview

The Investment Banking division provides private placements, including seed capital financings for start-up companies and public offerings of GCC and MENA equity and debt securities, merger and acquisition advice, listings and Islamic financing, and, in respect of industry coverage, addresses the financial services, insurance, healthcare education, oil and gas and real estate sectors. The division has also striven to introduce innovative products and services (for instance, country, sector and company specific research, innovative structured bond issues such as short-term Islamic financings) in the GCC and wider MENA region, with the goal of establishing a strong network of clients in these regions.

Global began providing investment banking services in 1999 to meet the needs of clients looking to raise capital and invest funds. Historically, the majority of its investment banking revenues was generated from the fees paid for global acting as lead manager for equity placements of start-up companies. Global leveraged such expertise to increase its advisory and debt capital market mandates, including in the Islamic finance area. Global's Investment Banking division has helped to develop and maintain a loyal client base, including local and regional financial institutions, pension funds, corporate clients and the high net worth individuals across the GCC and wider MENA region. Global believes that its investment banking operation helps to differentiate it from other regional players, which in most cases do not offer the diversity of investment banking products that Global can provide. For the year ended 31 December 2007, the Investment Banking division contributed KD8.7 million (US$31.7 million) or 5.6 per cent. of Global's net operating income. The division consists of 32 employees including 26 investment banking professionals as at 31 December 2007.

Activities

The business activities of the Investment Banking division are as follows:

Equity Capital Markets and Corporate Advisory

Since 2000, Global's equity capital markets unit has acted on a variety of equity offerings, which, in aggregate, have raised over KD2.7 billion (US$9.8 billion), and was managing equity transactions with an aggregate offering amount of KD115.9 million as at 31 December 2007. In 2007, the unit managed a total of 13 equity offerings and raised a total of KD147 million. The unit focuses on small to medium size transactions in the region, averaging KD14.5 million in size. Global co-invests through its Principal Investments Treasury Division in a variety of private placements and public offerings it manages to help structure the deals and realise attractive investment returns. Global typically charges approximately 5 per cent. of the amount of equity raised as investment banking fees. Global believes it has a relatively low cost-to-income ratio in this division as a large proportion of its investment banking mandates are generated through its asset management and principal investment networks.

Global's equity funds unit offers the following services:

- *Private Placements:* Global specialises in the promotion and seed capital financing of new start-up and small- to mid-size companies starting from new business idea generation, setting up management team and business plan, using its contacts to raise funds for such companies to advising on their IPOs or other exits. Global's private placement team helps GCC and MENA companies in varying stages of development to raise private equity capital and has the flexibility to serve issuers of varying sizes.
- *Public Offerings:* Global manages initial public offerings ("**IPOs**") and secondary public offerings of GCC-based corporations on the KSE and other major GCC exchanges. Global has managed the public offerings of 23 companies on the KSE with a total market capitalisation of KD11.5 billion as at 31 December 2007, representing approximately 5.5 per cent. of the KSE market capitalisation as at such date.
- *Mergers and Acquisitions:* Global advises on buy and sell side mandates for both acquisitions and divestitures and conducts due diligence for and structure deals in the real estate, banking and financial services, telecommunications, media and healthcare sectors. Since inception Global has advised on M&A transactions with an aggregate value of approximately KD1 billion. Global focuses on small- and medium-size transactions between KD15 million and KD35 million, which are currently underserved in the market. Global believes that there is significant potential for an active mergers and acquisitions market to develop in the GCC region as a younger generation of Western-educated business owners attempt to change the traditional organisational and ownership structure of family-run corporations in the region.

Global's equity capital markets unit also offers corporate valuations, feasibility studies, and advice regarding capital structuring, financial restructuring and privatisations.

Debt Capital Markets

Global's debt capital markets unit was established in 2000 to structure and offer debt capital market products to corporate clients in Kuwait and the GCC region. Global's debt capital markets unit is a leader in structuring and offering a variety of conventional and Islamic fixed income products in the region in terms of the aggregate proceeds from offering it has helped to raise. Global's debt capital markets unit sources, structures and offers a variety of conventional and Islamic fixed income products to its client base. The unit has experience in structuring debt capital market transactions in the areas of real estate, insurance, media, banking and financial services, hospitality, logistics and warehousing, oil and gas and telecommunications. In 2007, the unit managed a total of 64 debt offerings and raised a total of KD435 million.

Global's debt capital markets unit offers the following services:

- *Corporate Bonds and other Corporate Debt Issuance:* Global structures and arranges conventional debt programs and bond issues on a syndicated or stand-alone basis and participates in secondary market-making activity in the Kuwaiti and GCC bond markets. Global was the first issuer of a fixed income bond fund, floating rate bond fund and a multiple-tranche dual currency bond in the GCC region. Since 2002, Global has managed or co-managed 24 corporate bond issues valued at more than KD410 million (US$1.5 billion). Global charges on average 0.85 per cent. on the amount of debt raised as investment banking fees.

- *Islamic Finance:* Global offers structured and standardised Islamic finance, including Sharia-compliant Murabaha and Sukuk issuances, for its institutional clients. Global believes that it has been a pioneer in the shorter-term Islamic finance market, structuring one, three, six and 12-month deals with many local institutions. Since 2002, Global has arranged more than KD730 million (US$2.67 billion) of Murabaha facilities. Global charges on average 0.5 per cent. on the amount of Islamic debt raised as investment banking fees.

- *Listing Advisory:* While the equity capital market group manages the IPO process of Global's clients, the debt capital market group acts as a listing advisor to its clients in connection with their primary and dual listings on Kuwait and other GCC stock exchanges(2). Advisory activities include regulatory compliance, pre-feasibility study and listings. Global believes that its debt capital markets unit has emerged as a leader in assisting companies in obtaining listings on the KSE as well as other major GCC exchanges (including the DFM and the BSE). Global has provided listing services for 23 companies on the KSE with a total market capitalisation of KD11.5 billion as at 31 December 2007, representing approximately 5.5 per cent. of the KSE market capitalisation as at such date.

- *Corporate Structuring Services:* Global provides corporate structuring services to its clients interested in establishing a special investment vehicle or holding company structure to facilitate complex structured financing transactions. Global incorporates and maintains a pool of ready-made special purpose vehicles for its investment banking and asset management clients. As part of this service, Global regularly interacts with government agencies to keep up to date on a variety of regulatory issues including government licensing and permits, statutory reporting and other regulatory requirements, which may be of importance to its clients.

Business Strategy

The Investment Banking division aims to expand and enhance its regional position in investment banking by providing more investment banking services through its local branch and subsidiary offices in the fast-growing GCC investment banking market(3), particularly in the mid-size investment banking market in Saudi Arabia where Global obtained a licence in 2007, by leveraging its existing relationships with institutional clients and high-net worth individuals and capitalising on its strength in equity offerings. In addition, Global seeks to explore potential business with its existing asset management and brokerage clients, which may have investment banking needs that are not adequately being met, by for instance seeking mandates from asset management clients for private equity issuances. Global also seeks to leverage its investment banking business to provide further business opportunities to its Asset Management and Principal Investment & Treasury divisions by offering new and innovative investment products or products and services that have not yet been introduced in the GCC and wider MENA region. Global intends to expand its business by working increasingly on cross-border mandates, offering Sharia compliant instruments in Murabaha, Ijarah and other innovative Sharia-compliant structures, and by increasing the number of high-value equity and debt transactions undertaken in the region. Global is in the process positioning itself as a full-service investment bank in Saudi Arabia, Egypt, Qatar and the UAE. In addition, Global seeks to leverage its equity capital markets experience to increase its debt capital markets opportunities, including more opportunities in the fast-growing area of Islamic finance.

Fees

Investment banking revenues include (i) fees earned from equity placements including seed capital financings, private placements and public offerings; (ii) corporate advisory services revenues including mergers and acquisitions, and other investment banking advisory fees; and (iii) fees earned from managing debt offerings including corporate bonds, Murabahas and Sukuks. In 2007, Global earned KD5.4 million in fees generated from equity offerings, KD1.1 million from debt offerings and KD0.2 million from corporate advisory services.

(2) The offering process itself may or may not have been managed by Global's equity capital markets unit.

(3) Source: Dealogic.

Real Estate

Overview

Global's Real Estate division was formed in January 2006 to undertake Global's investment in the growing regional real estate markets, with a focus on opportunistic investments in commercial and residential real estate and development projects. Global develops real estate investment opportunities through its Dubai branch office and also through strategic partnerships with real estate companies in the GCC, particularly in the UAE. For the year ended as at 31 December 2007, the Real Estate division contributed KD3.5 million (US$13.0 million), or 2.3 per cent., of Global's net operating income. The division had six employees, including 5 real estate investment professionals as at 31 December 2007. The division has access to regional real estate developers and real estate investment companies, some of which have been investment banking clients of Global for seed capital financings and IPOs in the past.

Global believes that its real estate operations help to support the Company's asset management and investment banking operations by creating a track record in new regional markets, and by developing its expertise in the real estate market, which it believes may lead to more real estate-related investment banking opportunities.

Activities

Global's Real Estate division invests for its own account, as well as for its clients and certain of its managed funds, in residential and commercial real estate properties under development or fully-developed commercial and residential real estate properties. Global's current real estate portfolio was acquired at a cost of KD100.4 million (US$367.2 million), and comprises undeveloped land and built up areas for large developments located in the UAE (Ras Al Khaimah, Dubai, Abu Dhabi) and Kuwait. Global's real estate assets are held in special purpose vehicles in which Global has co-invested with joint venture partners. Global typically holds 60 per cent. of such joint ventures. Global seeks diversity of property use among its real estate assets and seeks to invest in a combination of residential property (including serviced apartments), retail property and property used for office space. Approximately one half of Global's current real estate portfolio of KD100.4 million was purchased in January 2008.

For the year ended 31 December 2007, Global's real estate division earned a total of KD3.5 million, of which KD2.9 million, or 82.1 per cent., of its income was attributable to value appreciation from property sales and KD0.6 million, or 17.9 per cent., was attributable to fee income from real estate brokerage, property management and advisory services.

The table below sets forth Global's current real estate holdings by location as at 31 December 2007:

Location	Area	Built-up Area[1]	Purchase Cost Paid	Form of Investment	Property Type	Amount Outstanding
	(Square meters)		(KD million)			(KD million)
Ras Al Khaimah	132,256	370,319	4.7	Residential, Commercial, Hotel	Residential, Commercial, Hotel	27.7
Dubai	70,935[2]	1,511,541	13.2	Residential/ Commercial	Residential (inc. Serviced Apartments), Commercial	31.1
Sharjah	75,864	N/A	3.0	Land	Land	—
Kuwait	—	—	18	—	—	—

(1) Built-up Area is the total usable area at a location taking into account approvals for multi-story construction.

(2) A portion (14,400 square meters) of this property was sold during the first quarter of 2008.

Investment Strategy

The Real Estate division aims to create stable and strong returns through careful identification, management and timely sale of real estate assets. Global's real estate opportunities are primarily sourced through its contacts in financial institutions and intermediaries throughout the GCC region. Global also identifies opportunities through its own investment professionals and relationship managers in the GCC region.

Global's real estate assets are divided into three categories: core investments, value-added investments and opportunistic investments. Core investments consist of properties available for lease (85 per cent. occupancy or greater) in markets enjoying stable or improving economic conditions. Value-added investments consist of properties that require minor renovation and repair and market re-positioning. Opportunistic investments are properties that require significant development, redevelopment and/or renovation and represent high risk and potential high return. Global's current policy is for real estate investments not to exceed 10 per cent. of Global's assets into its overall real estate portfolio.

Brokerage

Overview

Global began gaining exposure to the brokerage markets in 2004 through strategic investments in regional brokerage companies, and launched its own brokerage services in January 2008, following its investments in an Internet-based electronic platform and hiring of experienced personnel. Global believes that increased trading in the GCC and MENA markets and increasing interest in the region from international investors provide a positive macro-economic environment for developing this line of business. Global also believes that the addition of a brokerage business enables it to provide a full range of investment management services to its clients, complementing the existing asset management and investment banking services.

Activities

The Brokerage division provides a range of securities dealing and trading, over-the-counter (**"OTC"**) and derivatives transactions, margin trading, securities clearing and settlement and custody services. In Kuwait, where Global has not obtained a floor brokerage licence, Global processes securities tradings through third-party floor brokers on the KSE, with which Global has entered into brokerage fee-sharing agreements. It also provides electronic brokerage services through *Global Brokerage* at www.globalbrokerage.com.kw, an internet-based brokerage service for its clients preferring a self-directed approach to investing, as well as telephone-based brokerage services. *Global Brokerage* offers trading of equity securities and access to Global's proprietary research, as well as Global's other research, and a variety of online investing tools. Global currently has brokerage licences in the UAE, Bahrain, Saudi Arabia, Jordan, Oman, Tunisia, Egypt, Sudan, Pakistan and Hong Kong through subsidiaries or branch offices.

Business Strategy

Global aims to develop a strong regional position in brokerage by transferring its fiduciary non-discretionary portfolios from the Asset Management division to the Brokerage division to facilitate targeted sales activity and higher trading volumes, and by offering brokerage services to the Company's existing asset management and investment banking clients. Global also seeks to attract new brokerage clients to capitalise on the increases in trading activity in the GCC and wider MENA region and leverage its reputation in regional research coverage in order to build its brand name in brokerage services. The Brokerage division aims in the long term to integrate its regional brokerage operations in order to create a brokerage platform encompassing the entire GCC region.

The table below provides a breakdown of the Company's existing and planned brokerage operations in each of the countries in which it currently operates:

Location	Licences	Ownership as at 31 December 2007	Operations
Kuwait	No — Online facility only	Direct operations	Online brokerage and research. Global charges a 25 bps fee for brokerage, of which it keeps 12.5 bps after stock exchange commissions and a fee to the floor brokerage (planned)
Saudi Arabia	Yes	100%	Floor brokerage and research (planned)
Egypt	Yes	90%	Floor brokerage and research
Sudan	Yes	76%	Floor brokerage
Pakistan	Yes	44%	Floor brokerage
Jordan	Yes	100%	Floor brokerage and research (planned)
Tunisia	Yes	49%	Floor brokerage and research
Oman	Yes	77%	Floor brokerage and research
UAE	Yes	Subsidiary	N/A
Bahrain	Yes	100%	Floor brokerage
Palestine	Yes	48%	Floor brokerage

Fees

Brokerage fees are primarily comprised of fees relating to dealing and trading, transfer and custody of securities on the GCC exchanges and OTC markets. Global also receives commission from brokerage clients for its margin trading and securities borrowing and lending activities, and intends to begin charging brokerage customers for equity research reports starting in 2009. In Kuwait, Global has fee-sharing arrangements with some of the 14 licenced trading floor brokers on the KSE. Global believes that such arrangements will allow it to remain competitive in the brokerage business in Kuwait even if it does not acquire a brokerage licence in Kuwait.

Global expects to commence operations in Saudi Arabia by the end of the second quarter of 2008.

Research and Index

Global believes that it was the first investment house in Kuwait to publish full research reports on KSE-listed companies when it began producing such reports in 1999. Global currently has research hubs in Kuwait, Jordan, Egypt and India, providing sector updates, weekly market updates, research reports and other forms of research support to over 70,000 subscribers. Global's research team produces economic analyses of 16 countries (including Bahrain, Kuwait, Qatar, Saudi Arabia, Oman and the UAE) and the GCC market, and sectoral analyses on the real estate, banking, private equity, insurance, Islamic finance, telecommunications, cement, pharmaceuticals, logistics and oil and gas industries. The team also produces equity research on over 100 companies in the GCC region (representing approximately 50 per cent. of the GCC market capitalisation), has begun to cover new markets such as Egypt, Lebanon and Jordan and recently commenced research on selected Indian corporate entities. Global has developed data resource tools, based on international standards, allowing investors to gain knowledge of the industry, sector and/or companies in which they have an interest, which in turn helps to create awareness among regional and international investors of available investment opportunities.

Global was the first local investment company to present investors with audited index data on the KSE dating back to 1984, the first local investment company to develop regional indices in the GCC and the wider MENA region and among the first to develop an Islamic index. Global has developed various new indices including the Global GCC Investable Index 100, Global GCC Large Cap. 30 and Global GCC Islamic Index. Global is one of the leading regional index publishers, and its research was ranked first in the "Middle East Equity Research Poll" by *Euromoney* (August 2007) in the areas of cement, leisure and tourism, oil and natural gas, retail, transport and logistics and credit, second in the areas of agriculture and food, banking and finance, industrial, real estate, telecoms, economics, and third in the remaining two categories, pharmaceuticals and strategy.

As at January 2008, Global employed 32 professionals working in the Research division, including six in indices. The research is distributed through a variety of distribution channels, including direct mail and email distribution to subscribers, and publication on the Company's website.

The research function plays a strategic role in enhancing the overall value of Global's brand, demonstrates to clients a knowledge and economic awareness of the countries in which the Company operates and helps to create additional interest in its funds, portfolio management and investment banking services. Global anticipates that its research will be an important factor in fostering growth in the brokerage division. In addition, Global intends to begin charging for its research products in the long term, which will provide another source of fee income for the Company.

CLIENTS

The growth and success of Global's business is underpinned by its placement capability in the GCC and wider MENA region and the Far East, with the majority of Global's products distributed through its client relationships department in Kuwait. Global's client relationships department acts as a link between Global and its clients, with the following objectives: (i) establishing one point of contact between Global and its clients, (ii) maintaining and expanding Global's client base by building customer relationships, (iii) marketing and promoting Global's investment and investment banking products to potential and existing clients and (iv) assisting clients in defining, determining and achieving their financial goals through client profiling and directing client investments to suitable products. Global particularly seeks to deepen its relationships with corporate and high net worth individual clients, establish new relationships and target currently underserved segments of the market, including professionals, women investors and expatriates. Global expects to increase its placement capability in the future by adding additional client relationship employees and by promoting cross-sales to existing clients of different types of investment products that Global offers.

Global's clients are a diverse group of high net worth individuals and institutions in the GCC and wider MENA region and the Far East, with investable wealth ranging from KD75 million to KD150 million. Current institutional clients include pension funds, trusts, financial and non-financial institutions and private offices of ruling families. According to the Merrill Lynch Cap Gemini World Wealth Report 2007, investable wealth in the Middle East is estimated at more than US$1.4 trillion among approximately 300,000 high net worth individuals in the region.

The following table presents information regarding Global's client base as at 31 December 2007.

Services	Asset Management only	Investment Banking only	Asset Management and Investment Banking	Total
Number of Clients	6,500	25	95	6,525

Each member of Global's client relationships team acts as a private wealth manager, with the goal of managing 20 to 25 accounts each and maintaining close relationships with 20 to 30 additional prospects in the countries covered.

Global has been successful in leveraging its brand to reach new clients in the GCC and wider MENA region and the Far East. In 2007, Global added 575 clients who were not previously part of its client base. As at 31 December 2007, Global's top 20 clients have accounted for approximately 63.3 per cent. of total AUM. Top 20 clients have made individual investments ranging from KD19.1 million to KD462.7 million.

Client Relationships Department — Kuwait

Global's main client relationships department in Kuwait had a total of 39 employees as at 31 December 2007, including 23 relationship managers. The Kuwaiti team is responsible for sales and client relationships of approximately 6,250 clients that have approximately KD1.8 billion in AUM as at 31 December 2007. Institutional clients accounted for approximately 78.7 per cent. of these assets, while individual clients accounted for the remainder. Over 75 per cent. of Global's Kuwaiti clients have over KD1.3 million in assets under management with Global, and approximately 70 per cent. of them have been with Global for at least one year.

Client Relationships Department — MENA and Far East

Global launched a second client relationships team in December 2005 to aid Global's expansion strategy and fund raising in the countries where Global did not have a marketing presence, with a focus on the MENA region and the Far East. The team had a total of 14 employees, including 12 relationship managers, as at 31 January 2008, and currently covers the UAE, Oman, Saudi Arabia, Qatar, Egypt, Libya, Yemen, Turkey, Japan, Hong Kong, Singapore, Malaysia and Brunei. In addition, Global had two sales professionals in Abu Dhabi, two in Bahrain, nine in Dubai and five in Jordan as at 31 January 2008. The MENA and Far East team is responsible for sales and client relationships for over 270 clients with approximately KD450 million in AUM as at 31 December 2007 of which the Far East region accounted for approximately 11 per cent. of these assets. Institutional clients accounted for approximately 76 per cent. of these assets, while high net worth individual clients accounted for the remainder. Approximately 70 per cent. of Global's non-Kuwaiti clients have been with Global for at least one year.

REGIONAL PRESENCE

Overview

For the first five years of its operations, Global focused primarily on investment products in Kuwait and offering Kuwaiti, GCC and international products in the Kuwait market. After establishing its position in Kuwait, Global commenced a strategy of geographical expansion by establishing branches and subsidiaries in other GCC countries, the broader MENA region and other emerging markets such as India and Pakistan. Global currently has a local presence in 16 countries. Global's local presences include: (i) companies in which Global has acquired a single or joint controlling stake or has the single largest shareholding, whose existing revenue model is largely similar to Global's revenue model or could be made similar to Global's revenue model, (ii) subsidiaries set up with the objective of replicating Global's revenue and business model and (iii) agents, market counterparties and branch offices that are exclusively dedicated or mandated to promote, support to complement Global's revenue model. Global has been building its presence in the GCC, MENA and Asia with a strategic focus on becoming a key local player in each market in the GCC and wider MENA region. In 2006, Global was granted a licence by the Qatar Financial Centre Regulatory Authority to deal in investments, arrange deals in investments, arrange the provision of custody services and managing and advise on investments. The implementation of this licence is in progress and operations are expected to commence in the first half of 2008. In 2007, Global was granted a licence by the Capital Market Authority of Saudi Arabia to establish a full service investment bank. In addition, in January 2007 the Central Bank of Bahrain upgraded Global Bahrain's operating licence to an investment banking licence.

Saudi Arabia

Global's strategy for geographic expansion involves a significant growth of its activities in Saudi Arabia and other new markets. In June 2007, the Company received, through its local subsidiary, Global Investment House KSA, a licence to conduct investment banking services in Saudi Arabia. Global believes that there are significant opportunities for it to focus its asset management and investment banking activities in Saudi Arabia by building upon its existing relationships with a number of large institutional clients in Saudi Arabia, increasing demand by Saudi clients for new types of asset management and investment banking products as well as the growing demand for access to Saudi market by Global's existing GCC clients. Global intends to increase its current staff of five sales representatives to approximately 35 employees by the end of 2008. Global has launched its investment banking services focusing on the mid market equity placements and intends to enter the Islamic structured product market. For its asset management, Global has been providing Saudi clients access to other markets by introducing its existing suite of asset management products to them. Increasingly, Global will offer Saudi-originated funds to attract both local and foreign investors. Global's initial plan is to raise funding to establish a new index-linked fund and a new Sharia compliant fund in Saudi Arabia by the end of 2008. Global also plans to establish a research hub in Saudi Arabia by expanding its existing research coverage of Saudi companies. Global believes a local research hub will enhance its brand name in Saudi Arabia and can be used as a marketing tool in connection with the launching of Saudi funds.

Egypt

Global entered into the Egyptian market through the acquisition of majority stakes in existing portfolio management and brokerage companies, including one of the leading brokerage companies in Alexandria, and is currently in the process of applying for an investment banking licence. Global believes that there are significant opportunities based in part on the high level of foreign direct investments in Egypt, and aims to operate in Egypt as a full service investment bank with comprehensive regional research coverage. Global expects to begin publishing research reports in Egypt in the first half of 2008. As part of its expansion strategies, Global launched Global Egypt Fund in February 2008. The fund is an open-ended fund investing in listed companies, IPO companies and pre-IPO companies in Egypt with an initial target commitment value of US$100 million.

Qatar

Global is also licenced to operate asset management, investment banking and proprietary trading in Qatar. Global is in the process of establishing its Qatari office with a team of five employees and plans to increase the number of employees from five to 14 by the end of 2008, primarily operating in investment banking and sales. Global intends to build upon the existing network of large institutions and high-net worth individuals in Qatar to launch equity placement, portfolio management and fund management services. Subsequently, Global will diversify its offerings to advisory and structured product offerings.

Others

In addition, Global has entered into a joint venture with Al Qudra, a leading business group in Abu Dhabi, to set up an investment bank in the UAE. The joint venture is currently applying for necessary licences and permits and is expected to offer asset management, investment banking and brokerage services in the UAE.

The table below shows the jurisdictions in which Global has a presence and the activities of each entity:

Country	Company Name	Activities	Shareholding as at 31 December 2007	Numbers of Employees
Kuwait[(1)]	Global Investment House K.S.C.C.	Full service licence acquired in 1998, currently operating asset management, principal investments & treasury, investment banking, real estate and brokerage	100%	374
Bahrain	Global Investment House B.S.C.C.	Registered to represent Global, full service licence	100%	11
UAE (Dubai)	Global Investment House	Registered to represent Global	100%	18
UAE (Abu Dhabi). .	Global Investment House	Registered to represent Global	100%	6
Yemen	Global Investment House	Registered to represent Global	100%	3
Turkey	Global Investment House	Registered to represent Global	100%	1
Qatar	Global Investment House (Qatar) LLC	Currently operating asset management and investment banking and brokerage	100%	25
Oman	Shurooq Financial Services PJSC	Full service licence acquired in 2005, currently operating asset management	77%	15
Jordan[(2)]	Global Investment House-J.S.C.	Currently operating asset management and investment banking	100%	34
Saudi Arabia	Global Investment House S.A.S.C.C.	Full service and brokerage licence acquired in 2007, currently operating asset management, investment banking and brokerage	100%	4
Egypt.	Global Investment House (Egypt) SAE	Full service and brokerage licence acquired in 2007, currently operating asset management, investment banking and brokerage	90%	64
India	Global Investment House (India) Ltd.	Research	100%	3
Sudan	Global Investment House Sudan	Full service and brokerage licence acquired in 2006, currently operating asset management and brokerage	76%	6

Country	Company Name	Activities	Shareholding as at 31 December 2007	Numbers of Employees
Iran	International Investment Development Advisory	Licenced to provide consultancy services, not currently operating	85%	7
Tunisia	FINA Corp	Full service and brokerage licence acquired in 2005, currently operating asset management, investment banking and brokerage	49%	22
Pakistan	JS Global Capital Ltd.	Currently operating investment banking and brokerage	44%	130
Hong Kong	Barings Asia Private Equity	Asset management and brokerage licence acquired in 2006, currently operating asset management	25%	26

(1) Global also has a number of Kuwaiti SPV subsidiaries for principal investment and investment banking purposes. Global's holdings in each of these entities is 100 per cent.

(2) Global also has another Jordanian subsidiary for principal investment purposes: Global holds a 65 per cent. interest in Arabian Seas Insurance Company (SAL).

COMPETITION

Global seeks to secure its strong market position in the GCC and MENA asset management and mid-market investment banking markets. Although Global believes that it enjoys its unique position as a leading regional provider of diverse products and services with a strong, on the ground presence in each country in which it operates, competition for placement of emerging market assets and real estate, private equity and other alternative investment assets (including those products offered by Global) as well as investment banking and brokerage has steadily grown in the GCC and wider MENA region. As asset classes have become more developed, GCC and MENA investors have become more familiar with these asset classes and the number of global asset providers has grown. Global's competitors for clients include all financial institutions that seek to tap into the pool of investable wealth in the GCC and wider MENA region and, to a lesser extent, the Far East. Some of these competitors offer investment and financial services or asset classes of a similar nature in direct competition with Global, and all of them offer financial products constituting alternative forms of wealth investment, generation or management. Global may face competition in the future from regional players seeking to copy its business model and provide a full range of investment banking, asset management and brokerage services across the region.

The Company's regional competitors include EFG Hermes, Shuaa Capital and National Investment Company. Global will likely continue to face increasing competition for investable wealth in the GCC and wider MENA region from existing and new competitors who may perceive the region's economic growth in recent years as an opportunity to expand their operations. For instance, private wealth management groups of global investment and commercial banks are increasingly establishing local offices in the regions' major metropolitan areas. In the future, Global could face increased competition from such enterprises. In addition, the Company faces competition not only from regional competitors who operate similarly across a number of equivalent business lines but also from competitors in each specific business segment.

REAL PROPERTY FOR BUSINESS OPERATION

No tangible fixed asset in Global is material in terms of Global's annual turnover.

INSURANCE

The Company has a comprehensive insurance programme with cover for bankers blanket bond, professional indemnity, directors and officers liability, electronic and computer crime, employees personal life, employees medical cover and all property risk. The policy coverage, policy limits, policy-clause wordings and policy deductibles are subject to annual review by the head of risk management and other senior management of the Company to ensure that the Company's insurance programme adequately covers perceived risks. Global believes that its insurance programme is consistent with the industry standards and adequately covers insurable risks.

INFORMATION TECHNOLOGY

Improvements in operating features and security are an integral part of Global's IT strategy. Global presently uses the Misys MIDAS Plus system, a real-time core banking and security trading system that provides it with a sophisticated and flexible means of managing retail accounts and executing and tracking deals and positions across all of its financial instruments, and the Burgan information system, which is expected to be implemented in the next six to eight months. In 2008, to support Global's business strategies, the Company is developing an application platform of centralised customer information, which is intended to facilitate informed decision-making based upon client, product, business unit, and branch-related information. Investment is also being made in portfolio management, brokerage, anti-money laundering and compliance monitoring and controls, risk management and functional security systems with a total capital expenditure of KD1.6 million in 2007. The above applications will be integrated through IBM WebSphere and will run on Global's IT infrastructure including network and server segregation, multi-security zones, access control lists and intrusion detections.

To consolidate its risk management functions, Global is in the process of evaluating a suitable software provider to deliver a dedicated risk management system that will provide VaR analysis for market risk. Such system will support a range of VaR methodologies including variance co-variance method, historical simulation, Monte Carlo simulation and scenario analysis, and will enable the Company to identify and attribute risk to its source by unit, trading entity, portfolio or even individual deal. Global will also be able to analyse its exposures in terms of market factors such as equity prices, interest rates, currencies and volatility. Global is in the process of installing the World Check system to monitor its compliance with regulatory policies, guidelines, and anti-money laundering requirements, on a real time basis.

Global expects that, once implemented, the above IT projects will add approximately KD1 million to the existing annual IT costs of KD1.5 million.

Information Analysis Systems

Global has developed and installed information analysis systems to enable it to expand its information infrastructure and provide a platform for automated client relationship and asset management systems and enhance business efficiency by: (i) providing comprehensive financial analysis of Global's operations, (ii) improving and expanding Global's services through prompt identification of client and counterparty requirements and returns on various banking products, (iii) analysing marketing effectiveness, (iv) accelerating control over cash flow, the assets/liabilities portfolio, credible forecasting of forthcoming receipts and payments due, (v) providing faster full-scale analysis of the securities, foreign exchange and money markets, (vi) efficiently evaluating and forecasting liquidity and various other risks and (vii) improving and developing Global's management accounting. This system supports strategic, tactical and operational decisions by providing analytical reports suited to the needs of various categories of customers and provide facilities for the interactive analysis of information and swift report compilation by users other than programmers.

Information Storage System

The importance of the storage of collected information imposes stringent requirements on the hardware fulfilling these tasks. Global is in the process of phasing in a consolidated information storage system to secure reliable and continuous access to data for all information systems it uses and provide for efficient data storage management in line with the pace of business expansion.

Information Security

Where possible, Global isolates its information technology systems from external networks. Where connections are necessary, Global protects its information technology systems with extensive firewalls and anti-virus protection software. Global's security personnel investigate attempted attacks and regularly verify the integrity of internal access controls. As of the date of this Prospectus, Global has experienced no significant damage to its information technology systems due to computer viruses, hacking or similar attacks.

Business Continuity

Global's business continuity plan consists of two fundamental elements: data protection and the protection of access to information technology services. Global's IT infrastructure allows for permanent storage and retrieval of all essential business data. In case of data loss, Global relies on back-up copies of data, which it stores in fire resistant facilities both on-site and three off-site locations in Shamiya, Farwaniya and Kuwait City all three of which are in

Kuwait. Global backs up its business data daily, weekly and monthly, and maintains data for the current year and the past five years.

For those IT services that Global views as top priority, it has plans in place to provide substantially similar services off-site within one hour. For other IT services, IT systems have been upgraded to further mitigate operational risk such that Global's key trading activities could be fully operational out of Bahrain within seven days. Global regularly tests the integrity of its business continuity plans. However, Global currently does not have a comprehensive emergency back-up operating system and facility to ensure the continuity of fully-functioning business operation in the event of major business disruption as a result of natural or man-made disasters. See *"Risk Factors — There may be an adverse impact on Global's business as a result of a loss of business continuity"*.

EMPLOYEES

As at 31 December 2007, Global had 457 employees, compared to 352 as at 31 December 2006. To date, the Company has not experienced industrial action or other work stoppages resulting from labour disputes.

The table below sets out a breakdown of the total number of employees within each of the Company's operational divisions as at 31 December 2007, 2006 and 2005:

	As at 31 December		
Division	**2007**	**2006**	**2005**
Asset Management	105	65	53
Principal Investments & Treasury	17	10	7
Investment Banking	38	40	38
Real Estate	6	3	—
Brokerage	1	—	—
Management, support services and centralised sales	290	234	153
Total employees	457	352	251

As with most high growth emerging economies, competition for talent is an important challenge that Global faces. See *"Risk Factors — Global may have difficulty recruiting and retaining qualified professionals"*. Employee turnover is typically high among investment and client relationship professionals in the region. Global's client relationship professional turnover averaged 10 to 15 per cent. in both 2006 and 2007. Global provides its investment professionals and relationship managers with extensive training and development opportunities, along with an incentivised compensation package, which includes a base salary, performance based incentives and commissions and yearly cash bonuses (part of which may be invested in Shares at book value), and also provides housing, transportation and children's schooling allowances for vice presidents and above. Global also encourages and supports employees in acquiring new skills and qualifications and in pioneering new products. More than half of Global's private bankers and investment managers have been with the Company for at least five years.

SHARE SCHEMES

Global operates a performance bonus scheme for its employees and a stock option scheme for its senior managers. The performance bonus scheme covers all employees who are entitled to receive a portion of their annual bonus in the form of Shares to be issued by the Company. No bonus shall be distributed if the Company's profits are less than 80 per cent. of the targeted profit for that year. From 1999, Global reserved 15 per cent. of its share capital for possible allocation to eligible employees during the subsequent ten year period. Under the stock option scheme, stock options are allotted to senior executives in accordance with Global's executives stock option policy at the beginning of a three-year stock option period. At the end of such period, executives can exercise the stock options allotted to them during the three-year period. Executives participating in the stock option scheme are required to retain 40 per cent. of the Shares allotted to them during the entire term of their employment. Under the PBS and SOS schemes, the average subscription price of the Shares allotted under both schemes will approximate the adjusted book value of such Shares at the beginning of the applicable financial year.

As at 31 December 2007, Global's management and employees held 8.2 per cent. of the Company's equity capital. In addition, there were stock options outstanding for approximately 32 million Shares, or 3.7 per cent. of the Company's issued and outstanding equity capital as at 31 December 2007. During the year ended 31 December 2007, approximately 13 million Shares were issued to Global employees under the performance bonus scheme, and no options were exercised under the stock option scheme. Further, the shareholders of Global approved the issuance of 68.5 million shares under the Global's performance bonus scheme and share option scheme, of which 16 million shares have been already issued.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration paid by Global to members of the Board of Directors and Senior Management as a group for services in all capacities provided to Global during the year ended 31 December 2007 was KD2.28 million (US$8.3 million) in salary and bonuses.

The total sum set aside or accrued by Global or its subsidiaries in 2007 to provide pension, retirement or similar benefits to the above members was KD0.5 million (US$1.8 million).

RISK MANAGEMENT

Risk Management Framework

Introduction

Risk-taking is integral to the core businesses in which Global operates. In the course of conducting its business operations, Global is exposed to a variety of risks including market, liquidity, operational, credit, legal and other risks that are material and require comprehensive controls and ongoing oversight. The recognition and management of risk is an essential element of Global's risk strategy. Global designed its risk management policy to manage these risks by establishing procedures and setting appropriate limits, which are monitored by relevant management system on an on-going basis. Global continuously seeks to improve its risk management processes and systems by defining and establishing risk management framework and work flows and training its employees on risk management issues on a regular basis, and plans to complete the implementation of what Global believes to be a comprehensive risk management system within the next 12 months. Notwithstanding the ongoing implementation of this risk management system, Global believes that upon Admission its financial systems are sufficient to ensure compliance with the requirements of the UKLA's Disclosure Rules and Transparency Rules.

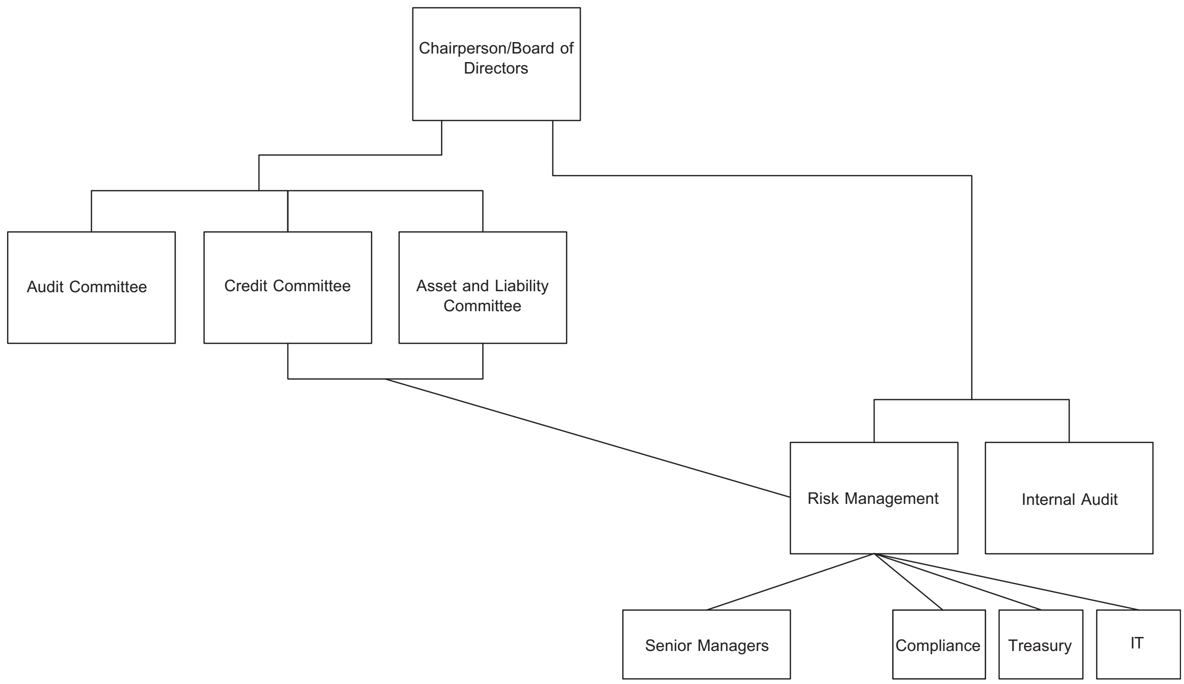
Global's risk policies and processes aim to protect the asset values and income streams such that the interests of shareholders and external fund providers are protected and shareholders' return is optimised.

Global's key quantitative risk policies include:

- maintaining minimum levels of capital adequacy (calculated in accordance with the Rules and Regulations Concerning Capital Adequacy Standards of the Central Bank issued as per circular number (2/BS/184/2005) of December 2005) at 15 per cent. (although, as an investment banking and asset management company, Global is not subject to the capital adequacy requirements of the Central Bank of Kuwait);
- complying with the recommended risk management standards of Basel II accord, as amended, in respect of capital allocations, internal review and market discipline to minimise market risk, operational risk, liquidity risk, credit risk, interest risk and other risks (although, as an investment banking and asset management company, Global is not subject to the requirements of Basel II accord);
- maintaining shareholders' contributions above minimum thresholds (currently 30 per cent. of total assets);
- maximum size limits for PE/PIPE investments, trading book and the real-estate lines of business linked to the size of total assets and shareholders' equity (size limits are reviewed on an annual basis);
- restricting country, economic sector and single obligor exposure to specified percentages of shareholders' equity;
- maximum book-size limit for lending products linked to the shareholders' liquidity;
- limiting the tenor of credit products; and
- maximum overnight FX exposure limits.

Risk Management Organisation Structure

The following chart sets out Global's risk management organisational structure.



The Board, being ultimately responsible for the management of risks associated with Global's activities, has established a framework of Board Committees (see *"Management — Corporate Governance and Board Committees"* above), policies and controls to identify, assess, monitor and manage risk. Senior operation managers are responsible and accountable for management of the risks associated with their business activities. Senior operation managers establish risk strategies and policies in conjunction with the Group Risk Management Department (the "**RMD**") and Board approves such policies and strategies. In addition, independent risk groups manage market risk, liquidity risk, operational risk and credit risk. These inadequate risk groups include the Audit Committee, the Credit Committee, ALCO, the Treasury Group, the Group Compliance and the IT Department. These independent risk groups fall under the management responsibility of Global's Chairperson. Along with other control groups, these disciplines work to ensure risks are properly identified, measured, monitored, and managed throughout Global.

Decision-Making

The decision-making level of Global's risk management operations is comprised of senior management, the Audit Committee, the Credit Committee and ALCO. These entities operate under the supervision of the Chairperson of the Board of Directors and perform the following functions:

Senior management are charged by the Board of Directors with day to day responsibility for Global's risk management operations, policies and procedures. The senior management responsible are the Chairperson, the two Executive Vice Presidents and the Head of Risk. They delegate individual risk management functions to each of the various decision making and execution bodies within Global's risk management structures. The senior management approves the risk tolerance levels established by the RMD and receives regular updates from the RMD on risk-related matters. The senior management pays particular attention to risk concentrations and liquidity concerns.

The Audit Committee, which is comprised entirely of non-executive directors, reviews and oversees management's policies and processes for managing all major categories of risk affecting the firm, including operational, legal and reputational risks. In addition, the Audit Committee reviews external audit related issues and audit plans.

The Credit Committee supervises and approves Global's credit risk exposure to borrowers (including margin lending customers) and issuers (including bond and commercial paper issuers for Global's proprietary trading desk and debt capital markets clients), as well as trading counterparties, including establishing credit limits for specific borrowers and issuers and reviewing existing limits on an ongoing basis.

ALCO supervises and approves Global's market risk exposure, and is responsible for establishing the appropriate level of interest rate, liquidity and currency risk. ALCO also determines Global's optimal capital, funding and portfolio structures and approves trading limits.

Execution Groups

The execution level of Global's risk management systems is comprised of the RMD, the Treasury group, the Group Compliance Department, the Internal Audit and the IT Department. These entities operate under the supervision of the Chairperson of the Executive Committee of the Board of Directors and perform the following functions:

- Risk Management Department — The RMD is responsible for the: (i) development of procedural and quantitative risk management tools and methodologies, (ii) preparation of recommendations to the Audit Committee on market risk and credit risk limits, (iii) monitoring of market and market-driven operational, liquidity and credit risks, (iv) risk assessment of new product offerings and (v) risk management training and raising risk awareness among employees. The Head of RMD reports directly to the Chairperson and has access to the Board of Directors. The RMD, which is currently comprised of four experienced full-time business and control managers and three managers on contract from international accounting firms, is responsible for reviewing Global's policies and procedures for managing exposure to market, credit and liquidity risk, including risk limits for both market and credit risk, Value at Risk ("**VaR**"), liquidity models, and other relevant models.

- Treasury — Global's Treasury group within the Principal Investment & Treasury division is responsible for day-to-day management of interest rate, liquidity and currency risk.

- Group Compliance Department — The Group Compliance Department assesses the adequacy of and compliance with internal procedures at all levels throughout Global. The department applies a risk-based approach that ranks Global's operations according to the likelihood and magnitude of potential losses for Global. The head of department reports directly to the Chairperson of the Executive Committee and/or Board of Directors. The Group Compliance Department employs 10 persons.

- Internal Audit — Global is required by the CBK to undertake internal audit. Historically, Global perfomed this function by outsourcing to a local professional services firm. Global is developing an internal audit capability and currently has a co-sourcing arrangement with a professional services firm. Global intends to have its own internal audit capability fully operating within 12 to 24 months. Internal audit reports directly to the Audit Committee.

- Information Technology — The IT Department is responsible for the implementation, maintenance and control of all of Global's IT systems, including risk management systems. The IT Department employs 30 persons. For more information about the IT Department, see *"Information Technology Infrastructure"*.

Risk Management Processes

Execution

The RMD works to ensure that the risks that Global assumes are managed within set tolerance levels and verifies that it has implemented appropriate processes to identify, measure, monitor and manage its risks.

Market and credit risk tolerance levels are represented in part by framework limits, which are established by the RMD and reviewed and approved annually by the Executive Committee, which must also approve certain intra-year changes. Substantive market and credit risk framework limit changes are reported to the Audit Committees. The frameworks are reviewed by the RMD in the context of its evaluation of market and credit risk exposures. Risk framework exceptions and violations are reported and investigated at predefined and appropriate levels of management.

Both the Audit Committee and the Executive Committee are provided with regular risk updates, and significant issues and transactions are reported to the Executive Committee and the Audit Committee. ALCO, the Credit Committee and other governance committees also create policy, review activity, and verify that new and existing business initiatives remain within established risk tolerance levels. Representatives of the independent risk and control groups participate as voting members of these committees. The activities of these committees are monitored by the RMD.

The overall effectiveness of Global's risk processes and policies can be seen on a broader level when analysing daily net trading revenues over time. Its policies and procedures for monitoring and controlling risk, combined with the businesses' focus on customer order-flow-driven revenues and selective proprietary positioning have helped Global to mitigate earnings volatility within its trading portfolios. While no guarantee can be given regarding future earnings volatility, Global will continue to pursue policies and procedures that assist it in measuring and monitoring its risks. The key risks inherent in Global's operations are market risk, liquidity risk, operational risk and credit risk.

Market Risk

Market risk is the risk of loss on trading instruments and portfolios due to changes in market prices and rates. Global's market risk primarily arises from the open positions (typically long) in equities in the trading book which are exposed to both general and specific market movements and net open FX positions. Global computes a capital charge for market risk in accordance with standardised methodology as adopted in Kuwait based on Central Bank recommendations. Global's trading activities are governed by investment risk policy that specifies approved products and restricts the overall size of trading book, maximum per trade exposure limits and stop loss limits.

Market risk in the banking book relates to Global's PE/PIPE investments. This risk is managed through overall book size and industry and geographical sector exposure limits. Further, the due diligence processes undertaken by Global while making investment decisions, monitoring of value creation and exit strategies by its investment committee for individual investments are other key aspects of market risk management framework.

Liquidity Risk

Liquidity risk is the inability to discharge funding or trading obligations which fall due at market related prices. Global manages its liquidity by ensuring a minimum percentage is maintained in liquid assets and endeavours to diversify its funding sources (see further *"Funding"* above). Liquidity is monitored and managed on a day-to-day basis by Global's Treasury division. Any liquidity gaps, Global's funding policies, any liquidity gaps, availability of contingent liquidity, projected future cash flows associated with significant investments/divestures are additionally reviewed and discussed in Global's ALCO. As at 31 December 2007, liquid assets in the form of cash and cash equivalents, trading portfolio, and managed funds constituted 21.7 per cent. (KD198 million) of total assets. As a prudential policy, Global considers only five to seven per cent. of quoted securities and managed funds as being liquid.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk management is embedded in Global's systems and procedures. Procedures reflect the separation of responsibilities and supervision by the compliance and risk management departments. A Turnbull risk management framework has been adopted to evaluate and report on risks in Global. In addition, IT systems are being upgraded to mitigate operational risk. While support functions are centralised at Global's head office, business continuity and disaster recovery plans are in place, such that its key trading activities could be fully operational out of Bahrain within seven days. See "*Risk Factors — Global's business may suffer if there is any disturbance to its operational systems or a loss of business continuity"*.

Liability Management

The liability management team is responsible for the day-to-day management of the liability side of Global's balance sheet and is responsible for the management/maintenance of relationships with financial institutions and banks, both regionally and internationally.

Interest Rate Risk

Interest rate risk is the sensitivity of Global's balance sheet and income statement to unexpected, adverse movements of interest rates. Interest rate risk on the assets side is minimal due to the relatively small loan book with a maximum re-pricing tenor of 12 months. On the liability side, borrowings are typically linked to three to six months benchmark rates. Global's interest rate risk management policies allow hedging of interest rate risk through a mix of fixed/ floating rate borrowings and interest rate derivatives such as plain vanilla interest rate swaps, interest rate caps and other structured products for borrowings denominated in US dollars.

Credit Risk

Credit risk is the risk of loss due to non-performance of a counterparty in respect of any financial or performance obligation due to deterioration in the financial status of the counterparty. Credit risk arises from Global's lending and future trade financing activities. The credit risk team seeks to avoid undue concentrations of risks with individual clients or groups of clients in specific locations or business through diversification of its activities and requires a pledge of security when appropriate. Loans and advances constituted 2.7 per cent. (KD24.6 million) of the total assets of Global as at 31 December 2007. Loans and advances have a security cover (typically in the form of local equities and managed funds products of Global) in the range of 150 to 200 per cent. In accordance with Central Bank regulations, Global maintains a one per cent. general provision on all loans and advances. The maximum term for loans is restricted to 12 months. Non-performing loans (loans in excess of 90 days in arrear) are subject to specific provisioning. As at 31 December 2007, all loan loss provisions (amounting to KD936 million) was at a general nature. Following-up on historic due credits, margin monitoring and foreclosures are other aspects of Global's credit risk management process. Since its inception to 31 December 2007, Global has not experienced any losses on account of credit defaults.

Global's credit risk management process is governed by the Credit Committee.

Currency Risk

Global is exposed to foreign currency risk arising from, among others, cross-border commercial transactions, foreign-currency denominated assets and liabilities and net investments in foreign operations. To mitigate its exposure to foreign currency risk, Global monitors non-Kuwaiti Dinar cash flows and also enters into forward contracts to hedge its currency exposure that is not likely to be offset by other foreign-currency denominated transactions in the ordinary course of business in accordance with its internal risk management policies. Global currently has significant exposures in US Dollars, Jordanian Dinars, EURO, Bahraini Dinars, Qatari Riyals, UAE Dirhams and Pakistani Rupees.

MANAGEMENT AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Global's Board of Directors is responsible for reviewing and guiding corporate strategy, approving key policies and objectives, understanding the key risks faced by the Company, determining risk tolerance and approving and reviewing operational processes to mitigate such risks. The Board has defined the limits of delegated authority and is ultimately responsible for assessing and managing risk policies and philosophies.

In fulfilling its responsibilities, the Board is supported by Senior Management, who are required to implement the plans and strategies approved by the Board. The Board monitors Senior Management's progress on an ongoing basis.

Furthermore, the Board, directly or through committees:

- approves annual budgets and business plans;
- monitors compliance with relevant laws, regulations and codes of business practice;
- monitors communications with all stakeholders;
- identifies and monitors key risk areas and key performance indicators;
- reviews processes and procedures to ensure the effectiveness of the Company's internal systems of control; and
- evaluates the performance of Senior Management.

Pursuant to its Articles of Association, the Board must consist of a minimum of five Directors. At present, the Board consists of five directors. Global's Articles of Association provide that each director is elected at an ordinary general meeting of shareholders for a three-year term and is eligible for re-election upon expiration of such term. In 2007, the Board met five times. Four members of the Board (excluding the Chairperson) are non-executive directors, including one independent director.

The current members of the Board and their position within the Board, as well as their outside activities are set out below:

Name	Age	Position on Global Board	Other Position(s)
Maha K. Al-Ghunaim	49	Chairperson & Managing Director (*Executive*)	Appointed in June 1998. Mrs. Al-Ghunaim is currently Board Member of the National Industries Group (NIG); and Vice Chairman of National Ranges Company (Mayadeen). Mrs. Al-Ghunaim took over as Chairperson of Global in March 2007. A founding member of the Company with 22 years experience in portfolio management and investment banking, Mrs. Al-Ghunaim is also a member of many financial institutions, including the DIFX, Bank of Bahrain and Kuwait, and the Financial & Investment Committee at the Kuwait Chamber of Commerce & Industry. Mrs. Al-Ghunaim was previously a Member of the Board at the Industrial Bank of Kuwait and Vice Chairman of Kuwait Finance & Investment Co. Mrs. Al-Ghunaim obtained a Bachelor of Science in Mathematics from San Francisco State University, California.
Khaled J. Al-Wazzan	57	Vice Chairperson (*Non-executive*)	Appointed in June 1998. Mr. Al-Wazzan is currently Chairman of Jassem Al Wazan Sons Group of Companies and their subsidiaries; Chairman of National Ranges Company (Mayadeen) and Board

Name	Age	Position on Global Board	Other Position(s)
			Member for Gulf Insurance Company. Mr. Al-Wazzan became the Vice Chairman of Global in March 2007.
Marzouk N. Al-Kharafi	38	Director (Non-executive)	Appointed in June 1998. Mr. Al-Kharafi is currently Chairman of Kuwait Food Co. and the Deputy President of Kharafi Group. Mr. Al-Kharafi is also the Managing Director of Kuwaiti Syrian Holding Co.; Board Member of Kharafi National for Mechanical & Electrical Co.; Chairman of International Khashtan Food Co. (Iran), Chairman of Kuwait Syrian Holding Co. and the General Manager of Aluminium Industries.
Sheikh Abdullah J. A. Al-Sabah	42	Director (Non-executive)	Appointed in June 1998. Mr. Al-Sabah is currently Deputy Director General at the Public Institute for Social Securities (PIFSS); Chairman of Housing Finance Company (ISKAN); and Director at Al Ahli Bank of Kuwait.
Alan Smith	65	Director (Non-executive/independent)	Appointed in August 2007. Mr. Smith is currently the director of Asia Credit Hedge Fund, Asia Holdings & Securities Inc., China Sunergy Co. Ltd., CQS Asia Feeder Fund Limited, CQS Asia Master Fund Limited, CQS Convertible and Quantitative Strategies Feeder Fund Limited, CQS Convertible and Quantitative Strategies Master Fund Limited, Frasers Property (China) Limited, HSBC Invest Fund Management Company Ltd., Indochina Capital Advisors Limited, KGR Absolute Return PCC Limited, Kingway Brewery Holdings Limited, Lei Shing Hong Limited, LIM Asia Arbitrage Fund Limited, Noble Group Limited, Standard Bank Asia Limited, The Hong Kong Building and Loan Agency Limited, United International Securities Ltd., Star Cruises Limited, VXI Capital Limited and Wharf T&T Limited. Mr. Smith has been Justice of the Peace for Hong Kong since 1994 and a member of Hang Seng Index Advisory Committee. Mr. Smith held various key positions in Jardine Fleming & Company Limited between 1972 and 1996. Mr. Smith was Vice Chairman, Asia Pacific at CSFB between 1997 and 2001.

Name	Age	Position on Global Board	Other Position(s)
			Mr. Smith holds a Bachelors degree in law from Bristol University.

The business address of the members of the Board is the Company's registered office.

SENIOR MANAGEMENT

The table below sets forth certain information with respect to the Senior Management of the Company:

Name	Age	Position	Other Position(s)/Background Information
Maha K. Al-Ghunaim	49	Chairperson & Managing Director	Please see table on Board of Directors above.
Omar M. El-Quqa	51	Executive Vice President — Global Products and Business Head	A co-founder of the Company with 22 years of experience in the financial sector, primarily in asset management and corporate finance. Mr. El-Quqa is currently a Board Member of Al Manar Financing & Leasing Co., First Jordan Investment Company, Real Estate Investment Company, REEF, Syria Gulf Bank, Al Salam Bank, Shurooq Investments, Union Bank, Amwal Investment, Tameer Jordan, Palestine Real Estate Investment Company, FINA Group, J5 Global Limited, Bank of Bahrain and Kuwait, Investment House (Qatar) and Jordan Trade Facilities Co. Previously, he worked with the National Bank of Kuwait Money Market Operations Department, and Kuwait Foreign Trade Contracting and Investment Company in the Portfolio Management Department. Mr. El-Quqa obtained the Chartered Financial Analyst certification in 1989 and an MBA from Sul Ross University in 1982.
Bader A. Al-Sumait	53	Executive Vice President — Global Shared Services Head	A co-founder of the Company with over 25 years of experience in Kuwait's capital markets. Mr. Al-Sumait has held several executive positions during his career, and currently holds the positions of Vice Chairman of Gulf Franchising Holding Co. and is the Chairman of Al Manar Financing & Leasing Co. Additionally, Mr. Al Sumait is the Managing Director for Arab Financial Consultant Company, and has helped establish Al Oula Brokerage Company, where he served as the Chairman and Managing Director. Mr. Al Sumait has been on the Board of Kuwait Investment Co., Qatar Finance House, Bank Muscat Inc., Kuwait International Fairs Co., Bank of Bahrain & Kuwait Educational Services Co. and Palm

Name	Age	Position	Other Position(s)/Background Information
			Agriculture Production Co. Mr. Al Sumait received his degree in 1980 from Chapman University, U.S.A.
Khawla B. Al-Roomi	49	Senior Vice-President — Personnel & Administration	A co-founder of the company with 24 years of experience in the human resource and personnel administration. Mrs. Al-Roomi has held several managerial positions over her career with Kuwait Investment Company and the Kuwait Trading, Contracting and International Investments.
Sunny Bhatia	43	Chief Financial Officer	A finance professional with 19 years of banking, financial advisory, consulting, finance, accounting and auditing experience. Mr. Bhatia joined Global in 2006. Previously he was Financial Controller at National Bank of Bahrain. Mr. Bhatia has worked with KPMG, Siemens and PricewaterhouseCoopers in various capacities. Mr. Bhatia obtained his Chartered Accountancy and Cost and Management Accountancy qualifications in 1988 and Bachelor of Commerce (Honours) from Delhi University, India in 1985.
Nawal Mulla-Hussain	41	Head of Legal	A legal professional with 19 years of experience. Mrs. Hussain joined Global in 2004. Mrs. Hussain has held positions in the Kuwait Investment Authority and the Kuwait National Petroleum Company. Mrs. Hussain holds a Bachelor degree in law from Kuwait University.
Ismail Odeh	41	Vice-President — Compliance Group	A senior compliance professional with 16 years of compliance experience. Mr. Odeh has held positions in Citibank and three MEWA financial institutions. Mr. Odeh holds a PhD from the American University in London and an MBA from New Hampshire College.
Stephen M. Vink	47	Head — Group Risk Management	Stephen M. Vink is a senior risk and controls professional with 27 years of experience in various positions covering external and internal audits, financial accounting, financial management, forensic auditing and accounting, legal/compliance and risk management in publishing, insurance, military, government, advertising, financial services and banking industries, including Investec Asset Management in South Africa.

The business address of the members of the Senior Management of the Company is the Company's registered office.

CONFLICTS OF INTEREST

Maha K. Al Ghunaim serves as a director of four of the Company's subsidiaries (Eleventh Project Management Company, Twentieth Project Management Company, Global Investment House JSC Closed and Shurooq Investment Services Co SAOG) and two associated companies (JS Global Capital Limited and Barings Asia Private Equity). The Company engages in transactions with these subsidiaries and associated companies, including transactions in the ordinary course of business. See *"Related Party Transactions"* in the Company's financial statements set out elsewhere in this Prospectus. It is possible that the duties which Ms. Al-Ghunaim owes to the above companies may potentially conflict with her duties to the Company.

In respect of potential conflicts of interest that may arise in the future, the Company has processes for management of such conflicts such that it does not expect that any actual conflict of interest would arise.

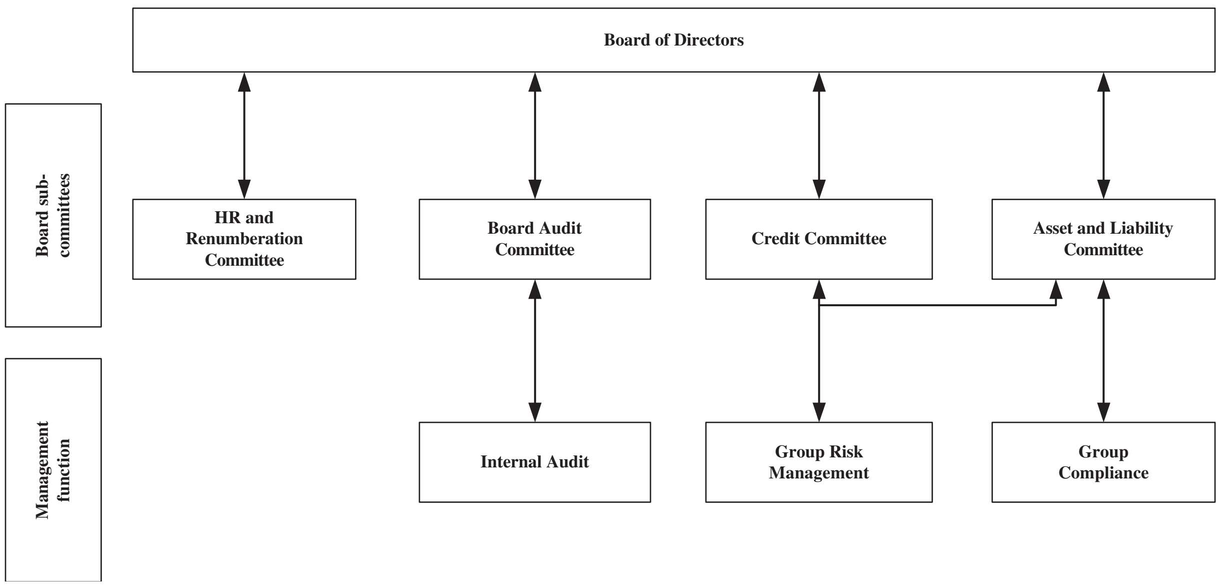
Other than as described above, there is no potential conflict of interests between any duties which the members of the Board and Senior Management owe to the Company and their private interests or other duties.

CORPORATE GOVERNANCE AND BOARD COMMITTEES

Global is listed on the KSE, the DFM and the BSE and the Group operates in 16 countries, which requires compliance with the corporate and accounting regulations in each respective jurisdiction. Global's subsidiaries and associate companies outside Kuwait operate in accordance with the governance recommendations of their countries of domicile. Global complies in full with the corporate governance regime of its home state of Kuwait.

The Board is responsible for the overall process and structure of corporate governance. The Board achieves compliance with corporate governance guidelines through its various committees *(see further below)*. Global believes that its corporate governance culture is in line with other leading international financial services companies.

Global's corporate governance framework can be illustrated as follows:



Global's Board Committees have specific terms of reference, independent non-executive director membership, Senior Management participation and access to specialist advice when necessary.

Global currently has the following Board Committees:

- ***Audit Committee***

  The Audit Committee is responsible for considering the annual financial statements for approval by the Board, overseeing the external and internal audit processes, focusing on compliance with legal requirements, accounting standards and listing requirements and implementing effective systems of internal control. The Audit Committee meets at least four times a year and is comprised as follows:

Name	Position
Khaled J. Al-Wazzan	Chairman
Sheikh Abdullah J. A. Al-Sabah	Member (Non-executive)
Marzouk N. Al-Kharafi	Member (Non-executive)

- ***Credit Committee***

The Credit Committee sets the maximum level of acceptable counterparty exposures and reviews and approves changes to credit policy and methodologies. The Committee also deals with the approval of excess over approved credit limits, classification of past due amounts and creation/change or release of specific provisions. The Credit Committee meets monthly, or more frequently if required, and is comprised as follows:

Name	Position
Maha K. Al-Ghunaim	Chairperson
Omar M. El-Quqa	Member
Bader A. Al-Sumait	Member
Stephen Vink	Member

- ***HR and Remuneration Committee***

The Committee's primary responsibilities and objectives are to determine and agree with the Board the levels of remuneration and incentives for executive directors and management, determine targets for performance related pay, oversee any major changes in employee benefits and advise on human resources strategy. The HR and Remuneration Committee meets every quarter and is comprised as follows:

Name	Position
Maha K. Al-Ghunaim	Chairperson
Omar M. El-Quqa	Member
Bader A. Al-Sumait	Member
Khawla B Al-Roomi	Member

- ***Assets and Liabilities Committee***

The Assets and Liabilities Committee **("ALCO")** sets and reviews Global's funding and liquidity policy, non-trading interest rate risk policy and reviews regional strategies, taking market conditions into account. ALCO meets quarterly, or more frequently if required, and is comprised as follows:

Name	Position
Maha K. Al-Ghunaim	Chairperson
Omar M. El-Quqa	Member
Sunny Bhatia	Member
Stephen Vink	Member
Arunesh Madan	Member (Non-executive)

RELATED PARTY TRANSACTIONS

As at the date of this Prospectus, the Company has not entered into arrangements and agreements with any of its shareholders. Being a public company it is conceivable that some of the Company's contracting parties may have purchased Shares on an individual basis. However, such contracts would be in the normal course of business and concluded on an arms length basis. Certain of the Board of Directors and of Senior Management also hold Shares in the Company. See *"Principal Shareholders"*.

A significant portion of the Company's income from investment advisory services and placement and arrangement and management fees is derived from entities over which Global exercise significant influence. Although these entities are considered related parties, Global administers and manages these entities on behalf of clients, who are by and large third parties and are the economic beneficiaries of the underlying investments.

Save as disclosed in Global's financial statements for the years ended 31 December 2005 (note 18), 2006 (note 25) and 2007 (note 33), no other related party transactions have been entered into by Global.

REGULATION

Global believes that Global conducts its business in compliance with all applicable laws and regulations pertaining to a financial services company in the jurisdictions in which it, its subsidiaries and associate companies operate.

Key regulations which Global must comply with are as follows:

- *Financial Reporting Standards:* Global's financial statements are prepared in accordance with IFRS and the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank;
- *Listing and disclosure requirements of the KSE, DFM and BSE:* Global is subject to the listing, public disclosure and transparency requirements of each of the exchanges on which the Shares are listed and trading (namely, the KSE, DFM and BSE). These requirements primarily relate to public dissemination of share-price-sensitive information, for example, periodic financial results, major acquisitions and divestments, corporate actions, board and senior management changes, key Board decisions and proceedings of shareholders' meetings, and periodic regulatory reporting and policies, rules and disclosures associated with insider trading;
- *Company Law and Regulation:* Company formation, capital, transfer, disposal, mortgage and attachment of Shares, alteration or increase of the Company's capital, the Company's administration, management and governance is governed by the Commercial Companies Law number 15 of 1960. This law is administrated by the MOCI. Further, the MOCI is the regulatory authority responsible for granting and renewal of the Company's commercial registration;
- *Central Bank Supervision:* The main purpose of the Central Bank's supervisory system is to ensure the soundness and stability of the banking and financial system in Kuwait in order to safeguard depositors and to ensure that banking and financial institutions are complying with relevant laws, resolutions and Central Bank instructions leading to the proper application of monetary and credit policies. The Company is subject to the Central Bank's off-site, on-site and anti-money laundering supervisory framework (compliance with the anti-money laundering framework is the responsibility of Group Compliance). The Central Bank's off-site regulations for investment companies primarily include submission of periodic reports and returns covering financial and statistical data, regulations governing credit policies and credit concentration, large exposures, portfolio management, treasury share activities, anti-money laundering matters, external and internal audit, internal control framework, risk management framework, public disclosures and communication with cross-border supervisors. The Central Bank's on-site supervisory framework is enforced primarily by regulatory and compliance inspections of the Company. Finally, the Company is subject to the anti-money laundering framework of the Central Bank. The Company has in place know-your-customer checks in order to comply with such framework; and
- *Capital Adequacy Requirements:* Investment companies regulated by the Central Bank are not required to meet any Capital Adequacy norms. However, monitoring capital adequacy levels and maintaining capital adequacy at minimum threshold levels of 15 per cent. is an important dimension of Global's business planning and risk management framework (see further *"Risk Management — Risk Management Framework"*). The Company computes its Capital Adequacy ratio in accordance with Central Bank regulations which are applicable to commercial banks in Kuwait. These regulations are based on Basel II standardised methodologies for computation of credit risk, market risk and operational risk capital charges. Variations from other regulatory regimes arise primarily due to the national discretion issues.

Licence

The Company holds a full authorisation under licence number SC/566/1998 from the MOCI for investment, asset management, portfolio management, advisory, and real estate activities and each of the Company's subsidiaries and associate companies is separately licenced and/or authorised to carry on its business activities in the jurisdictions in which they operate.

Minimum Capitalisation, Liquidity and Concentration Levels

Although, as an investment banking and asset management company, Global is not subject to the capital adequacy requirements of the Central Bank of Kuwait or the Basel II accord, as amended, it nonetheless self-imposes minimum capital adequacy ratio (calculated in accordance with the Rules and Regulations Concerning Capital Adequacy Standards of the Central Bank issued as per circular number (2/BS/184/2005) of December 2005) of 15 per cent. and complies with the recommended risk management standards of Basel II in respect of capital allocations, internal review and market discipline to minimise market risk, operational risk, liquidity risk, credit risk, interest risk and other risks. Global also seeks to manage its concentration risk by establishing and constantly monitoring geographic and industry concentration levels. In addition, Global aims to maintain shareholders' contributions above minimum thresholds (currently 30 per cent. of total assets), maximise size limits for PE/PIPE investments, trading book and the real-estate lines of business linked to the size of total assets and shareholders' equity, restrict country, economic sector and single obligor exposure to specified percentages of shareholders' equity, maximum book-size limit for lending products linked to the shareholders' liquidity, limit the tenor of credit products and maximum overnight FX exposure limits.

DESCRIPTION OF SHARE CAPITAL

Share Capital and Ownership

As at 25 March 2008, the Company had authorised and issued share capital of 859,557,443 Shares with a par value of KD0.100. Global has no other classes of shares. All Shares are fully paid up. The Shares are listed and traded on the KSE, the DFM and the BSE.

On 26 March 2008, the Company's Extraordinary General Assembly authorised a capital increase of 35 per cent. of its share capital for the purpose of the Offering and the issuance of bonus shares and shares and options for employee benefit schemes. As such, Global's authorized share capital as at 26 March 2008 became 1,368,917,803 Shares.

As at 17 April 2008, the Company's total number of issued Shares was 961,560,526, following the issuance of 16,047,339 shares for the employee benefit schemes. Also, as at such date, it had three shareholders holding in excess of 5 per cent. of the Shares, as follows:

Name of shareholder	Shareholding (%)
The Public Institution For Social Security	5.9
Tareq Khaled Yousef Saleh Al Homaizi	6.6
Dubai Investment Group(1)	17.8

(1) Held through portfolios managed by a local asset manager called KIPCO Asset Management Company (KAMCO).

As at 31 March 2008, the Company had 6,439 thousand Shares held in treasury.

There are no formal shareholder agreements in place.

Dilution

Global's net assets as at 31 March 2008 were KD309,091 thousand, or KD0.329 per Share, based on 939,071,800 Shares outstanding with a nominal value of KD0.100 each. Net assets per Share is determined by dividing total assets less total liabilities by the number of outstanding Shares.

After giving effect to the issue of 61,333,334 GDRs representing 306,666,670 Shares in the Offering at the Offer Price, which is equivalent to KD0.999 per Share, the net assets of Global as at 31 March 2008 would have been KD0.480 per Share after deducting expected underwriting commissions and other estimated associated expenses as well as taxes payable by the Company. This represents (i) an immediate increase in net assets of KD0.151 per Share to existing shareholders, and (ii) an immediate decrease in net assets of KD0.519 per Share (representing a decrease of 51.92 per cent.) to investors purchasing GDRs in the Offering. Dilution per Share to investors purchasing GDRs in the Offering is determined by subtracting the net assets per Share after the Offering from the Offer Price paid by investors participating in the Offering. Accretion per Share to existing investors is determined by subtracting the net assets per Share prior to the Offering from the net assets per Share after the Offering.

Management Share Ownership

As at 31 December 2007, Global's Senior Management and employees held 8.2 per cent. of the issued and outstanding Shares.

The following table sets fourth information regarding Directors' and Senior Management's share ownership as at 17 April 2007 based on the share register of the Company as of such date and as adjusted to reflect the Offering:

Shareholder name and principal address	Beneficial ownership prior to the Offering		Beneficial ownership after the Offering[(1)]	
	Number	%	Number	%
Maha K. Al-Ghunaim	17,461,248	1.82	17,461,248	1.38
Khaled Al-Wazzan	—	—	—	—
Marzouk Al-Kharafi	—	—	—	—
Sheikh Abdulla Al-Jaber Al-Sabah	557,700	0.06	557,700	0.04
Alan H. Smith	—	—	—	—
Omar M. El-Quqa	4,421,433	0.46	4,421,433	0.35
Bader Al-Sumait	8,902,075	0.93	8,902,075	0.70
Khawla Al-Roomi	1,594,402	0.17	1,594,402	0.13
Sunny Bhatia	270,000	0.03	270,000	0.02
Nawal Mulla Husain	125,205	0.01	125,205	0.01
Ismail Odeh	—	—	—	—
Stephen Vink	33,708	—	33,708	—

(1) For further information regarding the shares allotted to Senior Management at the recent EGM. Please see *"Business—Share Schemes"*

Shareholders' Rights

The Shares are indivisible. Each share gives its holder equal rights in Global's assets and dividends and any surplus in the event of liquidation as well as the right to attend and vote on a one-share-one-vote basis at meetings of Global's General Assembly. As such, no shareholder holds Shares with different voting rights. There are no restrictions on the voting powers attached to the Shares except that a Global shareholder may not vote on any matter in which he has a special interest or on matters where there is a dispute between the shareholder and Global.

The General Assembly

Meetings of the General Assembly may be by way of ordinary or extraordinary meetings. A General Assembly (ordinary or extraordinary) is duly convened by way of a notice from the Board of Directors. Such a notice must not only contain a clear agenda for the General Assembly but also be sent to shareholders by registered post or through two announcements published in two daily Kuwaiti newspapers issued in Arabic. The second announcement must come at least one week after the first announcement, but at least one week before the scheduled date of the General Assembly. The second announcement is also required to be published in such newspapers.

A shareholder who wishes to attend an ordinary or extraordinary General Assembly must register his name in the register to be kept for that purpose at the premises of Global at least 24 hours prior to the date fixed for such meeting. Such register shall include the name of the shareholder, the number of Shares he owns, the number of Shares he represents and the names of the owners thereof, and he shall also submit his proxy (where applicable) in conformity with the requirements of Global's Articles of Association.

Every shareholder of Global has the right to attend the General Assembly in person or by proxy.

Ordinary General Assemblies

An ordinary General Assembly is held at least once a year, within three months of the end of the financial year. Other ordinary General Assemblies may be convened as and when required.

Shareholders holding at least one-tenth of the share capital of Global may require that an ordinary General Assembly be convened by the Board of Directors. The period set forth for the Board of Directors to call the extraordinary General Assembly at the request of shareholders holding 25 per cent. of the share capital applies. An ordinary General Assembly may also be convened if so required by the MOCI in the event the MOCI discovers that the Company has violated Kuwaiti law, or if the Company directors or promoters have acted in a manner prejudicial to the Company, or to some or all of the shareholders or to the national economy.

The ordinary General Assembly considers matters including the approval of directors' and auditors' reports, the balance sheet and the profit and loss account, the amount of dividends to be distributed by Global and the election and remuneration of directors and/or auditors.

In an ordinary General Assembly, the required attendance quorum for the first meeting is more than 50 per cent. of issued Shares. If this quorum is not achieved, the meeting would be adjourned. A second meeting can then be convened using the same process. There are no quorum requirements for a second meeting.

Resolutions can be passed in either the first or the second meeting if approved by shareholders holding a majority of the Shares present or represented in the meeting.

Extraordinary General Assemblies

Extraordinary General Assemblies are convened to discuss and approve matters other than those considered in ordinary General Assemblies, including: (a) amendments to the Memorandum and Articles of Association of Global, (b) sale or disposal all or substantially all of Global's assets, (c) any increase or decrease in the share capital of Global and (d) any dissolution, liquidation or merger of Global.

Shareholders holding at least 25 per cent. of the share capital may require that an extraordinary General Assembly be called by the Board of Directors within 30 days of receiving such request.

An extraordinary General Assembly will not be valid unless attended by shareholders representing at least three quarters of issued Shares. If such a quorum is not reached, a second meeting will be held and will be valid if attended by shareholders representing more than 50 per cent. of then issued Shares. Resolutions at the extraordinary General Assembly will be valid if approved by shareholders representing more than 50 per cent. of issued Shares.

Transfer of Shares

The transfer of Shares is governed by and must comply with the regulations of the KSE.

Any whole number of Shares may be freely transferred, sold, mortgaged, donated or disposed of in any manner and without restriction.

Under Global's Articles of Association, any single shareholder (whether individual or corporate shareholder) may not own at any time more than 20 per cent. of the authorised share capital except in the event of inheritance or bonus Shares distributed to shareholders in accordance with Global's Articles of Association.

Increase or Decrease of Share Capital

The share capital of Global may be increased by issuing new Shares of the same nominal amount as the original Shares (i.e. 100 fils per share), provided that the issued share capital has been fully paid prior to the increase. Shares may be issued at a premium. Such a premium is allocated to reserves and/or provisions.

Shareholders have a pre-emptive right to subscribe for new Shares on a pro rata basis according to their shareholding interest in Global. Such pre-emptive rights must be exercised by a shareholder within 15 days from the date of publication in two Kuwaiti newspapers of the notice to existing shareholders. However, shareholders may, by a resolution passed at the extraordinary General Assembly, waive their pre-emptive rights to subscribe for new Shares in the following events:

- to attract qualified personnel to work for Global in accordance with the Employees Stock Option Plan; and
- to increase the number of shareholders.

The capital may also be reduced if in excess of the requirements of Global or when a loss is suffered by Global.

An increase or reduction of capital should be made by resolution of the extraordinary General Assembly of the shareholders, and is subject to the approval of the Central Bank of Kuwait, the KSE and the MOCI.

Dividends and Dividend Policy

Under the terms of Global's Articles of Association, dividends may only be paid out of net distributable profits. Dividends are proposed by the Board of Directors (with no obligation to do so) and are only payable following the approval by Global's annual shareholder General Assembly. Dividends must be paid within 45 days after such approval. Dividends are considered to be vested in the shareholders on record on the date of the approval of the shareholder assembly. Entitlement to dividends lapses 10 years from the date on which the shareholder ceases to be a shareholder in Global.

Disclosure Requirements under Kuwaiti Law

Direct and indirect interests in 5 per cent. or more of the Shares, and any change in such interests, must be disclosed pursuant to Law No. 2 of 1999 Concerning Interest Declarations in Shares of Shareholding Companies ("**Law No. 2**") and the Kuwait Stock Exchange Committee Decision No. 5 of 1999 Concerning Declarations of Interest in Shareholding Companies ("**Decision No. 5**").

These disclosure requirements not only relate to legal title or beneficial title to such Shares but also to any direct or indirect interest in five per cent. or more of the Shares. The same also require notification of any change in position in relation to a party which became subject to the disclosure requirements.

Both Law No. 2 and Decision No. 5 outline a very broad range of indirect interests in listed companies which must be disclosed. The outline of such interests in Article 3 of Law No. 2 and Article 4 of Decision No. 5 include the following:

- Joint ownership of shares of such a company;
- Decreasing such proportion, mortgaging such interest or agreeing to mortgage such interest, termination of such a mortgage, and pledging such interest as security for a loan;
- Offering the proportion referred to above as a share in another company or restoring that share from that company;
- Entry into agreements with third parties restricting or limiting the rights of the owner of such shares to dispose of the same;
- Entry into agreements providing third parties rights to exercise voting rights in relation to the shares;
- Purchasing or arranging to purchase such shares through forward sale or options transaction;
- Direct or indirect ownership or interest of 20 per cent. or more of an entity or nominee which holds 5 per cent. or more of the capital of the listed company;
- Legal ownership of the relevant proportion on behalf of another party (e.g., holding the proportion as a portfolio manager); and
- Any other interest in such shares reaching the relevant proportion or increasing or decreasing such interest.

The disclosures required must be made to Global's Board of Directors as well as to senior officials of the KSE by registered mail. Any further acquisition or change in position must also be immediately notified.

Subsidiaries and Associate Companies

Global's portfolio of subsidiaries and associate companies include the following:

- international branches with a limited liability legal status. These companies are typically incorporated by Global under its geographical expansion strategy;
- acquired entities/strategic alliances for commencement of international operations;
- special purpose vehicles **("SPVs")** for Global's investment banking, PE and asset management lines of business; and
- PE/PIPE investments which require consolidation under the Company's accounting policies (IFRS).

As at 31 December 2007, Global's significant subsidiaries and associate companies were as follows:

Entity Name	Jurisdiction	Relationship	% Ownership	Purpose of Investment
Safi Financial Services — KSC (Closed)	Kuwait	Subsidiary	100	SPVs for investment banking line of business *(consolidated)*
Al Rawabi Int'l Holding (previously Al Muthana Holding — KSC (Closed)	Kuwait	Subsidiary	100	SPV for investment banking line of business *(consolidated)*
Safa Al Dawalia Company — WLL (previously Second Economic Consultancy Co. (WLL)	Kuwait	Subsidiary	100	SPVs for investment banking line of business *(consolidated)*
National Company for Educational Development — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Eighth Project Management Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Tenth Project Management Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking line of business *(Consolidated)*

Entity Name	Jurisdiction	Relationship	% Ownership	Purpose of Investment
Eleventh Project Management Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Thirteenth Project Management Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking lines of business *(consolidated)*
Fourteenth Project Management Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Sixteenth Project Management Company	Kuwait	Subsidiary	100	SPVs for investment banking line of business *(consolidated)*
Seventeenth Project Management Company	Kuwait	Subsidiary	100	SPVs for investment banking line of business *(consolidated)*
Twentieth Project Management Company	Kuwait	Subsidiary	100	SPVs for investment banking line of business *(consolidated)*
Second Computer Consultancy — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Third Marketing Consultancy Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Fourth Marketing Consultancy Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Arabian Hospitality Holding Company Limited	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Fifth Economic Consultancy Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Sixth Economic Consultancy Company — WLL	Kuwait	Subsidiary	100	SPVs for investment banking and PE lines of business *(consolidated)*
Global Investment House — BSC (Closed)	Bahrain	Subsidiary	100	Bahrain branch with limited liability legal status *(consolidated)*
Global Investment House — JSC (Closed)	Jordan	Subsidiary	100	Jordan branch with limited liability legal status *(consolidated)*
Global Investment House (Qatar) — LLC	Qatar	Subsidiary	100	Qatar branch with limited liability legal status *(consolidated)*
Global Investment House (UAE)	UAE	Subsidiary	100	UAE branch with limited liability legal status *(consolidated)*
Global Investment House (Yemen)	Yemen	Subsidiary	100	Yemen branch with limited liability legal status *(consolidated)*
Global Investment House (Turkey)	Turkey	Subsidiary	100	Turkey branch with limited liability legal status *(consolidated)*
Global Investment House (India) Ltd.	India	Subsidiary	100	India branch for research activities *(consolidated)*
Global Investment House (Sudan)	Sudan	Subsidiary	76	Acquired entity for asset management and brokerage activities in Sudan *(consolidated)*
International Investment Development Advisory	Iran	Subsidiary	85	Acquired entity for consulting activities in Iran *(consolidated)*
Jordan Trade Facility	Jordan	Subsidiary	70	PIPE investments *(consolidated)*
Shurooq Investment Services Company — SAOG	Oman	Subsidiary	65	Acquired entity for Oman operations *(consolidated)*
Shurooq Securities Company — LLC	Oman	Subsidiary	50	Acquired entity for Oman operations *(consolidated)*
Global Investment House S.A.S.C.C	Saudi Arabia	Subsidiary	100	Saudi closed shareholding company *(consolidated)*

Entity Name	Jurisdiction	Relationship	% Ownership	Purpose of Investment
Global Investment House (Egypt) SAE	Egypt	Subsidiary	90	Acquired entity for Egyptian operations *(consolidated)*
Fina Corp	Tunisia	Associate	49	Acquired entity for brokerage and investment advisory activities in Tunisia *(associate for accounting purposes)*
JS Global Capital Limited	Pakistan	Associate	43	Acquired entity for Global's brokerage and investment advisory activities in Pakistan *(associate for accounting purposes)*
Real Estate Development Co	Jordan	Associate	42	PIPE investments (associate for accounting purposes)
National Int'l Holding — KSC (Closed)	Kuwait	Associate	33	PIPE investments (associate for accounting purposes)
Barings Asia Private Equity	Hong Kong	Associate	25	Acquired entity for PE activities in Asia *(associate for accounting purposes)*

Global Investment House Funding Co. (Cayman) was incorporated on 8 August 2007. For as long as any debt instruments issued by it remain outstanding, Global believe that it will be a significant subsidiary of Global.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

The following terms and conditions (subject to completion and amendment and excepting sentences in italics) will apply to the GDRs, and will be endorsed on each GDR certificate:

The Global Depositary Receipts (**"GDRs"**) represented by this certificate are each issued in respect of five (5) ordinary shares of nominal value KD0.100 per share (the **"Shares"**) in Global Investment House K.S.C.C. (the **"Company"**) pursuant to and subject to an agreement dated 21 May 2008, and made between the Company and The Bank of New York in its capacity as depositary (the **"Depositary"**) for the "Regulation S Facility" and for the "Rule 144A Facility" (such agreement, as amended from time to time, being hereinafter referred to as the **"Deposit Agreement"**). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed HSBC Bank Middle East Limited-Kuwait, as Custodian (the **"Custodian"**), to receive and hold on its behalf any relevant documentation respecting certain Shares (the **"Deposited Shares"**) and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the **"Deposited Property"**). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee in proportion to their holdings of GDRs. In these terms and conditions (the **"Conditions"**), references to the "Depositary" are to The Bank of New York and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the "Custodian" are to HSBC Bank Middle East Limited-Kuwait, or any other custodian from time to time appointed under the Deposit Agreement, and references to the "Main Office" mean, in relation to the relevant Custodian, its head office in Kuwait City or such other location of the head office of the Custodian in the State of Kuwait as may be designated by the Custodian with the approval of the Depositary (if outside Kuwait City) or the head office of any other custodian from time to time appointed under the Deposit Agreement.

The GDRs will upon issue be represented by interests in a Regulation S Master GDR, evidencing Regulation S GDRs, and by interests in a Rule 144A Master GDR, evidencing Rule 144A GDRs (as each such term is defined in the Deposit Agreement). The GDRs are exchangeable in the circumstances set out in "Summary of Provisions Relating to the GDRs while in Master Form" for a certificate in definitive registered form in respect of GDRs representing all or part of the interest of the holder in the Master GDR.

References in these Conditions to the "Holder" of any GDR shall mean the person or persons registered on the books of the Depositary maintained for such purpose (the **"Register"**) as holder. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the certificates in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and each Agent (as defined in Condition 16) and at the Main Office of the Custodian. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. **Holders of GDRs are not party to the Deposit Agreement and thus, under English Law, have no contractual rights against, or obligations to, the Company or Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the "Depositary" in respect of that number of Deposited Shares to which the GDRs of which it is the Holder relate. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement on behalf of any Holder of a GDR or any other person.**

1. Withdrawal of Deposited Property and Further Issues of GDRs

1.1 Any Holder may request withdrawal of, and the Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence of the entitlement of the Holder to the relative GDR as the Depositary may reasonably require, at the specified office of the Depositary or any Agent accompanied by:

(i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Main Office of the Custodian, or (at the request, risk and expense of the Holder and only if permitted by applicable law from time to time) the specified office located in New York, London or Kuwait of the Depositary or any Agent, or to the order in writing of the person or persons designated in such order, or if, the Holder requires the delivery of the Deposited Shares on the withdrawal of the Deposited Property attributable to GDRs and the KSE has not confirmed that Deposited Shares can be delivered as aforesaid, a duly executed order (in the form annexed to the Deposit Agreement as Annex '1' (a **"Deposited Securities Order"**) or in such order form as may be approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the office of the Custodian (at the request, risk and expense of the Holder, and only if permitted by applicable law from time to time) located in Bahrain, or, in the event that the Holder requires the payment of cash on the withdrawal of the Deposited Property attributable to the GDRs, a duly executed broker sale agreement (a "**Broker Sale Agreement**") (in the form annexed to the Deposit Agreement as Annex '2' or in such other form as may be approved by the Depositary) requesting the Depositary to cause the relevant Deposited Property to be sold and the net proceeds of such sale to be paid to the Holder as provided in the Broker Sale Agreement;

(ii) the payment of such fees, taxes, duties, charges and expenses as may be required under these Conditions or the Deposit Agreement;

(iii) the surrender (if appropriate) of GDR certificates in definitive registered form properly endorsed in blank or accompanied by proper instruments of transfer satisfactory to the Depositary to which the Deposited Property being withdrawn is attributable; and

(iv) the delivery to the Depositary of a duly executed and completed certificate substantially in the form set out either (a) in Schedule 3, Part B to the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8), if Deposited Property is to be withdrawn or delivered during the Distribution Compliance Period (such term being defined as the 40 day period beginning on the latest of the commencement of the Offering or the original issue date of the GDRs in respect of surrendered Regulation S GDRs, or (b) in Schedule 4, Part B to the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8), if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs.

1.2 Upon production of such documentation and the making of such payment as aforesaid for withdrawal of the Deposited Property in accordance with Condition 1.1, the Depositary will direct the Custodian, by tested telex, facsimile or SWIFT message, within a reasonable time after receiving such direction from such Holder, to deliver at its Main Office to, or to the order in writing of, the person or persons designated in the accompanying order:

(i) a certificate (if any) for, or other appropriate instrument of title (if any) to or evidence of a book-entry transfer in respect of the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and

(ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof; provided however that the Depositary may make delivery at its specified office in New York of any Deposited Property which is in the form of cash;

PROVIDED THAT the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

(a) will direct the Custodian to deliver the certificates for, or other instruments of title to, or book-entry transfer in respect of, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraphs 1.2(i) and (ii) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or its agent and is attributable to such Deposited Shares); and/or

(b) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof);

in each case to the specified office located in New York or London of the Depositary (if permitted by applicable law from time to time) or at the specified office in Kuwait or Bahrain of any Agent as designated by the surrendering Holder in the order accompanying such GDR.

1.3 Delivery by the Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

1.4 The Depositary may, in accordance with the terms of the Deposit Agreement and if the relevant deposit is to be effected by the Shares for deposit being traded on or crossing the KSE, upon delivery of a duly executed broker purchase agreement (a "**Broker Purchase Agreement**") (in the form annexed to the Deposit Agreement as Annex '3' or in such other form as may be approved by the Depositary) or, if the KSE confirms that Shares may be deposited without the Shares being traded on or crossing the KSE or if the Shares for deposit are to be delivered to the office of the Custodian in Bahrain, a duly executed order (in a form approved by the Depositary for this purpose) together with, in any such case, a duly executed certificate substantially in the form of (a) Schedule 3, Part A of the Deposit Agreement *(which is described in the following paragraph)* (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8) by or on behalf of any investor who is to become the beneficial owner of the Regulation S GDRs or (b) Schedule 4, Part A of the Deposit Agreement *(which is described in the second following paragraph)* (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8) by or on behalf of any investor who is to become the beneficial owner of Rule 144A GDR from time to time instruct its broker or agent to purchase shares for deposit, execute and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects (or the same in all respects except for the first dividend payment on the Shares corresponding to such further GDRs) and, subject to the terms of the Deposit Agreement, the Depositary shall accept for deposit any further Shares, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

The certificate to be provided in the form of Schedule 3, Part A, of the Deposit Agreement certifies, among other things, that the person providing such certificate is not a US person (as defined in Regulation S under the US Securities Act of 1933, as amended (the "Securities Act")), is located outside the United States and will comply with the restrictions on transfer set forth under "Transfer Restrictions".

The certificate to be provided in the form of Schedule 4, Part A, of the Deposit Agreement certifies, among other things that the person providing such certificate is a qualified institutional buyer (as defined in Rule 144A under the Securities Act ("QIB")) who is also a qualified purchaser ("QP") as defined under the Investment Company Act of 1940, as amended, or is acting for the account of another person and such person is a QIB that is also a QP and, in either case, will comply with the restrictions on transfer set forth under "Transfer Restrictions".

1.5 Any further GDRs issued pursuant to Condition 1.4 which (i) represent Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares represented by the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will be represented by a separate temporary Master Regulation S GDR and/or temporary Master Rule 144A GDR. Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Master Regulation S GDR and/or a Master Rule 144A GDR (by increasing the total number of GDRs evidenced by the relevant Master Regulation S GDR or Master Rule 144A GDR by the number of such further GDRs, as applicable). In the event that the Depositary is requested to issue GDRs to the Company and/or to any affiliate of the Company, the Depositary will only issue those GDRs ("**Restricted GDRs**") in definitive form and containing the legend and subject to the restrictions set out in Schedule 5 to the Deposit Agreement and subject to such restrictions as the Depositary may impose for the purpose of complying with the Securities Act or as otherwise agreed by the Depositary and the Company in writing. Any GDRs issued to the Company or to an affiliate of the Company will be subject to the provisions set out in such legend and provided that, as required in such legend, the Depositary has received an acceptable legal opinion from counsel.

1.6 The Depositary may issue GDRs against rights to receive Shares from the Company (or any agent of the Company recording Share ownership). No such issue of GDRs will be deemed a "Pre-Release" as defined in Condition 1.7.

1.7 Unless requested in writing by the Company to cease doing so, and notwithstanding the provisions of Condition 1.4, the Depositary may execute and deliver GDRs or issue interests in a Master Regulation S GDR or a Master Rule 144A GDR, as the case may be, prior to the receipt of Shares (a "**Pre-Release**"). The Depositary may, pursuant to Condition 1.1, deliver Shares upon the receipt and cancellation of GDRs, which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such GDR has been Pre-Released. The Depositary may receive GDRs in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom GDRs or Deposited Property are to be delivered (the "**Pre-Releasee**") that such person, or its customer, (i) owns or represents the owner of the corresponding Deposited Property or GDRs to be remitted (as the case may be), (ii) assigns all beneficial right, title and interest in such Deposited Property or GDRs (as the case may be) to the Depositary in its capacity as such and for the benefit of the Holders, (iii) will not take any action with respect to such GDRs or Deposited Property (as the case may be) that is inconsistent with the transfer of beneficial ownership (including without the consent of the Depositary, disposing of such Deposited Property or GDRs, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralised with cash or such other collateral as the Depositary determines in good faith will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days' notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of GDRs which are outstanding at any time as a result of Pre-Release will not normally represent more than thirty (30) per cent. of the total number of GDRs then outstanding; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate and may, with the prior written consent of the Company, change such limits for the purpose of general application. The Depositary will also set dollar limits with respect to such transactions hereunder with any particular Pre-Releasee hereunder on a case by case basis as the Depositary deems appropriate. The collateral referred to in sub-paragraph (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations in connection herewith, including the Pre-Releasee's obligation to deliver Shares and/or other securities or GDRs upon termination of a transaction anticipated hereunder (and shall not, for the avoidance of doubt, constitute Deposited Property hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing including, without limitation, earnings on the collateral.

The person to whom a Pre-Release of Rule 144A GDRs or Rule 144A Shares is to be made pursuant to this Condition 1.7 shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 4 Part A of the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8). The person to whom any Pre-Release of Regulation S GDRs or Regulation S Shares is to be made pursuant to this paragraph shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 3 Part A of the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8).

1.8 The Depositary may make such amendments to the certificates contained in the Deposit Agreement in Schedule 3 Parts A and B and in Schedule 4 Parts A and B as it may determine are required in order for the Depository to perform its duties under the Deposit Agreement, or to comply with any applicable law or with the rules and regulations of any securities exchange, market or automated quotation system upon which the GDRs may be listed or traded, or to comply with the rules or requirements of any book entry system by which the GDRs may be transferred, or to confirm compliance with any special limitations or restrictions to which any particular GDRs are subject.

1.9 Notwithstanding any other provisions of the Deposit Agreement or Conditions, the Depositary may, with prior notice to the Company and (to the extent reasonably practicable) to the Holders, cancel a number of the GDRs then outstanding, sell (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) the Deposited Property formerly represented by such GDRs and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto, and thereby reduce the Depositary's holdings of any class of Deposited Property below an amount that the Depositary determines to be necessary or advisable in order to comply with Kuwaiti law or regulation, if (i) the Depositary or its agent receives any official confirmation from any Kuwaiti governmental or regulatory authority that the existence or operation of a Facility or the holding by the Depositary (or its Custodian or any of their respective nominees) of the Deposited Property violates any Kuwaiti law or regulation and the Depositary determines that such violation cannot be avoided by the Depositary taking reasonable steps, or that the Depositary (or its Custodian or any of their respective nominees) is required to make any filing or obtain any consent, approval or licence to operate that Facility or to own or exercise any rights with respect to the Deposited Shares or other Deposited Property (other than such filings, consents, approvals or licences which the Depositary in its reasonable discretion considers to be of a routine administrative nature required in the ordinary course of business) or (ii) the Depositary or the Custodian receives written advice from Kuwaiti counsel that the Depositary (or the Custodian or any of their respective nominees) reasonably could be subject to criminal or civil liabilities as a result of the existence or operation of the Facility or the holding or exercise by the Depositary (or the Custodian or any of their respective nominees) of any rights with respect to the Deposited Shares or other Deposited Property. If the Depositary cancels GDRs and sells Deposited Property under the preceding sentence, the Depositary shall allocate the cancelled GDRs converted under the preceding sentence and the proceeds of the sale of the number of Deposited Property previously represented thereby (net of all fees, taxes, duties, charges, costs and expenses which may become or have become payable in respect of such cancellation or sale and net of the deductions set out in Condition 9), among the Holders pro-rata to their respective holdings of GDRs immediately prior to the cancellation, except that the allocations may be adjusted by the Depositary, in its sole discretion, so that no fraction of a cancelled GDR is allocated to any Holder. Any payment pursuant to this Clause in connection with GDRs represented by a Master GDR shall be made according to the usual practice between the Depositary and the relevant settlement system. Any payment pursuant to this Condition in connection with a GDR in definitive form shall be made to the relevant Holder only after surrender to the Depositary of the GDR certificate by such Holder for cancellation of the relevant number of GDRs.

2. **Suspension of Issue of GDRs and of Withdrawal of Deposited Property**

The Depositary shall be entitled, at its reasonable discretion, at such times as it shall determine, to suspend the issue or transfer of GDRs (and the deposit of Shares) generally or in respect of particular Shares. In particular, to the extent that it is in its opinion practicable for it to do so, the Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Company in writing that the Deposited Shares or GDRs or any depositary receipts corresponding to Shares are listed on a U.S. securities exchange or quoted on a U.S. automated inter-dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A. Further, the Depositary may suspend the withdrawal of Deposited Property during any period when the Register, or the register of shareholders of the Company is closed or, generally or in one or more localities, suspend the withdrawal of Deposited Property or deposit of Shares if deemed necessary or desirable or advisable by the Depositary in good faith at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations or any provision of the Deposit Agreement or for any other reason. The Depositary shall (unless otherwise notified by the Company) restrict the withdrawal of Deposited Shares where the Company notifies the Depositary in writing that such withdrawal would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Company's constitutive documents or would otherwise violate any applicable laws.

3. **Transfer and Ownership**

The GDRs are in registered form, each corresponding to five Shares. Title to the GDRs passes by registration in the Register and, accordingly, transfer of title to a GDR is effective only upon such registration. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in violation of any applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated by the Depositary and the Company as its beneficial owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or theft or loss of any certificate issued in respect of it) and no person will be liable for so treating the Holder.

Interests in Rule 144A GDRs corresponding to the Master Rule 144A GDR may be transferred to a person whose interest in such Rule 144A GDRs is subsequently represented by the Master Regulation S GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made to a non-US person in accordance with Rule 903 or Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"). No owner of Regulation S GDRs may transfer Regulation S GDRs or Shares represented thereby except to a non-US person in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act. Issuance of such Rule 144A GDRs shall be subject to the terms and conditions of the Deposit Agreement, including, with respect to the deposit of Shares and the issuance of Rule 144A GDRs, delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the beneficial owner of such Rule 144A GDRs.

Title to Restricted GDRs will only pass in accordance with the additional restrictions stated in Schedule 5 of the Deposit Agreement and the Investment Company Act and any other restrictions as the Depositary may impose for the purpose of complying with the Securities Act. The Depositary shall not accept for transfer any Restricted GDR unless it has received an opinion from legal counsel (such counsel being reasonably acceptable to the Depositary) to the effect that such transfer is in accordance with the restrictions on the certificate, and is in accordance with the Securities Act or it has received an effective registration statement in respect of the Shares or GDRs pursuant to the Securities Act or otherwise as provided in the restrictions stated in the Restricted GDRs.

4. **Cash Distributions**

Whenever the Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property, the Depositary shall, as soon as practicable, convert the same into United States dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 22, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the earliest date, determined by the Depositary, for transmission of such payment to Holders and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares corresponding to the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 12; PROVIDED THAT:

(a) in the event that the Depositary is aware that any Deposited Shares are not entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly;

(b) the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary, and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16.1(iv); and

(c) the Depositary will deduct from the amount of any such cash dividend or other cash distribution an amount to meet applicable Kuwaiti Distribution Taxes as provided in Condition 12.

5. **Distributions of Shares**

Whenever the Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend or free distribution of Shares, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares corresponding to the GDRs held by them respectively, additional GDRs corresponding to an aggregate number of Shares received pursuant to such distribution. Such additional GDRs shall be distributed by an increase in the number of GDRs corresponding to the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; PROVIDED THAT, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) sell such Shares so received and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. **Distributions other than in Cash or Shares**

Whenever the Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares corresponding to the GDRs held by them respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; PROVIDED THAT, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof, in such way as the Depositary may determine to be equitable and practicable, including, without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) and shall (in the case of a sale) distribute the resulting net proceeds as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

7. **Rights Issues**

7.1 If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Depositary shall as soon as practicable give notice to the Holders, in accordance with Condition 22, of such offer or invitation, specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, specifying details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:

(i) if and to the extent that the Depositary shall, at its discretion, deem it to be lawful and reasonably practicable, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in Kuwaiti Dinar or other relevant currency together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and to distribute the Shares, securities or other assets so subscribed or acquired to the Holders entitled thereto by an increase in the numbers of GDRs corresponding to the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or

(ii) if and to the extent that the Depositary shall at its discretion, deem it to be lawful and reasonably practicable, the Depositary will distribute such rights to the Holders entitled thereto in such manner as the Depositary may at its discretion determine; or

(iii) if and to the extent that the Depositary deems any such arrangement and distribution as is referred to in paragraphs (i) and (ii) above to all or any Holders not to be lawful and reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary (a) will, PROVIDED THAT Holders have not taken up rights through the Depositary as provided in (i) above, sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws and regulations) or (b) may, if such rights are not transferable, in its discretion, arrange for such rights to be exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

(iv)

(a) Notwithstanding the foregoing, in the event that the Depositary offers rights pursuant to Condition 7(i) (the "**Primary GDR Rights Offering**"), if authorised by the Company to do so, the Depositary may, in its discretion, make arrangements whereby in addition to instructions given by a Holder to the Depositary to exercise rights on its behalf pursuant to Condition 7(i), such Holder is permitted to instruct the Depositary to subscribe on its behalf for additional rights which are not attributable to the Deposited Shares represented by such Holder's GDRs ("**Additional GDR Rights**") if at the date and time specified by the Depositary for the conclusion of the Primary GDR Rights Offering (the "**Instruction Date**") instructions to exercise rights have not been received by the Depositary from the Holders in respect of all their initial entitlements. Any Holder's instructions to subscribe for such Additional GDR Rights ("**Additional GDR Rights Requests**") shall specify the maximum number of Additional GDR Rights that such Holder is prepared to accept (the "**Maximum Additional Subscription**") and must be received by the Depositary by the Instruction Date. If by the Instruction Date any rights offered in the Primary GDR Rights Offering have not been subscribed by the Holders initially entitled thereto ("**Unsubscribed Rights**"), subject to Condition 7(iv)(c) and receipt of the relevant subscription price in Kuwaiti Dinar or other relevant currency, together with such fees, taxes, duties, charges, costs and expenses as it may deem necessary, the Depositary shall make arrangements for the allocation and distribution of Additional GDR Rights in accordance with Condition 7(iv)(b).

(b) Holders submitting Additional GDR Rights Requests shall be bound to accept the Maximum Additional Subscription specified in such Additional GDR Rights Request but the Depositary shall not be bound to arrange for a Holder to receive the Maximum Additional Subscription so specified but may make arrangements whereby the Unsubscribed Rights are allocated *pro rata* on the basis of the extent of the Maximum Additional Subscription specified in each Holder's Additional GDR Rights Request.

(c) In order to proceed in the manner contemplated in this Condition 7(iv), the Depositary shall be entitled to receive such opinions from Kuwaiti counsel and US counsel as in its discretion it deems necessary which opinions shall be in a form and provided by counsel satisfactory to the Depositary and at the expense of the Company and may be requested in addition to any other opinions and/or certifications which the Depositary shall be entitled to receive under the Deposit Agreement and these Conditions. For the avoidance of doubt, save as provided in these Conditions and the Deposit Agreement, the Depositary shall have no liability to the Company or any Holder in respect of its actions or omissions to act under this Condition 7(iv) and, in particular, the Depositary will not be regarded as being negligent, acting in bad faith, or in wilful default if it elects not to make the arrangements referred to in Condition 7(iv)(a).

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law or regulation, give its consent to, and if requested use all reasonable endeavours (subject to the next paragraph) to facilitate, any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Conditions 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the Depositary concerning such matters as the Depositary may reasonably specify).

7.2 If the Company notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Condition 4, 5, 6, 7 or 10 or the securities to which such rights relate in order for the Company to offer such rights or distribute such securities or other property to the Holders or owners of GDRs and to sell the securities corresponding to such rights, the Depositary will not offer such rights or distribute such securities or other property to the Holders or sell such securities unless and until the Company procures the receipt by the Depositary of an opinion from counsel reasonably satisfactory to the Depositary and the Company that a registration statement is in effect or that the offering and sale of such rights or securities to such Holders or owners of GDRs are exempt from registration under the provisions of such law. Neither the Company nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

7.3 If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or reasonably practicable (for reasons outside its control) to dispose of the rights in any manner provided in paragraphs (i), (ii), (iii) and (iv) above, the Depositary shall permit the rights to lapse. The Depositary will not be responsible for any failure to determine that it may be lawful or reasonably practicable to make such rights available to Holders or owners of GDRs in general or to any Holder or owner of a GDR or Holders or owners of GDRs in particular.

8. **Conversion of Foreign Currency**

Whenever the Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgement of the Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the Depositary shall as soon as practicable itself convert or cause to be converted by another bank or other financial institution, by sale or in any other manner that it may reasonably determine, the currency so received into United States dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary shall make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may deem desirable. If at any time the Depositary shall determine that in its judgement any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the Depositary may at its discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance for the account of, the Holders entitled thereto, and notify the Holders accordingly.

9. **Distribution of any Payments**

9.1 Any distribution of cash under Condition 4, 5, 6, 7 or 10 will be made by the Depositary to Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in accordance with Condition 22, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the Depositary and Clearstream, Euroclear or DTC, as the case may be. The Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law or regulation in respect of such GDR or the relative Deposited Property.

9.2 Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable), subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited Property and received by the Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Deposit Agreement, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Depositary shall (except for any distribution upon the liquidation of the Company when the Depositary shall retain the same) return the same to the Company for its own use and benefit subject, in all cases, to the provisions of applicable law or regulation.

10. **Capital Reorganisation**

Upon any change in the nominal or par value, sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital, or upon any reorganisation, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders and at its discretion may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto, or may execute and deliver additional GDRs in respect of Shares or may require the exchange of existing GDRs for new GDRs which reflect the effect of such change.

11. **Voting Rights**

11.1 Holders will have voting rights with respect to the Deposited Shares. The Company has agreed to notify the Depositary of any resolution to be proposed at a General Meeting of the Company and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 11.

The Company has agreed with the Depositary that it will promptly provide to the Depositary sufficient copies, as the Depositary may reasonably request, of notices of meetings of the shareholders of the Company and the agenda therefor as well as written requests containing voting instructions by which each Holder may give instructions to the Depositary to vote for or against each and any resolution specified in the agenda for the meeting, which the Depositary shall send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be the same as the corresponding record date set by the Company or as near as practicable thereto) as soon as practicable after receipt of the same by the Depositary in accordance with Condition 22. The Company has also agreed to provide to the Depositary appropriate proxy forms to enable the Depositary to appoint a representative to attend the relevant meeting and vote on behalf of the Depositary.

11.2 In order for each voting instruction to be valid, the voting instructions form must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message) in accordance with the written request containing voting instructions and returned to the Depositary by such record date as the Depositary may specify.

11.3 The Depositary is entitled to request the Company to provide to the Depositary, and where such request has been made the Depositary shall not be required to take any action required by this Condition 11 unless it shall have received, an opinion from the Company's Kuwaiti legal counsel (such counsel being reasonably acceptable to the Depositary) at the expense of the Company to the effect that such voting arrangement is not prohibited by Kuwaiti law or by the statutes of the Company and that the Depositary not precluded from exercising will not be in breach of Kuwaiti law or regulation as a result of its exercising votes in accordance with the provisions of this Condition 11 and that in doing so the Depositary will not be deemed to be exercising voting discretion under Kuwaiti law or regulation.

11.4 Subject to:

(i) the Depositary receiving confirmation from the Ministry of Commerce and Industry (in Kuwait) in a form reasonably satisfactory to the Depositary that the Depositary is permitted to exercise votes as provided in paragraphs (A) and/or (B) of this Condition 11.4 and such confirmation continuing in full force and effect; and

(ii) if the Depositary requests a legal opinion as described in Condition 11.3, the Depositary receiving such opinion and it being specifically confirmed in such opinion, *inter alia,* that the Depositary is not precluded from exercising votes as provided in paragraphs (A) and/or (B) of this Condition 11.4,

the Depositary will either:

(A) exercise or cause to be exercised the voting rights in respect of the Deposited Shares so that a portion of the Deposited Shares will be voted for and a portion of the Deposited Shares will be voted against any resolution specified in the agenda for the relevant meeting in accordance with the voting instructions it has received; or

(B) if the Depositary is not advised in the confirmation from Ministry of Commerce and Industry (in Kuwait) or in the legal opinion both as referred to in this Condition 11.4 that it is not prohibited by Kuwaiti law or regulation from exercising the voting rights in respect of the Deposited Shares differently (whereby a portion of the Deposited Shares will be voted for a resolution and a portion of the Deposited Shares will be voted against a resolution) the Depositary shall, if the confirmation or the legal opinion referred to in this Condition 11.4 specifically confirms that it is not prohibited under Kuwaiti law and regulation, calculate from the voting instructions that it has received from all Holders (x) the aggregate number of votes in favour of a particular resolution and (y) the aggregate number of votes opposed to such resolution and cast or cause to be cast in favour of or opposed to such resolution the number of votes representing the net positive difference between such aggregate number of votes in favour of such resolution and such aggregate number of votes opposed to such resolution.

11.5 If the Depositary is not advised in the confirmation or the legal opinion referred to in Condition 11.4 that it is not prohibited under Kuwaiti law or regulation or the Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Shares in accordance with paragraphs (A) and/or (B) of this Condition 11.4 and if it has received voting instructions from Holders to vote at least 50.1% of the Deposited Shares on or before the record date specified by the Depositary in the same manner in respect of one or more resolutions to be proposed at the relevant shareholders' meeting, the Depositary will vote all the Deposited Shares in the manner so instructed by such Holders in relation to such resolution or resolutions. If for any reason the Depositary has not received voting instructions from a Holder or Holders together holding at least 50.1% of all the Deposited Shares on or before the record date specified by the Depositary, (either because no voting instructions are returned to the Depositary or because the voting instructions are incomplete, illegible or unclear) the Holders shall be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Shares, and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Shares in such way as they so decide, PROVIDED THAT no such instruction shall be deemed given, and no such discretionary proxy shall be given, with respect to any matter as to which the Company informs the Depositary (and the Company has agreed to provide such information in writing as soon as practicable) that (i) the Company does not wish such proxy to be given, or (ii) such matter materially and adversely affects the rights of holders of Shares.

11.6 Where the Depositary is to vote in respect of each and any resolution in the manner described in Conditions 11.4 or 11.5 the Depositary shall notify the Chairman of the Company and appoint a person as a representative of the Depositary to attend such meeting and vote the Deposited Shares in the manner required by this Condition.

11.7 By continuing to hold GDRs, all Holders shall be deemed to have agreed to the provisions of this Condition as it may be amended from time to time in order to comply with applicable Kuwaiti law.

11.8 The Depositary shall not, and the Depositary shall ensure that the Custodian and its nominees do not, vote or attempt to exercise the right to vote that attaches to the Deposited Shares, other than in accordance with this Condition.

12. **Withholding Taxes, Recovery of Taxes, Duties and Other Charges, and Fees and Expenses due to the Depositary and Applicable laws**

12.1 Payments to Holders of dividends or other distributions on or in respect of the Deposited Shares will be subject to deduction of Kuwaiti and other withholding taxes, if any, at the applicable rates, and notwithstanding any other provision of the Deposit Agreement, the Depositary will be entitled to deduct from any cash dividend or other cash distribution which it receives from the Company such amount as it is advised by Kuwaiti legal counsel (such counsel being reasonably satisfactory to the Depositary and the Company) at the expense of the Company is necessary in order to provide for any tax, charge, fee or other amount that could become payable by or on behalf of the Depositary to Kuwaiti fiscal or other governmental authorities on account of its receiving such cash dividend or other cash distribution ("**Kuwaiti Distribution Taxes**").

12.2 The Depositary shall not be liable for any taxes (including Kuwaiti Distribution Taxes), duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR (the "**Charges**") shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. The Depositary may sell (whether by way of public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) for the account of the Holder an appropriate number of Deposited Shares or amount of other Deposited Property and will discharge out of the proceeds of such sale any Charges, and any fees or expenses due to the Depositary from the Holder pursuant to Condition 15, and subsequently pay any surplus to the Holder. The Depositary will use its reasonable efforts to pay the Charges to the extent that it has received funds. Any request by the Depositary for the payment of Charges shall be made by giving notice pursuant to Condition 22.

12.3 In the event that:

12.3.1 the amount deducted by the Depositary or the proceeds from any sale of Deposited Shares or other Deposited Property in accordance with this Condition is not payable at the time of such deduction or sale or the

Depositary is unable to pay the relevant Charges to the appropriate Kuwaiti fiscal or other governmental authority at the time of such deduction or sale, the Depositary shall deposit the deducted amount or the sale proceeds as soon as reasonably practicable into the Depositary's cash account as determined by the Depositary (the "**Account**"); and

12.3.2 the Depositary is advised by Kuwaiti legal counsel at the expense of the Company (such counsel being reasonably satisfactory to the Depositary and the Company) or the Depositary receives confirmation reasonably satisfactory to it that the liability in respect of the relevant Charges has been discharged or that there was no such liability and that the Depositary has no liability in respect of such Charges, the Depositary shall distribute any funds in the Account that were attributable to the amount retained to satisfy liability for Charges to the Holders of GDRs on the record date established by the Depositary for this purpose pro-rata to their respective holdings of GDRs in accordance with Condition 9.

12.4 If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in the State of Kuwait in order for the Depositary to receive from the Company Shares or other securities to be deposited under these Conditions, or in order for Shares, other securities or other property to be distributed under Condition 4, 5, 6 or 10 or to be subscribed under Condition 7 or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company has agreed to apply for such authorisation, consent, registration or permit or file such report on behalf of the Holders within the time required under such laws. In this connection, the Company has undertaken in the Deposit Agreement to the extent reasonably practicable to take such action as may be required in obtaining or filing the same. The Depositary shall not be obliged to distribute GDRs representing such Shares, other securities or other property deposited under these Conditions or make any offer of any such rights or sell any securities corresponding to any such rights with respect to which such authorisation, consent, registration or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent, registration or permit, or to file any such report.

13. **Liability**

13.1 In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or owners of GDRs or any other person.

13.2 Neither the Depositary, the Custodian, the Company, any Agent, nor any of their agents, officers, directors or employees shall incur any liability to any other of them or to any Holder or owner of a GDR or any other person with an interest in any GDRs if, by reason of any provision of any present or future law or regulation of the State of Kuwait or any other country or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, or in the case of the Depositary, the Custodian, any Agent or any of their agents, officers, directors or employees, by reason of any provision, present or future, of the constitutive documents of the Company, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder or owner of GDRs or any other person with an interest in any GDRs by reason of any exercise of, or failure to exercise, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).

13.3 Neither the Depositary nor any Agent shall be liable (except for its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) to the Company or any Holder or owner of GDRs or any other person, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic or for its failure to perform any obligations under the Deposit Agreement or these Conditions.

13.4 The Depositary and its agents may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates, or in relation to the Deposited Property (including without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to Holders or any other person for any profit arising therefrom.

13.5 The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Condition 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures but shall have no liability (in the absence of its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable.

13.6 The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions.

13.7 The Depositary shall have no responsibility whatsoever to the Company, any Holders or any owner of GDRs or any other person as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.

13.8 In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or the owners of GDRs or any other person.

13.9 Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its reasonable opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.

13.10 The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the Depositary or otherwise, and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfers thereof.

13.11 Any such advice, opinion, certificate or information (as discussed in Condition 13.10 above) may be sent or obtained by letter, telex, facsimile transmission, telegram or cable and the Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be conveyed by any such letter, telex or facsimile transmission although (without the Depositary's knowledge) the same shall contain some error or shall not be authentic.

13.12 The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company by a director of the Company or by a person duly authorised by a director of the Company or such other certificate from persons specified in Condition 14.10 above which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.

13.13 Subject as provided in Condition 13.20, the Depositary shall have no obligation under the Deposit Agreement except to perform its obligations as are specifically set out therein without wilful default, negligence or bad faith.

13.14 The Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint Depositary of the Deposit Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may in the interests of the Holders think fit, provided that no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the Depositary's ultimate holding company. Any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Company in making such delegation. The Company shall not in any circumstances and the Depositary shall not (provided that it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the Depositary shall, if practicable, and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Condition which includes the power to sub-delegate shall provide that the delegate shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice thereof to the Company and the Depositary.

13.15 The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a solicitor or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.

13.16 The Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute, and the Depositary shall not (in the case of deposit with itself, in the absence of its own negligence, wilful default, or bad faith or that of its agents, directors, officers or employees) be responsible for any losses, liability or expenses incurred in connection with any such deposit.

13.17 Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with its performance or non-performance or the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under the Deposit Agreement, except to the extent that such loss or damage arises from the wilful default, negligence or bad faith of the Depositary or that of its agents, officers, directors or employees. Without prejudice to the generality of the foregoing, in no circumstances shall the Depositary have any liability for any act or omission of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Shares or otherwise.

13.18 No provision of the Deposit Agreement or these Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured to it.

13.19 For the avoidance of doubt, the Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Kuwaiti law as the same may be amended from time to time. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issuance of GDRs if notified by the Company, or the Depositary becomes aware of the fact, that such transfer or issuance would result in a violation of the limitations set forth above.

13.20 None of the Depositary, the Custodian or any of their respective agents, officers or employees shall have any responsibility or liability in respect of any action taken or for any inaction in relation to the Broker Sale Agreement, Deposited Securities Order or Broker Purchase Agreement other than in respect of their own gross negligence or wilful default and, in particular, shall not have any responsibility or liability with respect to the terms of sale or purchase of any Shares or for not effecting any such sale or purchase.

13.21 No disclaimer of liability under the Securities Act and the Exchange Act is intended by any provision of the Deposit Agreement.

14. **Issue and Delivery of Replacement GDRs and Exchange of GDRs**

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of the destruction, loss or theft) at the specified office of the Depositary or (at the request, risk and expense of the Holder) at the specified office of any Agent.

15. **Depositary's Fees, Costs and Expenses**

15.1 The Depositary shall be entitled to charge the following remuneration and receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:

(i) for the issue of GDRs (other than upon the issue of GDRs pursuant to the Offering) or the cancellation of GDRs upon the withdrawal of Deposited Property: U.S.$5.00 or less per 100 GDRs (or portion thereof) issued or cancelled;

(ii) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;

(iii) for issuing GDR certificates in definitive registered form (other than pursuant to (ii) above): the greater of U.S.$1.50 per GDR certificate (plus printing costs) or such other sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work plus costs (including but not limited to printing costs) and expenses involved;

(iv) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.$0.02 or less per GDR for each such dividend or distribution;

(v) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution: U.S.$5.00 or less per 100 outstanding GDRs (or portion thereof) for each such issue of rights, dividend or distribution;

(vi) for transferring interests from and between the Regulation S Master GDR and the Rule 144A Master GDR: a fee of U.S.$0.05 or less per GDR;

(vii) a fee of U.S.$0.02 or less per GDR (or portion thereof) per annum for depositary services which shall be payable as provided in paragraph (viii) below; and

(viii) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents, in connection with the servicing of Deposited Shares or other Deposited Property (which charge shall be assessed against Holders as of the date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or deducting such charge from one or more cash dividends or other cash distributions),

together with all expenses (including currency conversion expenses), transfer and registration fees, taxes, duties and charges payable by the Depositary, any Agent or the Custodian, or any of their agents, in connection with any of the above, including in particular in respect of the withdrawal of Deposited Property and/or the issue of GDRs as provided in Condition 1.

15.2 The Depositary is entitled to receive from the Company the fees, taxes, duties, charges costs and expenses as specified in a separate agreement between the Company and the Depositary.

16. **Agents**

16.1 The Depositary shall be entitled to appoint one or more agents (the **"Agents"**) for the purpose, *inter alia,* of making distributions to the Holders.

16.2 Notice of appointment or removal of any Agent or of any change in the specified office of the Depositary or any Agent will be duly given by the Depositary to the Holders.

17. **Listing**

The Company has undertaken in the Deposit Agreement to use its best endeavours to maintain, so long as any GDR is outstanding, a listing for the GDRs on the official list maintained by the Financial Services Authority (the **"Official List"**) and admission to trading on the regulated market for listed securities of the London Stock Exchange.

For that purpose the Company will pay all fees and sign and deliver all undertakings required by the Financial Services Authority and the London Stock Exchange in connection with such listings. In the event that the listing on the Official List and admission to trading on the market for listed securities of the London Stock Exchange is not maintained, the Company has undertaken in the Deposit Agreement to use its best endeavours with the reasonable assistance of the Depositary (provided at the Company's expense) to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe.

18. **The Custodian**

The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian PROVIDED THAT the Custodian shall not be obliged to segregate cash comprised in the Deposited Property from cash otherwise held by the Custodian. The Depositary will appoint such other custodians or nominees to hold Deposited Shares as may be required in order to comply with Kuwaiti law and the requirements of the articles of the Company which sets limits on the number of Deposited Shares that may be held by a single owner. The Custodian shall be responsible solely to the Depositary PROVIDED THAT, if and so long as the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Company. The Custodian may resign or be removed by the Depositary by giving prior notice, except that if a replacement Custodian is appointed which is a branch or affiliate of the Depositary, the Custodian's resignation or discharge may take effect immediately on the appointment of such replacement Custodian. Upon the removal of or receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian (approved (i) by the Company, such approval not to be unreasonably withheld or delayed, and (ii) by the relevant authority in the State of Kuwait, if any), which shall, upon acceptance of such appointment, and the expiry of any applicable notice period, become the Custodian. Whenever the Depositary in its discretion determines that it is in the best interests of the Holders to do so, it may, after prior consultation with the Company, terminate the appointment of the Custodian and, in the event of any such termination, the Depositary shall promptly appoint a successor Custodian (approved (i) by the Company, such approval not to be unreasonably withheld or delayed, and (ii) by the relevant authority in the State of Kuwait, if any), which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement on the effective date of such termination. The Depositary shall notify Holders of such change immediately upon such change taking effect in accordance with Condition 22. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited Property in a manner or a place other than as therein specified; PROVIDED THAT, in the case of such temporary deposit in another place, the Company shall have consented to such deposit, and such consent of the Company shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Company if and to the extent that the obtaining of such insurance is reasonably practicable and the premiums payable are of a reasonable amount.

19. **Resignation and Termination of Appointment of the Depositary**

19.1 The Company may terminate the appointment of the Depositary under the Deposit Agreement by giving at least 120 days' prior notice in writing to the Depositary and the Custodian, and the Depositary may resign as Depositary by giving at least 120 days' prior notice in writing to the Company and the Custodian. Within 30 days after the giving of either such notice, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 22 and to the Financial Services Authority and the London Stock Exchange.

19.2 The termination of the appointment or the resignation of the Depositary shall take effect on the date specified in such notice; PROVIDED THAT no such termination of appointment or resignation shall take effect until the appointment by the Company of a successor depositary under the Deposit Agreement and the acceptance of such appointment to act in accordance with the terms thereof and of these Conditions, by the successor depositary. The Company has undertaken in the Deposit Agreement to use its best endeavours to procure the appointment of a successor depositary with effect from the date of termination specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and to the Financial Services Authority and the London Stock Exchange.

19.3 Upon the termination of appointment or resignation of the Depositary and against payment of all fees and expenses due to the Depositary from the Company under the Deposit Agreement, the Depositary shall deliver to its successor as depositary sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor depositary all property and cash held by it under the Deposit Agreement. The Deposit Agreement provides that, upon the date when such termination of appointment or resignation takes effect, the Custodian shall be deemed to be the Custodian thereunder for such successor depositary, and the Depositary shall thereafter have no obligation under the Deposit Agreement or the Conditions (other than liabilities accrued prior to the date of termination of appointment or resignation or any liabilities stipulated in relevant laws or regulations).

20. **Termination of Deposit Agreement**

20.1 Either the Company or the Depositary but, in the case of the Depositary, only if the Company has failed to appoint a replacement Depositary within 90 days of the date on which the Depositary has given notice pursuant to Condition 19 that it wishes to resign, may terminate the Deposit Agreement by giving 90 days' prior written notice to the other and to the Custodian. Within 30 days after the giving of such notice, notice of such termination shall be duly given by the Depositary to Holders of all GDRs then outstanding in accordance with Condition 22.

20.2 During the period beginning on the date of the giving of such notice by the Depositary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to the provisions of Condition 1.1 and upon compliance with Condition 1, payment by the Holder of the charge specified in Condition 15.1(i) and Clause 10.1.1(a) of the Deposit Agreement for such delivery and surrender, and payment by the Holder of any sums payable by the Depositary and/or any other expenses incurred by the Depositary (together with all amounts which the Depositary is obliged to pay to the Custodian) in connection with such delivery and surrender, and otherwise in accordance with the Deposit Agreement.

20.3 If any GDRs remain outstanding after the date of termination, the Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, shall not pass on dividends or distributions or take any other action, except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they are the Holders. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligation to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest.

21. **Amendment of Deposit Agreement and Conditions**

21.1 All and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 21) may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary, and any amendment (except as aforesaid) which shall increase or impose fees payable by Holders or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders until the expiration of three months after such notice shall have been given. During such period of three months, each Holder shall be entitled to obtain, subject to and upon compliance with Condition 1, delivery of the Deposited Property relative to each GDR held by it upon surrender thereof, payment of the charge specified in Condition 15.1(i) for such delivery and surrender and otherwise in accordance with the Deposit Agreement and these Conditions. Each Holder at the time when such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 1, the Deposited Property attributable to the relevant GDR.

21.2 For the purposes of this Condition 21, an amendment shall not be regarded as being materially prejudicial to the interests of Holders if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares PROVIDED THAT temporary GDRs will represent such Shares until they are so consolidated.

22. **Notices**

22.1 Any and all notices to be given to any Holder shall be duly given if personally delivered, or sent by mail (if domestic, first class, if overseas, first class airmail) or air courier, or by telex or facsimile transmission confirmed by letter sent by mail or air courier, addressed to such Holder at the address of such Holder as it appears on the transfer books for GDRs of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.

22.2 Delivery of a notice sent by mail or air courier shall be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) after despatch, and any notice sent by telex transmission, as provided in this Condition, shall be effective when the sender receives the answerback from the addressee at the end of the telex and any notice sent by facsimile transmission, as provided in this Condition, shall be effective when the intended recipient has confirmed by telephone to the transmitter thereof that the recipient has received such facsimile in complete and legible form. The Depositary or the Company may, however, act upon any telex or facsimile transmission received by it from the other or from any Holder, notwithstanding that such telex or facsimile transmission shall not subsequently be confirmed as aforesaid.

22.3 So long as GDRs are listed on the Official List and admitted to trading on the London Stock Exchange and the rules of the Financial Services Authority or the London Stock Exchange so require, all notices to be given to Holders generally will also be published in a leading daily newspaper having general circulation in the UK (which is expected to be the Financial Times).

23. **Reports and Information on the Company**

23.1 The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with six copies in the English language (and to make available to the Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of:

(i) in respect of the financial year ended on 31 December 2008 and in respect of each financial year thereafter the audited consolidated financial statements for such financial year in respect of the Company, prepared in accordance with International Financial Reporting Standards adopted for use by the State of Kuwait, and reported upon by independent public accountants selected by the Company, as soon as practicable (and in any event within 180 days) after the end of such year;

(ii) if the Company publishes semi-annual financial statements for holders of Shares, such semi-annual financial statements of the Company as soon as practicable after the same are published and in any event no later than three months after the end of the period to which they relate; and

(iii) if the Company publishes quarterly statements for holders of Shares, such quarterly financial statements as soon as practicable after the same are published, and in any event no later than two months after the end of the period to which they relate.

23.2 The Depositary shall upon receipt thereof give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.

23.3 For so long as any of the GDRs remains outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, if at any time the Company is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement to supply to the Depositary such information, in the English language and in such quantities as the Depositary may from time to time reasonably request, as is required to be delivered to any Holder or beneficial owner of GDRs or to any holder of Shares or a prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Company in favour of such persons and the information delivery requirements of Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of GDRs or Shares or interests therein in reliance on Rule 144A under the Securities Act. Subject to receipt, the Depositary will deliver such information, during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144(A)(d)(4), to any such holder, beneficial owner or prospective purchaser but in no event shall the Depositary have any liability for the contents of any such information.

24. **Copies of Company Notices**

The Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary on or before the day when the Company first gives notice, by mail, publication or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, such number of copies of such notice and any other material (which contains information having a material bearing on the interests of the Holders) furnished to such holders by the Company (or such number of English translations of the originals if the originals were prepared in a language other than English) in connection therewith as the Depositary may reasonably request. If such notice is not furnished to the Depositary in English, either by the Company or the Custodian, the Depositary shall, at the Company's expense, arrange for an English translation thereof (which may be in such summarised form as the Depositary may deem adequate to provide sufficient information) to be prepared. Except as provided below, the Depositary shall, as soon as practicable after receiving notice of such transmission or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to Condition 9.1, and shall make the same available to Holders in such manner as it may determine.

25. **Moneys held by the Depositary**

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest thereon, except as otherwise agreed and shall not be obliged to segregate such moneys from other moneys belonging to the Depositary.

26. **Severability**

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

27. **Governing Law**

27.1 The Deposit Agreement and the GDRs are governed by, and shall be construed in accordance with, English law except that the certifications set forth in Schedules 3 and 4 to the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The rights and obligations attaching to the Deposited Shares will be governed by Kuwaiti law. The Company has submitted in respect of the Deposit Agreement and the Deed Poll to the jurisdiction of the English courts and the courts of the State of New York and any United States Federal Court sitting in the Borough of Manhattan, New York City. The Company has also agreed in the Deposit Agreement, and the Deed Poll to allow, respectively, the Depositary and the Holders to elect that Disputes are resolved by arbitration.

27.2 The Company has irrevocably appointed Clifford Chance Secretaries Limited with its offices at 10 Upper Bank Street, London E14 5JJ as its agent in England to receive service of process in any Proceedings in England based on the Deed Poll and appointed CT Corporation with offices at 111 Eighth Avenue, New York, New York 10011 as its agent in New York to receive service of process in any Proceedings in New York. If for any reason the Company does not have such an agent in England or New York as the case may be, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

27.3 The courts of England are to have jurisdiction to settle any disputes (each a **"Dispute"**) which may arise out of or in connection with the GDRs and accordingly any legal action or proceedings arising out of or in connection with the GDRs (**"Proceedings"**) may be brought in such courts. Without prejudice to the foregoing, the Depositary further irrevocably agrees that any Proceedings may be brought in any New York State or United States Federal Court sitting in the Borough of Manhattan, New York City. The Depositary irrevocably submits to the non-exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

27.4 These submissions are made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions (whether concurrently or not).

27.5 In the event that the Depositary is made a party to, or is otherwise required to participate in, any litigation, arbitration, or Proceeding (whether judicial or administrative) which arises from or is related to or is based upon any act or failure to act by the Company, or which contains allegations to such effect, upon notice from the Depositary, the Company has agreed to fully cooperate with the Depositary in connection with such litigation, arbitration or Proceeding.

27.6 The Depositary irrevocably appoints The Bank of New York, London Branch, (Attention: The Manager) of 48th Floor, One Canada Square, London E14 5AL as its agent in England to receive service of process in any Proceedings in England based on any of the GDRs. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

DEPOSITARY

The Bank of New York
101 Barclay Street
22nd Floor
New York
New York 10286

CUSTODIAN
HSBC Bank
Middle East Limited-Kuwait,
P O Box 1683
Safat 13017
Kuwait

and/or such other Depositary and/or such other Custodian or Custodians and/or such other or further Agent or Agents and/or specified offices as may from time to time be duly appointed or nominated and notified to the Holders.

SUMMARY OF PROVISIONS RELATING TO THE GDRs WHILE IN MASTER FORM

Upon issue, the GDRs will be evidenced by a single Regulation S Master GDR and a single Rule 144A Master GDR, each in registered form. The Regulation S Master GDR has been registered in the name of The Bank of New York Depository (Nominees) Limited as common depositary for Clearstream, Luxembourg and Euroclear, and the Rule 144A Master GDR has been registered in the name of Cede & Co. as nominee and held by The Bank of New York in New York for DTC on or about the Closing Date. The Regulation S Master GDR and the Rule 144A Master GDR contain provisions that apply to the GDRs while they are in master form, some of which modify the effect of the Conditions of the GDRs. The following is a summary of those provisions. Unless otherwise defined herein, terms defined in the Conditions have the same meaning herein.

Exchange

The Regulation S Master GDR and the Rule 144A Master GDR will be exchanged for certificates in definitive registered form representing GDRs only in the circumstances set forth below. The Depositary will undertake in the Regulation S Master GDR and the Rule 144A Master GDR to make available certificates evidencing GDRs in definitive registered form, in whole but not in part, in exchange for either the Regulation S Master GDR or the Rule 144A Master GDR, as the case may be, to GDR holders within 60 days of the occurrence of the relevant event if:

- DTC, Clearstream, Luxembourg or Euroclear, or any successor, notifies Global in writing that it is at any time unwilling or unable to continue as a clearing agency and a successor clearing agency is not appointed within 90 calendar days; or
- in the case of the Rule 144A Master GDR, DTC or any successor ceases to be a "clearing agency" registered under the Exchange Act; or
- either Clearstream, Luxembourg or Euroclear (in the case of the Regulation S Master GDR) or DTC (in the case of the Rule 144A Master GDR) is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Depositary is available within 45 days; or
- the Depositary has determined that, on the occasion of the next payment in respect of the GDRs, the Depositary or its agent would be required to make any deduction or withholding from any payment in respect of the GDRs which would not be required were the GDRs represented by certificates in definitive registered form, provided that the Depositary shall have no obligation to so determine or to attempt to so determine.

Any such exchange will be at the expense of the Company. Upon:

- any exchange of the Regulation S Master GDR or the Rule 144A Master GDR for GDRs in registered definitive form; or
- any exchange of interest between the Regulation S Master GDR and the Rule 144A Master GDR pursuant to the terms of the Deposit Agreement; or
- any distribution of GDRs pursuant to Condition 5, 7 or 10; or
- any reduction in the number of GDRs represented by the Regulation S Master GDR or the Rule 144A Master GDR following any withdrawal of Deposited Property pursuant to Condition 1,

in each case, the relevant details will be entered by the Depositary on the register maintained by the Depositary (which shall be maintained at all times outside the United Kingdom and Kuwait), whereupon the number of GDRs evidenced by the Regulation S Master GDR or the Rule 144A Master GDR will decrease or increase (as the case may be) accordingly.

If the number of GDRs represented by the Regulation S Master GDR or the Rule 144A Master GDR is reduced to zero, the Regulation S Master GDR or the Rule 144A Master GDR, as the case may be, shall continue in existence until the obligations of the Company and the Depositary pursuant to the Deposit Agreement have terminated.

Payments, Distributions and Voting Rights

The Depositary will make payments of cash dividends and other amounts, including cash distributions, in respect of the GDRs represented by the Regulation S Master GDR or the Rule 144A Master GDR through Clearstream, Luxembourg and Euroclear in respect of the Regulation S Master GDR, and through DTC in respect of the Rule 144A Master GDR, on behalf of persons entitled thereto upon receipt of funds for such purpose from Global. Any free distribution or rights issue of Shares to the Depositary on behalf of GDR holders that results in an increase in the number of GDRs will result in an adjustment to the records of the Depositary to reflect the increased number of GDRs evidenced by the Regulation S Master GDR and/or the Rule 144A Master GDR.

GDR holders will have voting rights in respect of the underlying shares as set forth in Condition 11 and the Deposit Agreement. The Depositary will exercise voting rights only upon receipt of written instructions and in accordance with the Conditions and the Deposit Agreement and if permitted by law, which shall be subject to an opinion being given by the Company's legal counsel, such counsel being reasonably satisfactory to the Depositary, that the Depositary can do so. In the absence of an opinion from legal counsel as aforesaid, the Depositary shall not exercise any voting rights and shall have no liability to the Company or any GDR holder for any action taken or not taken as the case may be.

Surrender of GDRs

Any requirement in the Conditions relating to the surrender of a GDR to the Depositary will be satisfied by the production, on behalf of a person entitled to an interest therein, by the common depositary in respect of the Regulation S Master GDR, and by DTC in respect of the Rule 144A Master GDR, of such evidence as the Depositary may reasonably require of such person's entitlement. Such evidence is expected to be a certificate or other documents issued by Euroclear and Clearstream, Luxembourg, or DTC or, if relevant, an alternative clearing system. The delivery or production of such evidence will be sufficient evidence, in favour of the Depositary, any Agent and the Custodian of the title of such person to receive, or to issue instructions for the receipt of) all moneys or other property payable or distributable and to issue voting instructions in respect of the Deposited Property represented by such GDR.

Notices

For so long as the Regulation S Master GDR is registered in the name of the Common Depositary on behalf of Euroclear and Clearstream, Luxembourg, and for so long as the Rule 144A Master GDR is registered in the name of DTC or its nominee, the Depositary may give notices to GDR holders by delivery to Euroclear and Clearstream, Luxembourg in respect of the Regulation S Master GDR, and to DTC or its nominee in respect of the Rule 144A Master GDR, for dispatch to persons entitled thereto instead of by the methods required by Condition 22, except that so long as the GDRs are listed on the Official List maintained by the Financial Services Authority and admitted to trading on the London Stock Exchange and the Financial Services Authority or the London Stock Exchange so requires, notices shall also be published in a leading newspaper having general circulation in the UK (which is expected to be the Financial Times).

Governing Law

The Regulation S Master GDR and the Rule 144A Master GDR will be governed by and construed in accordance with English law.

CLEARING AND SETTLEMENT

Custodial and depositary links have been established among Clearstream, Euroclear and DTC to facilitate the initial issue of the GDRs and cross market transfers of the GDRs associated with secondary market trading.

The Clearing Systems

Clearstream and Euroclear

The Regulation S GDRs will be deposited with the respective accounts of Clearstream and Euroclear. Purchasers may hold their interests in the Regulation S GDRs directly through Clearstream and Euroclear, if they are Clearstream or Euroclear participants, as the case may be, or indirectly through organisations that are Clearstream or Euroclear participants. Beneficial interests in the Regulation S GDRs may be held only through Clearstream or Euroclear at any time.

Clearstream is incorporated under the laws of Luxembourg and is a global securities settlement clearing house, regulated as a bank by the Luxembourg Commission for the Supervision of the Financial Sector. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment. It is regulated by the Belgian Banking Commission.

Each of Clearstream and Euroclear holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants, thereby eliminating the need for physical movement of certificates. Transactions may be settled in Clearstream or Euroclear in any of 40 currencies, including US dollars. Each of Clearstream and Euroclear provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities, and securities lending and borrowing. Clearstream and Euroclear participants are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to each of Clearstream and Euroclear is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Clearstream or Euroclear participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the Regulation S GDRs held through Clearstream or Euroclear will be credited, to the extent received by the Depositary, to the cash accounts of Clearstream or Euroclear participants in accordance with the relevant system's rules and procedures.

DTC

DTC is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities for DTC's participants and also facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants' accounts.

DTC participants include both US and non-US securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of DTC participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Indirect access to the DTC system is also available to others such as both US and non-US securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Dividend payments on the Rule 144A GDRs will be made to Cede & Co., as nominee for DTC or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit DTC participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Company on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not of DTC nor the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of dividends to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Company, disbursement of such payments to DTC participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC participants and indirect participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Rule 144A GDRs evidenced by the Master Rule 144A GDR to such persons may be limited. Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect participants, the ability of a person owning Rule 144A GDRs evidenced by the Master Rule 144A GDR to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take action in respect of such interests, may be affected by the lack of physical individual definitive securities in respect of such interest.

Registration and Form

Book-entry interests in the Regulation S GDRs held through Clearstream and Euroclear will be evidenced by the Master Regulation S GDR registered in the name of The Bank of New York Depositary (Nominees) Limited as nominee for The Bank of New York, London Branch, as common depositary (the "**Common Depositary**") and as nominee for Euroclear and Clearstream and book-entry interests in the Rule 144A GDRs held through DTC will be evidenced by the Master Rule 144A GDR and registered in the name of Cede & Co., as nominee for DTC, and will be held by a custodian for DTC. As necessary, the Depositary will adjust the amount of GDRs on the Register for the accounts of Clearstream, Euroclear and DTC to reflect the amounts of GDRs held through Clearstream, Euroclear and DTC, respectively. Beneficial ownership in GDRs may be held through financial institutions as direct and indirect participants in Clearstream, Euroclear and DTC.

The aggregate holdings of book-entry interests in the GDRs in Clearstream, Euroclear and DTC will be reflected in the book-entry accounts of each such institution. Clearstream, Euroclear and DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the GDRs will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the GDRs. The Depositary will be responsible for maintaining a record of the aggregate holdings of GDRs registered in the name of the Common Depositary for Euroclear and Clearstream, (in the case of the Master Regulation S GDR), Cede & Co. (in the case of the Master Rule 144A GDR) and/or holders in definitive registered form. The Depositary will be responsible for ensuring that payments received by it from the Company for holders holding through Clearstream and Euroclear are credited to Clearstream or Euroclear, as the case may be and the Depositary will also be responsible for ensuring that payments received by it from the Company for holders holding through DTC are received by the relevant DTC participant or, where no election has been made, by DTC.

The Company will not impose any fees in respect of the GDRs; however, holders of book-entry interests in the GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Clearstream, Euroclear or DTC and certain fees and expenses payable to the Depositary in accordance with the terms of the relevant Deposit Agreement.

Global Clearance and Settlement Procedures

Initial Settlement

In the Offering, the GDRs will be in the global form evidenced by the two global Master GDRs. The GDRs will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Regulation S GDRs through Clearstream and Euroclear accounts will follow the settlement procedures applicable to depositary receipts. Book-entry interests in the Regulation S GDRs will be credited to Clearstream and Euroclear participant securities clearance accounts on the business day following the Closing Date against payment. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Rule 144A GDRs through DTC will follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement system. DTC participant securities accounts will be credited with book-entry interests in the Rule 144A GDRs following confirmation of receipt of payment to the Company on the Closing Date.

Secondary Trading

Transfer Restrictions

For a description of the transfer restrictions relating to the GDRs, see *"Subscription and Sale"* and *"Transfer Restrictions"*.

Trading between Euroclear and Clearstream participants

Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the normal procedures applicable to depositary receipts.

Trading between DTC participants

Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream purchaser

When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the DTC participant must send to DTC a delivery free of payment instruction at least two business days prior to the settlement date. DTC will in turn transmit such instruction to Euroclear or Clearstream, as the case may be, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the Depositary to instruct Euroclear or Clearstream, as the case may be, to credit the relevant account of the Euroclear or Clearstream participant, as the case may be. In addition, on the settlement date, DTC will instruct the Depositary to (1) decrease the amount of book-entry interests in the GDRs registered in the name of the nominee for DTC and represented by the Master Rule 144A GDR Certificate and (2) increase the amount of book-entry interests in the GDRs registered in the name of the common nominee for Euroclear and Clearstream and represented by the Master Regulation S GDR Certificate.

Trading between Clearstream/Euroclear seller and DTC purchaser

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream participant to the account of a DTC participant, the Euroclear or Clearstream participant must send to Euroclear or Clearstream a delivery free of payment instruction at least one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant, as the case may be. On the settlement date, Euroclear or Clearstream, as the case may be, will debit the amount of its participant and will instruct the Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, as the case may be, and will deliver such book-entry interests in the GDRs free of payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, as the case may be, shall on the settlement date instruct the Depositary to (1) decrease the amount of the book-entry interests in the GDRs registered in the name of the common nominee and evidenced by the Master Regulation S GDR Certificate and (2) increase the amount of the book-entry interests in the GDRs registered in the name of the nominee for DTC and represented by the Master Rule 144A GDR Certificate.

General

Although the foregoing sets out the procedures of Clearstream, Euroclear and DTC in order to facilitate the transfers of interests in the GDRs among participants of Clearstream, Euroclear and DTC, none of Clearstream, Euroclear or DTC are under any obligation to perform or continue such procedures, and such procedures may be amended or discounted at any time.

None of the Company, the Depositary, the Joint Bookrunners nor their respective agents will have any responsibility for the performance by Clearstream, Euroclear or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

THE GCC AND MENA REGIONS

The information presented in this section has been extracted from publicly available documents that have not been prepared or independently verified by Global.

THE GCC

The GCC was established on 25 May 1981, and consists of Bahrain, Oman, Qatar, Kuwait, Saudi Arabia and the UAE. The GCC was established to reinforce and institutionalise cooperation and coordination between the member countries to address the common challenges of security and economic development. In January 2008, the GCC also launched a common market. The GCC states have a combined population of over 35 million people and a real GDP of over US$700 billion, making it one of the largest emerging markets in the world.

The GCC seeks to form a single trading block to increase its power to negotiate with other economic blocks and large trading partners with one voice over trade and investment issues. The GCC member states largely achieved the requirements of the customs union in January 2003, and the GCC launched a common market in January 2008, which established the right for GCC citizens to work in government and private institutions and buy and sell real estate and make other investments in all member states, move freely between the countries, and receive education and health benefits. In addition, the GCC states have set the goal of a common currency by 2010.

Recent Economic Developments in the GCC

The GCC economies have experienced consistent growth in the last six years, from approximately US$350 billion in 2002 to in excess of US$700 billion in 2007. During 2007, Bahrain grew by 7.7 per cent., Kuwait by 5.8 per cent., Oman by 5.9 per cent., Qatar by 7.8 per cent., Saudi Arabia by 4.7 per cent. and the UAE by 7.5 per cent. The growth projection for GDP through 2008 for the GCC is between 5 per cent. and 8 per cent. with the exception of Qatar, which is estimated to post 12 per cent. growth. GCC economies have also made progress in private sector development, living standards, market liberalisation, global integration, fiscal resilience to negative oil price shocks, enhanced external liquidity, greater financial sector intermediation and efficiency, and capital market deepening.

The GCC draws most of its wealth from oil and gas resources. The GCC has proven reserves of 484.3 billion barrels of crude oil and 41.4 trillion cubic metres of natural gas and a rate of 18 million barrels per day of crude oil and 15 million cubic metres per day of natural gas production. At this rate, the GCC could generate US$5.1 trillion in aggregate oil and gas revenues over the next 25 years (at an average crude price of US$35 per bbl and gas price of US$4.7 per MBtu). Investment by both the government and private sector (including foreign investors) has also contributed to the region's growth. The total value of new projects in the GCC at various stages of development and in various sectors was US$1.3 trillion as at 31 December 2007.

Kuwait and other members of the GCC have begun setting aside a portion of the country's profits from oil and gas as a reserve for future generations before oil reserves run out. Increased government revenues from high oil prices are reinvested in the GCC economy by way of increased public expenditure. Public finance figures for the GCC countries indicate aggregate fiscal reserves in excess of US$350 billion, which equals approximately 50 per cent. of the aggregate GDP of the GCC countries in 2006. Government budgets in the GCC in 2006 and 2007 were based on conservative oil price forecasts and significant growth in expenditures compared to earlier years. In light of the higher than budgeted price of oil, the governments were able to achieve both an increase in public sector spending and a further accumulation of financial reserves.

Infrastructure and Real Estate Growth in the GCC and the wider MENA region

The GCC governments have committed to financing infrastructure projects such as seaport and airport expansion, power generation, water treatment, housing, roadways and the GCC railroad. The total infrastructure projects, including power and water, expenditure in the GCC countries during 2008 is likely to be between US$500 billion and US$1 trillion. It is anticipated that Abu Dhabi and Qatar will invest US$175 billion and US$130 billion, respectively, in energy, infrastructure, utilities, real estate, aviation, tourism and social programmes. The Saudi Arabia General Investment Authority plans to invest US$283 billion over the next three years in building infrastructure. In 2002, the region experienced a real estate market boom when Dubai introduced a law that allowed foreigners to take out 99-year leases on selected landmark properties. Increasing wealth in the region has also contributed to real estate investment from within the GCC, with investments in both GCC member states as well as regional markets such as Syria, Jordan, Egypt, Sudan, Morocco, Lebanon, Tunisia and Libya.

Real estate has long been a primary choice for regional investors, both prior to other investment options becoming available, and in recent years based on a perception of less price volatility in comparison to equity markets and on account of cultural factors such as high appreciation of continuity, strength, and stability. At the same time, strong growth in infrastructure and real estate is promoting the growth of construction related industries in the region, such as building materials, manufacturing, contracting and engineering services, and other light industries. In recent years, the GCC has made an effort to diversify its economies beyond the oil and gas sector. In addition, the growing trend of family-owned businesses seeking corporate financing, regulatory reforms allowing cross-border investments and the privatisation of several state-owned enterprises have increased per capita earnings in the GCC region.

Factors affecting the potential for development in the real estate sector in the GCC include:

- oil prices;
- potential changes in regulations allowing foreign ownership;
- the proposed common currency in the GCC;
- foreign investment into the GCC;
- repatriation of Gulf funds from overseas locations;
- a deepening of the secondary market;
- GCC governments' desire to maintain economic stability;
- demographic trends in the GCC, such as a growing population, including a rising expatriate workforce;
- influx of foreign companies in the GCC;
- strong tourism growth in the GCC; and
- demand from local companies.

OVERVIEW OF THE STATE OF KUWAIT

The following is a summary of certain aspects of the political structure, economy, public finances and financial system of Kuwait of which prospective investors should be aware. This summary is not intended to be exhaustive and prospective investors should also read the information set out elsewhere in this Prospectus. Data included in this section relating to the State of Kuwait, its economy, and public finances have been extracted from the following publicly available sources: the Central Bank of Kuwait; Kuwait Ministry of Finance; Kuwait Ministry of Planning; the CIA World Factbook; and the US Department of State. While the Company believes it to be accurate, it has not been independently verified by the Company.

Political Overview

Government

The State of Kuwait is organised as a parliamentary constitutional monarchy. Kuwait has been ruled by the Al-Sabah family since approximately 1752. The Amir of Kuwait currently is Sabah Al-Ahmad Al-Jaber Al-Sabah. As Head of State and Commander in Chief, all executive power in Kuwait vests in the Amir. The Amir appoints the Crown Prince and Prime Minister and other key cabinet posts such as defence, the interior and energy ministers. The Prime Minister in turn nominates the 15 member Council of Ministers. The Council of Ministers is then approved by a 50-member Parliament, a unicameral legislative body directly elected by the citizens of Kuwait. The Council of Ministers and the Members of Parliament jointly make up the National Assembly. The Crown Prince Nawaf Al-Ahmed Al-Jaber Al-Sabah, Prime Minister Nasser Mohammed Al-Ahmed Al-Sabah, and the Council of Ministers conduct the day-to-day affairs of the State. Parliamentary elections are conducted every four years. The last elections took place in June 2006 when opposition candidates performed strongly and took most of the seats in the Parliament denying the government majority seats. The constitution guarantees the independence of the country's judicial system and provides for fair and transparent implementation of the law and settlement of disputes.

The Amir recently dissolved the Parliament and called for new elections after the entire Cabinet, less than one year after it was sworn in, resigned on 17 March 2008. First Deputy Prime Minister and Defense Minister Sheikh Jaber Mubarek al-Sabah submitted the resignation to the Prime Minister citing a lack of cooperation from the Members of the Parliament regarding a public sector pay award among other issues. New elections are scheduled for 17 May 2008.

Kuwait maintains diplomatic and trade relations with almost every country in the world. It is a member of the GCC, League of Arab States, OPEC, the United Nations, the International Monetary Fund, the World Bank, the World Trade Organisation, and several other international organisations. Following the invasion and occupation of Kuwait by neighbouring Iraq in August 1990, Kuwait was liberated by a multinational United Nations force in 1991. Since that time, Kuwaiti defence has been governed by a set of treaties signed with the United States of America and other United Nations Security Council members, guaranteeing the security of Kuwait against external military threats.

Financial System

Established in 1969, the Central Bank of Kuwait ("**CBK**") is charged with setting and executing the country's monetary policy, as well as regulating and supervising the operations of local banks, investment companies and exchange companies. The Central Bank's monetary policy is focused on:

- maintaining a stable exchange rate, which between January 2003 and May 2007 was linked to a dollar peg and since May 2007 has been closely tied to a basket of major currencies with a dominant US dollar weighting; and
- managing domestic liquidity through setting the interest rate at a level that ensures the exchange rate regime is defendable.

Economic Overview

General Overview

Kuwait has a small, relatively open economy. It is one of the richest countries in the world with a per capita GDP of US$32,259 in 2006. Nominal GDP was US$96.1 billion in 2006, a 20.8 per cent. increase from 2005. Extensive oil reserves, combined with increased production and export capacity, indicate the economy should achieve significant growth in the short to medium term. Sustaining long-term growth remains Kuwait's primary economic challenge. Structural economic changes, including reducing dependence on the oil sector, are required in order to achieve this. A further shift to a market-oriented system is required in order to improve economic efficiency. Strong forecasts for global oil demand, along with the continuing diversification of Kuwait's economy, indicate a positive short-to medium-term economic outlook.

GDP by Economic Activity (KB million at Current Prices)

	2002	2003	2004	2005	2006
Mining and quarrying	4,423.0	5,814.8	7,844.5	12,865.2	16,256.2
Manufacturing excluding refined products	476.7	554.6	660.4	742.7	814.2
Refined products industry	430.6	572.4	795.5	970.2	1,159.2
Agriculture and fishing	59.9	64.9	70.9	71.1	74.4
Electricity, gas and water	275.3	299.4	306.9	319.1	336.6
Construction	312.0	349.3	401.9	437.1	479.3
Trade, restaurants and hotels	946.2	1,064.4	1,120.7	1,185.8	1,260.0
Transport, storage and communications	590.4	799.9	1,048.0	1,230.7	1,397.4
Financial institutions	862.7	1,236.6	1,558.6	2,855.4	3,911.1
Real estate	969.8	1,062.0	1,094.8	1,208.4	1,295.8
Business services	163.7	186.6	227.2	242.3	253.4
Community, social and personal services	2,541.0	2,726.4	2,950.0	3,228.3	3,478.7
GDP at producer's price	12,051.3	14,731.3	18,079.4	25,356.3	30,716.3
Imports duties	96.9	135.1	161.5	173.6	174.6
GDP at purchaser's price value	11,590.0	14,253.5	17,516.7	24,477.8	29,572.8
GDP growth rate	8.3%	23.0%	23.0%	39.7%	20.8%

Source: Central Bank of Kuwait & Ministry of Planning

Oil and Petroleum Sector

Kuwait has proven crude oil reserves of approximately 102 billion barrels. These reserves are the fifth largest confirmed oil reserves in the world, behind Saudi Arabia, Canada, Iran and Iraq. Kuwait's proven crude oil reserves account for 8.3 per cent. of global proven crude oil reserves. Since 1999, oil prices have increased substantially. Kuwaiti export crude oil sold for an average of US$25.7 per barrel in 2000, US$21.3 per barrel in 2001, US$23.6 per barrel in 2002, US$26.9 per barrel in 2003, US$32 per barrel in 2004, US$45 per barrel in 2005, US$58.8 per barrel in 2006 and US$66.4 per barrel in 2007.

The Financial Sector in Kuwait

Kuwait's financial sector consists of a wide range of conventional and Islamic financial institutions and markets, including retail and wholesale banks, specialised banks, insurance companies, finance companies, investment advisors, money changers, insurance brokers, securities brokers and mutual funds. This KSE lists and trades both conventional and Islamic financial instruments. The sector is therefore well-positioned to offer a wide range of financial products and services, making it one of the leading financial centres in the GCC region.

Outside of the public sector, the financial, insurance, real estate and business services sector is the largest single employer in Kuwait with Kuwaitis representing approximately 14.6 per cent. of the work-force in 2007. In 2006 the sector contributed 17.9 per cent. of Kuwait's GDP, making it one of the key drivers of growth in the country. The financial sector is regulated and supervised by the CBK, which since 1969 has functioned as the single regulator for the entire financial system.

Kuwait's banking system is the largest component of the financial sector, accounting for over 66 per cent. of total financial assets in 2007. The conventional segment includes 12 retail banks and one specialised bank as well as six branches of overseas banks. The Islamic segment, offering Sharia compliant products and services, includes six wholesale banks.

The banking system has played a key role in the emergence of Kuwait as a financial centre in the region. As at 31 December 2007, banking sector assets stood at over US$36.9 billion, more than 129 per cent. of 2006 GDP.

Industry growth has been supported by an open market economy; stable macro-economic and fiscal policies; a regulatory framework in line with international standards; and a well-qualified local workforce. These factors have combined to enhance Kuwait's position as a regional banking hub, attracting foreign banking organisations to establish a presence in the country.

Recent growth in the sector has been backed by high oil prices and corresponding increases in liquidity. Kuwaiti banks are key in reinvesting surplus oil earnings as well as serving financing opportunities in other segments of the economy.

Non-Oil Sectors

A variety of ongoing projects are currently attracting large investments in Kuwait. Transportation and utility projects are expected to attract investments in the medium term, while other construction and tourism related projects should boost liquidity in the shorter term. Excess liquidity has also contributed to increased investment. For example, funds managed by agencies such as the Kuwait Investment Authority and the Kuwait Petroleum Corporation have almost doubled in the previous three years, while the Reserve Fund for Future Generations was estimated to hold around KD50.15 billion (US$183.4) billion at the end of March 2007.

In the non-oil sectors, three important economic segments by size and business are:

- community, social and personal services comprising of public administration, defence, education, health care and personal and household services;
- financial institutions; and
- real estate and business services.

Other sectors such as construction, wholesale and retail trade, transport, storage and communications are also sizeable and stable sectors. The share of the manufacturing sector as a proportion of GDP is also large, and includes the petro-products industry as a major constituent. Although the significant growth in the oil sector overshadows the performance of the non-oil sector, the non-oil sector growth rate has been steady for a number of years.

External Trade

The trade surplus for Kuwait continued to grow in 2006. According to the Central Bank of Kuwait, Kuwait's trade surplus increased by 44 per cent. in 2006 to US$39.8 billion, the highest since 1989. Kuwait's exports climbed 23 per cent. in 2006 to US$56.7 billion. Oil exports rose to US$53.3 billion in 2006, from US$42.6 billion in 2005. Non oil-exports rose 3.8 per cent. to US$2.5 billion in 2006.

Kuwait's imports fell by 10 per cent. to US$15.9 billion in 2006.

Kuwait's main trade partners are the United States, Japan, South Korea and Germany.

Liberalisation of Government Policies

The Kuwaiti authorities have a roadmap of structural reform aimed to render economic growth more broad-based. Key proposed structural reforms are continued privatisation, the removal of procedural delays, liberalisation of foreign investment restrictions and the lowering of the corporate tax rate for foreign firms.

Privatisation has been at the forefront of this policy, with several Build, Operate and Transfer ("**BOT**") projects. Prominent among these are the estimated US$5 billion tourist development in Failaka and US$6 billion development in Bubiyan, which involves the construction of a new port, a container terminal and residential and commercial infrastructure on the island. Projects such as that in Failaka could result in a significant increase in tourism revenues from their currently very low levels. Though both projects in Failaka and Bubivan have been delayed due to various reasons, the projects suggest that Kuwait is seeking to diversify its economy.

Public Finance

Preliminary economic statistics for FY 2006-07 reveal contrasting figures from those anticipated in the budget. As compared to a budgeted deficit of KD2.6 billion (US$9.3 billion), FY 2006-07 saw a substantial KD7.2 billion (US$25.6 billion) surplus representing 24.3 per cent. of GDP and 4.8 per cent. higher than the FY 2005-06 surplus. This is the seventh consecutive year of surplus. This was the result of a combination of actual revenues over-performing the budget by 181.5 per cent. and expenditure under-performing the budget by 25.7 per cent.

Supported by high oil prices and increased demand, revenues from oil and gas constituted 93.9 per cent. of net operating income in FY 2006-07, bringing in KD14.5 billion (US$51.6 billion). Non-oil revenues were boosted by the surge in the local property market, in turn leading to an increase in the number of transactions. This helped the government collect a larger sum in property transfer fees and additional revenues from land sales. Furthermore, taxes on income and profits, customs duties, transportation and communication fees and charges on water and electricity were increased. As a result, non-oil revenues grew by 22.7 per cent. to KD948.2 million (US$3.4 billion).

Expenditure was KD8.3 billion (US$29.5 billion) in FY 2006-07, as against the budgeted figure of KD11.1 billion (US$39.5 billion). All categories of government expenditure were underspent, with capital expenditures being the most significantly underspent. The government underspent the transport and equipment installations budget by 71.8 per cent. Construction, maintenance and land acquisition expenditures were also underspent at 34.3 per cent. of the budgeted amount. With the private sector taking a more active role in the real estate market in the last few years, the government has cut spending on acquiring new lands, leaving this for the emerging private sector. Though capital expenditures saw a CAGR of 12.0 per cent. in the period 2000-2006, this is still low in the context of the oil price-led boom and the resultant revenues. Capital expenditures formed a relatively low share of 9.5 per cent. of the total expenditure during the period.

Public Finance

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07[1]	2007/08[2]	6-yr CAGR%
				KD mn				
Oil revenues	4,525.0	5,498.5	6,149.9	8,170.5	12,955.5	14,511.5	7,450.0	21.4
Other receipts	811.6	720.5	786.3	791.9	772.7	948.2	870.0	13.8
Net operating income	5,336.6	6,219.0	6,936.2	8,962.4	13,728.2	15,459.7	8,320.0	20.8
Wages and salaries	1,471.6	1,541.5	1,637.0	1,754.3	1,930.9	1,682.2	2,540.0	8.0
Goods and services	545.5	582.1	668.2	870.3	1,057.9	1,067.7	1,819.0	19.5
Means of transport & equipment	24.1	23.7	40.5	44.5	58.6	37.4	177.0	7.7
Construction & land acquisition	406.3	461.4	569.5	678.3	750.5	432.6	1,750.0	12.4
Misc. expenditure & transfer payments	2,299.0	2,318.7	2,607.5	2,967.8	3,064.1	5,042.7	4,166.0	22.1
Total expenditure	4,746.5	4,927.4	5,522.7	6,315.2	6,862.0	8,262.5	10,452.0	17.2
Surplus (deficit)	590.1	1,291.6	1,413.5	2,647.2	6,866.2	7,197.3	(2,132.0)	26.3

(1) Preliminary actual
(2) Budgeted
Source: Ministry of Finance & Central Bank of Kuwait

The budgeted figures for FY 2007-08 anticipated another, albeit contracting, deficit, which is projected to reach KD2.1 billion (US$7.5 billion). Expenditures are estimated to decline by 6.0 per cent. compared to the FY 2006-07 budget. This would be a 26.5 per cent. increase over FY 2006-07's actual expenditures. This decline in budgeted expenditures is due primarily to the decline in transfers and miscellaneous expenditures by 30.9 per cent. while other expenditure categories continued their growth. Salaries are projected to increase by 11.9 per cent. to reach KD2.5 billion (US$8.9 billion). Other significant expenditure increases include construction and land acquisition, projected to increase to KD1.8 billion (US$6.4 billion). Transport equipment expenditures are projected to increase to KD177.0 million (US$630.1 million), while goods and services expenditures are projected to increase to KD1.8 billion (US$6.4 billion). Therefore, budgeted expenditures on capital projects are projected to increase by 38.3 per cent., although the government has historically spent only around 68.1 per cent. of its projected budget in this category.

For FY 2007-08, the government has budgeted for an increasing share of total capital expenditure, with it rising to 8.4 per cent. of total expenditures. As stated above, budgeted construction and land acquisition expenditures stand at a new level of KD1.8 billion (US$6.4 billion), which is 304.6 per cent. and 38.8 per cent. above FY 2006-07's actual and budgeted levels respectively. It is important to note, however, that construction spending is still relayed, to some extent, to the private sector through the use of BOT.

The new budget for FY 2007-08 sees the government attempting to focus attention on capital expenditure and on maintaining public spending in order to stimulate the economy. The budget has expanded capital expenditure in the areas of "transport and equipment" and "projects and maintenance". These categories reported growth rates of 33.6 per cent. and 38.8 per cent. over the FY 2006-07 budget.

Domestic Credit Facilities

Money supply, as measured by the United States Federal Reserve's M2 definition, has been growing significantly since 2004. The money supply expanded by 21.7 per cent. in 2006, as compared to 12.1 per cent. and 12.3 per cent. in 2004 and 2005 respectively. This was despite rising domestic interest rates. The tightening monetary policy adopted since 2004 and consecutive rises of the discount rate did not significantly limit liquidity. More aggressive lending by banks in 2005 and 2006 was the primary reason for the monetary policy's overall limited impact. Moreover, rising oil revenues contributed to greater liquidity in the market, thus increasing deposits within local banks and consequently the base from which local banks can lend. As a result, the value of Kuwaiti Dinar credit facility agreements with residents increased to KD7.5 billion (US$26.7 billion) in 2006, an increase of 25.8 per cent. over the 2005 level.

The balance of utilised cash credit facilities extended by local banks to different economic sectors increased to KD14.9 billion (US$53.0 billion) by the end of 2006, a 26.3 per cent. annual increase as compared to a 19.9 per cent.

increase in 2005. Credit facilities extended by local banks grew at an average of 21.5 per cent. annually over the period 2003-06. Growth in 2004, however, was lower at 17.2 per cent., a declining trend compared with 22.9 per cent. in 2003. This decline was attributed to the introduction of a cap of 80.0 per cent. loans-to-deposits ratio. The CBK's decision to impose a cap impacted the ability of local banks to increase their loan portfolios in 2004, since most Kuwaiti banks were operating at a higher ratio. This has forced banks to realign their credit portfolios and has affected short term credit growth, including credit to the construction sector. This temporary position has improved since early 2005 due to several factors. High oil prices along with consecutive discount rate cuts by the CBK have attracted additional funds into the system, also increasing the deposit base from which banks may lend. Moreover, the effect of a short-term reduction in credit from local banks to the real estate sector was mitigated as private sector financing and leasing companies, both listed and unlisted, provided alternative financing methods to both the real estate and construction sectors.

Aided by increased economic activity and liquidity, the real estate and construction sectors have been significant recipients of credit facilities over the period 2000 to 2006. Credit to the real estate sector accounted for 22.0 per cent. of the total credit extended by banks during 2006, which is the second largest proportion after personal facilities. The real estate sector has consistently expanded, with banks increasing facilities to the sector at a CAGR of 25.2 per cent. over the same period. During 2006, facilities extended to the real estate sector grew by 29.5 per cent., standing at KD3.3 billion (US$11.7 billion).

Balance of Domestic Facilities by Sector

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07*	2007/08**	6-yr CAGR%
				KD mn				
Trade	783.6	811.9	1,021.9	1,072.2	1,276.2	1,371.2	1,702.0	13.8
Industry	318.1	394.3	465.5	441.7	447.1	467.9	608.9	11.4
Construction	422.9	356.4	454.1	632.6	591.5	769.8	1,069.6	16.7
Agriculture and fishing	10.6	13.9	20.1	48.7	22.8	19.1	36.0	22.6
Non-bank FI's	306.9	612.5	538.1	650.2	781.0	932.8	1,427.0	29.2
Personal facilities	1,887.3	2,307.7	2,627.9	3,442.6	4,169.1	5,137.5	6,052.4	21.4
Real estate	853.8	1,165.3	1,298.4	1,434.3	2,029.5	2,538.5	3,288.0	25.2
Crude oil and gas	78.2	45.0	66.6	73.0	54.7	51.5	51.3	−6.8
Public services	0.8	0.5	0.4	1.2	0.1	4.8	4.7	34.3
Other	567.5	319.5	360.5	622.9	494.9	534.3	694.0	3.4
Total	5,229.7	6,027.0	6,853.5	8,419.4	9,866.9	11,827.4	14,933.9	19.1

Source: Central Bank of Kuwait

The construction sector saw credit growth expand over the period 2002 to 2006, with the exception of 2004. Banks increased facilities to the sector by 25.9 per cent. on average over the five-year period, exceeding KD1.0 billion by the end of 2006. Loans to the sector grew by 39.0 per cent. in 2006 to stand at KD1.1 billion (US$3.9 billion). The real estate and constructions sectors combined accounted for 29.2 per cent. of total facilities in 2006. The six-year CAGR rates for real estate and construction sectors were 25.2 per cent. and 16.7 per cent. respectively. Personal facilities, however, represented 40.5 per cent. of total facilities in the year 2006 at KD6.1 billion (US$21.7 billion).

Breakdown of Personal Facilities

	2001	2002	2003	2004	2005	2006
			KD mn			
Consumer loans	633.5	698.0	748.8	736.4	789.0	756.0
Instalment loans	1,057.9	1,397.3	1,558.4	2,074.5	2,447.5	3,154.1
Purchase of securities	385.8	398.3	755.1	907.5	1,248.3	1,604.6
Other loans	230.6	134.4	380.2	450.8	652.7	537.7
Total	2,307.8	2,628.0	3,442.5	4,169.2	5,137.5	6,052.4

Source: Central Bank of Kuwait

Real estate lending constitutes a sizeable portion of the Personal Facilities segment. Until 2000, housing loans were included as a sub-category of the Personal Facilities segment. Since then they have been reclassified into the Instalments Segment. Instalment loans may, therefore, provide a guide to the growth in housing loans. Instalment loans have historically accounted for almost half the total Personal Facilities. According to the latest available data for 2006, instalment loans accounted for 52.1 per cent., standing at KD3.2 billion. This represents a 28.9 per cent. increase on 2005. The rising activity in the local property market may suggest that real estate facilities are playing a moderate role.

TRADING MARKET INFORMATION

The information contained in this section regarding the KSE, the BSE and the DFM has been drawn from publicly available sources and is believed to be accurate but has not been independently verified by the Company or the Underwriters. The data included in this section is historical and may not be indicative of trading data after the Offering.

The Shares are traded on the KSE, the BSE and the DFM.

Kuwait Stock Exchange

Background

The KSE was established by an Amiri Decree Organising the Kuwait Stock Exchange on August 14, 1983. The by-laws promulgating the KSE were established by a Ministerial Resolution No. 35 of 1983.

Article 3 to the Decree states that the Kuwaiti stock market shall organise and monitor the financial market, and shall especially do the following:

- organise and protect securities operations;
- organise the declaration of interests and issue financial information, and divulge them;
- determine systems of dealing in securities through methods that shall guarantee the soundness of trading and provide investors with protection;
- develop the financial market in a way that shall serve economic development objectives; and
- develop the market's ties with the local and international financial markets and to be concomitant with the standards followed up in these markets.

Similar to other regional stock exchanges, the KSE experienced a sharp correction since the beginning of 2006 registering a drop in average stock prices of 12 per cent. for the year. The KSE market capitalisation had increased from U.S.$28 billion in 2001 to U.S.$146 billion as at 31 December 2006, registering a compound annual growth rate of 38.9 per cent. This increase in market capitalisation was a result of increased stock prices coupled with a significant number of initial public offerings.

Listing Requirements

The rules and conditions for listing shareholding companies in the Official and Parallel Markets of the KSE, were drawn up by the KSE Committee decision nos. (1) and (2) respectively, for the year 2007.

Reporting Requirements

All listed companies must:

- provide the KSE with, and publish its, audited annual financial statements within 90 days of the end of the financial year. The company shall also provide the KSE with quarterly financial statements and make the same publicly available within 45 days from the end of the period;
- immediately disclose and report to the KSE any material information including information submitted with the listing application that is likely to affect the price of the securities and the decision-making of investors;
- notify the KSE of the date and time of its Board of Directors' meetings that are being held with respect to approval of the financial statements, prior to such meetings;
- disclose to the KSE its net profit and earnings per share, after the financial statements have been approved by the Central Bank; and
- satisfy any additional requirements and furnish any additional documents and/or information that the KSE may require.

Bahrain Stock Exchange

Bahrain became one of the principal financial centres of the GCC region following the establishment of the Bahrain Monetary Agency (now the CBB) and the introduction of Bahrain offshore banking legislation in the 1970's.

The Company is engaged in an active Share buy back-programme (see *"Description of Share Capital — Share Repurchase Programme"*).

The BSE was established in 1987 by Amiri Decree No.(4) and officially commenced operations on 17 June 1989. Currently there are 51 companies listed on the BSE. The BSE operates as an autonomous institution supervised by an independent board of directors, chaired by the Minister of Commerce of the Kingdom of Bahrain. It is the only stock exchange based in Bahrain and its trading floor is located in Manama. Under the law of the Kingdom of Bahrain, all dealings in shares that are listed on the BSE must be effected on the BSE or on a recognised foreign stock exchange.

In addition to operating the stock exchange, the BSE is also charged with overseeing and regulating the Bahraini capital markets in general. The BSE has the power in certain circumstances to suspend trading in the shares of a company and to de-list a security upon the occurrence of certain events, such as if the trading price of securities falls below the paid-up portion of the nominal or par value of such securities or if the total net assets of the issuer are less than 20 per cent. of its paid-up capital. The BSE also restricts share price movements per day to a maximum of 10 per cent. of the previous day's closing price.

The official trading hours are from 10:00 a.m. to 12:00 noon, Sundays through Thursdays, including a pre-opening period of 30 minutes starting from 9:30 a.m. All trading is undertaken by 13 brokers who are registered with the BSE. Brokers must be Bahraini and resident in Bahrain or, in the case of companies, must be a Bahraini joint stock company, or a limited liability company whose shareholders are all of Bahraini nationality. However, in certain circumstances permission may be granted for foreign brokerage firms working with licenced brokerage or market-making companies to act as a broker on the BSE.

51 companies have registered shares listed on the BSE, with an aggregate market capitalisation of approximately BHD10.185 billion as at 31 December 2007. The total trading volume in 2007 (1 January to 31 December) was BHD403.1 million, representing 3.7 per cent. of the total market capitalisation.

Under the BSE's regulations, the clearing time for a transaction cannot exceed three business days. All trades executed on the BSE's Automated Trading System normally are reported and submitted for clearance to the Clearing and Settlement Unit (CSU) for payment via the settlement bank on settlement day (T+2). All net funds payment obligations arising on settlement day (T+2) are effected and settled through the brokers' BSE's clearing account. Brokers then settle their transactions with their clients through the broker's operating accounts.

Securities on the BSE are transferred in electronic book-entry form between the seller and the buyer through a broker-dealer via the central depositary system. The automated clearing, settlement and central depositary (CDS) System has been designed to enable the BSE to monitor transactions that occur on the exchange.

Reporting Requirements

In order to maintain a listing on the BSE, a company must satisfy the following:

- Abide by all the rules and regulations of the BSE;
- Provide the BSE, and the public, with its audited annual financial statements within three months of the close of its financial year. It should also provide quarterly and half-yearly financial statements, accompanied by a management report on the business activities for the period under review; and
- Immediately disclose and report any material information, including information submitted with the listing application that is likely to affect the price of the securities and the decision-making of investors.

Dubai Financial Market

Regulatory Framework

The Emirates Securities and Commodities Authority ("**ESCA**") was established by Federal Law No. (4) of 2000. ESCA is based in Abu Dhabi and is responsible for regulating the UAE capital market and overseeing and supervising the work of the secondary markets, including the DFM, its members, listed firms, investors and other intermediaries.

The DFM was established by Dubai Emiri Decree No. (140) of 2000. It operates as a secondary market for the listing and trading of shares, bonds and investment units. With ESCA approval, the DFM also accepts foreign securities.

In order to maintain a fair, efficient, liquid and transparent market, the DFM conducts regular inspections of member firms and other market participants. The DFM is responsible for listed company compliance and market surveillance of trading activity to ensure that rules and regulations are adhered to.

DFM Trading Services

The DFM operates an automated, screen-based order-driven trading system that matches buy and sell orders. The system also generates and displays details of current and historical trading activity, including prices, volumes traded and outstanding buy and sell orders.

The trading and clearing and settlement systems are linked, which ensures the immediate transfer of securities once a transaction takes place. This enables a buyer to sell his/her securities during the same trading session.

TAXATION

The following discussion describes the material Kuwait, U.S. federal and United Kingdom income and withholding tax consequences to an owner of Shares or GDRs. This discussion is not intended as tax advice to any particular investor. It is not a complete analysis or listing of all potential Kuwait, U.S. federal or United Kingdom income and withholding tax consequences to investors of ownership of Shares or GDRs. The Company urges prospective investors to consult their own tax adviser regarding the specific Kuwait, U.S. federal, state and local and United Kingdom tax consequences of the ownership and disposition of the Shares or GDRs in your own particular factual circumstances.

Kuwait Tax Considerations

Taxation in respect of Shares listed on the Kuwaiti Stock Exchange

The following is a summary of how the Company believes the DIT of the Ministry of Finance will interpret and apply Kuwaiti tax legislation to (a) capital gains made from trading in shares listed on the KSE and (b) dividends (whether in the form of cash or bonus shares) paid in respect of such shares, including in the light of Law No. 2 of 2008 *"Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955*" published in *"Al-Kuwait Al-Youm"* (the Official Gazette of the State of Kuwait) on 3 February 2008 (the "**Amendment**"). It is based on existing Kuwaiti tax legislation (Decree No. 3 of 1955 promulgating Kuwait's Income Tax Law (the "**Income Tax Law**")), modifications to such legislation pursuant to the Amendment and informal meetings the Company had with the DIT on 5 March 2008 and 16 April 2008 (the "**Meetings**"), which sought to clarify certain matters addressed in the Amendment. This summary is also based on the opinion of the Company's Kuwaiti counsel, Al-Sarraf & Al-Ruwayeh, with regard certain provisions of Kuwaiti tax law.

This discussion is limited to the impact of Kuwaiti tax laws on the ownership of shares of a Kuwaiti company listed on the KSE by "foreign corporate investors" only. In accordance with Kuwaiti tax legislation, a "foreign corporate investor" is an investor that is a "corporate body" (which the DIT has interpreted in the past to include partnerships) that is not wholly-owned by nationals of the member countries of the GCC. The Depositary will be treated as a foreign corporate investor. Individuals and corporate investors incorporated in Kuwait or in the GCC countries are not subject to Kuwaiti income taxes, provided that any such corporate investors are wholly owned by nationals of the GCC countries.

Income Tax Law and Practices Prior to the Amendment

Income tax is levied on the net profit (i.e., revenue less expenses) of a foreign corporate body earned from the carrying on of a business or a trade in Kuwait. If a foreign corporate body carries on several activities in Kuwait, either directly or through agents or subsidiaries, it has to file a tax declaration consolidating all income and capital gains derived from the carrying on of business in Kuwait during the year. Under the Income Tax Law prior to the Amendment, tax was calculated at a progressive rate depending on levels of profit, up to a maximum of 55 per cent.

"Carrying on a business or a trade in Kuwait" as defined in Article 2(1) of the Income Tax Law includes: (i) the purchasing and selling in Kuwait of property, goods or rights thereto and maintaining a permanent office in Kuwait where contracts of purchase and sale are executed; (ii) the operating of any other manufacturing, industrial or commercial enterprise in Kuwait; (iii) the letting of any property located in Kuwait; and (iv) the rendering of services in Kuwait, but does not include the mere purchasing in Kuwait of property, goods or rights thereto. These examples are not exclusive.

Within three and a half months of the end of each taxable period, a foreign corporate body doing business in Kuwait is required to submit to the DIT a declaration of income. Any income tax owed is paid in four installments on the fifteenth day of the fourth, sixth, ninth and twelfth months following the end of the taxable period for which a declaration of income is submitted. Delays in the submission of the income declaration or payment of any portion of tax owed will incur a tax penalty at the rate of 1 per cent. of the total amount of tax payable for each 30 day period (or any portion thereof) in which such amount is overdue. Foreign corporate bodies may request an extension of up to 75 days in submitting such filing with the Director of Income Tax. If an extension is granted, any tax owed must be paid in full at the time of submission of the tax declaration.

The taxable period is one year and generally corresponds with the calendar year. However, a taxable entity may end its tax year on a different date with prior permission from the Director of the DIT. Following the filing of the tax declaration, it is a normal practice for the DIT to carry out an inspection of the foreign corporate body's books and records. Based on the findings from the tax inspection, adjustments may be made to the taxable profit by the DIT if, for example, expenses are not supported and are disallowed at the time of the tax inspection.

The DIT has interpreted doing business in Kuwait to also include the situation where a foreign corporate body holds shares in a non-listed Kuwaiti company. As such, the DIT has historically taxed foreign corporate bodies in their capacity as shareholders in non-listed Kuwaiti companies. The legal basis for such an approach is unclear, particularly in light of the language set out in Article 2(1) of the Income Tax Law noted above excluding "the mere purchasing in Kuwait of property, goods or rights thereto" from the types of activity that fall within the scope of the term "carrying on a business or a trade in Kuwait". The DIT determines the tax imposed on a foreign corporate investor by multiplying the net profit declared by the non-listed company by such investor's proportional interest in the company. This tax is imposed without regard to payment of dividends by the company.

Under the Income Tax Law, there are no provisions dealing specifically with capital gains tax on the sale of shares. The DIT has historically taxed the capital gains earned by a foreign corporate investor as a result of selling shares in non-listed Kuwaiti companies notwithstanding the language of Article 2(1) of the Income Tax Law discussed above.

There are no provisions of the Income Tax Law dealing specifically with capital gains tax on the sale of shares listed on the KSE. However, the DIT, prior to the Amendment, is believed to have taken the view that it had the right to tax capital gains and net profit arising from the ownership and trading in shares listed on the KSE. That view notwithstanding, the mechanism to tax such capital gains and net profits was not established by the DIT. Therefore, historically there have been no practical tax consequences to the trading or holding by foreign corporate investors of shares of Kuwaiti companies listed on the KSE.

Income Tax Law after the Amendment

At the Meetings, the DIT stated that the Amendment became effective from the date of its publication in the Official Gazette on 3 February 2008. Within six months of the date of publication of the Amendment, the Ministry of Finance must issue implementing regulations, which may clarify some of the issues set forth below. The Company understands, based on the Meetings, that a draft of the implementing regulations is currently being discussed between the DIT and *'Al Fatwa Wal Tashri'* (the Government Department of Legal Advice and Legislation). However, no guidance was given as to the content and date of publication of the regulations.

One of the most significant changes that the Amendment introduced was the reduction of the income tax rate on net profits of entities carrying on a business or a trade in Kuwait to a flat tax rate of 15 per cent. There is nothing in the Amendment that suggests that the DIT would deviate in the future from its long standing practice of imposing income tax on foreign corporate bodies only (to the exclusion of individuals, and both Kuwaiti companies and GCC companies which are fully owned by GCC nationals).

Trading

Following publication of the Amendment, any profits resulting from trading on the KSE (whether directly or through investment portfolios and funds) are not subject to Kuwaiti income tax. It is the opinion of Company's Kuwait counsel that this means that capital gains from the trading of shares in companies listed on the KSE are exempt from Kuwaiti income tax.

Dividends

The senior official at the DIT expressed his view at the Meetings that, following the Amendment, a foreign corporate investor (regardless of its place of residence or domicile) that owns such shares should be subject to tax on dividends at the rate of 15 per cent. Such tax would be calculated based on the amount of cash dividends distributed to the foreign corporate investor rather than on the basis of the Company's net profits. No guidance was provided on the manner in which any taxes due and owing for such dividends will be collected, as there is no withholding tax law in Kuwait. The same official confirmed that currently there is no tax on bonus shares but that, at some point in the future, the DIT might review its position should they establish that the distribution of bonus shares is being used as a way to avoid paying income tax. He was also uncertain as to what mechanism would be adopted by the DIT in this respect.

Based on the foregoing and, in the absence of any further clarification which may result from the publication of the implementing regulations, the Company believes that any cash dividends declared in respect of the 2008 financial year and thereafter will be subject to taxation at the rate of 15 per cent. As the Depositary will be the legal owner of the Shares underlying the GDRs, the Company believes that the Depository will be subject to the payment of tax on cash dividends declared in respect of such Shares. However, the Company is unable to confirm that this will be the case, and it is possible that a withholding obligation will be placed on the Company in the implementing regulations. It has been agreed in the Deposit Agreement that the Depositary will deduct the amount of any tax which it believes (on the basis of professional advice) is payable in respect of any cash dividend or other distributions that it receives from the Company for distribution to the holders of GDRs. Accordingly, the Company expects holders of GDRs to receive the amount of any cash distribution from the Company after a deduction of 15 per cent. and the Depositary's fees and expense. If the Depositary determines (on the basis of professional advice) that tax is payable on any non-cash distributions made by the Company to its shareholders, it will withhold applicable tax as required in order to satisfy any such tax liability in accordance with the terms of the Deposit Agreement. Further details of the arrangements for the deduction of tax from the amount of any cash dividend or other distribution which the Depositary distributes to GDR holders are contained in the section in this Prospectus headed *"Terms and Conditions of the GDRs"*.

If a foreign corporate investor holds Shares directly, the obligation to pay taxes would rest directly on such investor, which might be able to benefit from any applicable double taxation treaty. If the implementing regulations impose a withholding obligation on the Company, then the Company would withhold the required amount regardless of whether such investor holds its interest via the GDRs or directly as a shareholder in the Company.

Undistributed profits

There are no express laws or practice that imposes a tax on undistributed profits of a Kuwaiti company listed on the KSE. Treatment of undistributed profits is not addressed by the Amendment, and there is no indication that the DIT intended to address this issue under the implementing regulations. At the Meetings, the senior official at the DIT indicated that it is his view that only cash dividends paid would be taxed. In the Company's view, this is the most likely scenario, and any attempt to tax undistributed profits would be extremely difficult for the DIT to implement with respect to a company that is listed, as there is no clear legal basis for taxing undistributed profits.

General

No ruling will be sought by the Company from the DIT as to whether it agrees with the Company's understanding of the effect of the Amendment on the Kuwaiti tax legislation described above, and whether it will interpret the Amendment accordingly when promulgating regulations in respect thereof or otherwise. Accordingly, the Company cannot assure any investor that the DIT will interpret the Amendment in the manner described above or, in the event of a legal challenge, of how a local court will interpret the Amendment. Risks associated with a different interpretation of the Amendment that is adverse to potential investors in the Offering include taxation on amounts other than declared and paid dividends and the sale by the Depositary of Shares underlying the GDRs to satisfy such taxes as set forth in the Deposit Agreement. Any investor considering an investment in the GDRs should therefore consult its own tax advisers about the Kuwaiti tax implications of such investment.

United States Federal Income Tax Considerations

The discussion of U.S. tax matters set forth in this Prospectus was written in connection with the promotion or marketing of this offering and was not intended or written to be used, and cannot be used by any person for the purpose of avoiding tax-related penalties under U.S. federal, state or local law. Each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

The following summary describes certain U.S. federal income tax considerations to U.S. Holders (as defined below) of acquiring, holding and disposing of the Company's GDRs. The following summary applies only to U.S. Holders that will hold the Company's GDRs as capital assets (generally, property held for investment) and that will purchase the Company's GDRs as part of this offering. The following summary is not a complete analysis of all U.S. federal income tax consequences that may be relevant to a prospective investor's decision to acquire, hold or dispose of the Company's GDRs. In particular, this summary does not address U.S. federal income tax consequences that apply to prospective investors subject to special tax rules, including, among others, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, dealers or traders in securities or currencies, tax-exempt entities, investors that will hold the Company's GDRs as part of an "integrated," "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes, grantor trusts, investors that have a "functional currency" other than the U.S. dollar, investors that will own (directly or by attribution) 10 per cent. or more of any class of the Company's stock and certain U.S. expatriates or investors subject to the alternative minimum tax.

This summary does not discuss the tax consequences of the purchase, ownership or other disposition of the Company's GDRs under the tax laws of any state, locality or non-U.S. jurisdiction. Prospective investors considering an investment in the Company's GDRs should consult their own tax advisors in determining the U.S. federal, state, local, non-U.S. and any other tax consequences to them of an investment in the Company's GDRs and the purchase, ownership and disposition thereof.

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations thereunder, published rulings of the U.S. Internal Revenue Service (the "**IRS**") and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this document. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly retroactively. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, and the Company cannot provide assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion.

For purposes of the following summary, a "U.S. Holder" is a beneficial owner of the Company's GDRs that is for U.S. federal income tax purposes: (i) an individual that is a citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons have the authority to control all of the substantial decisions of such trust.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds the Company's GDRs, the U.S. federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. A partnership considering an investment in the Company's GDRs should consult its own tax advisors about the consequences to its partners of the acquisition, ownership or other disposition of the Company's GDRs by the partnership.

Ownership of GDRs in General

An owner of GDRs generally should be treated as the owner of the Shares represented by such GDRs. However, the IRS has expressed concern that parties to whom receipts such as the GDRs are delivered in pre-release transactions may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of GDRs. Accordingly, the analysis of the creditability of foreign taxes could be affected by actions taken by parties to whom the GDRs are pre-released.

Distributions by the Company

Subject to the application of the passive foreign investment company ("**PFIC**") rules discussed below, the U.S. dollar value of distributions on the Company's GDRs, before reduction for withheld non-U.S. tax (if any), will be taxable as dividends to the extent paid out of the Company's current or accumulated earnings and profits as determined under U.S. federal income tax purposes. The Company does not monitor its earnings and profits for these purposes and a U.S. Holder should therefore assume that it will be required to treat all distributions as dividends. Such dividends will be treated as foreign source, ordinary income and will not be eligible for the reduced rate of tax sometimes applicable to dividends paid to non-corporate taxpayers or the dividends received deduction. Dividends paid in non-U.S. currency that are converted into an equivalent U.S. dollar amount on the date of receipt generally will not result in a taxable gain or loss with respect to such conversion.

Subject to certain limitations, non-U.S. withholding tax (if any) paid in connection with a distribution on the Company's GDRs may be claimed as a credit against the U.S. federal income tax liability of a U.S. Holder if such U.S. Holder elects for that year to credit all foreign income taxes; otherwise, such non-U.S. withholding tax may be taken as a deduction. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The U.S. foreign tax credit rules are very complex. U.S. Holders should consult their own tax advisors concerning the availability and utilisation of the foreign tax credit.

Proceeds from the Sale, Exchange or Other Disposition of the Company's GDRs or Shares

Subject to the application of the PFIC rules discussed below, a U.S. Holder generally will recognise capital gain or loss upon the sale, exchange or other disposition of the Company's GDRs equal to the difference, if any, between the U.S. dollar value of the amount realised on the sale, exchange or other disposition and the U.S. Holder's adjusted basis in the Company's GDRs. The adjusted basis of a GDR generally will be the U.S. dollar cost for such share. U.S. Holders should consult their advisors with respect to how to calculate and account for sale, exchange or disposition proceeds received in a currency other than the U.S. dollar. Generally, any gain or loss will be long-term capital gain or loss if the Company's GDRs or Shares have been held for more than a year. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company Rules

The Company expects that it (and certain of its subsidiaries) will be classified as a PFIC for the current and possibly future taxable years. In general, a non-U.S. corporation will be classified as a PFIC if, taking into account its proportionate share of the gross income and assets of its subsidiaries, either (i) 75 per cent. or more of its gross income consists of passive income (as defined below) or (ii) 50 per cent. or more by value of its assets consists of assets that produce, or are held to produce, passive income. For this purpose, "passive" income includes dividends, interest, rent, royalties, and net gain from the sale of stock and debt instruments. The determination of whether the Company is classified as a PFIC for any future taxable year will depend on its income and assets and how it operates its business for that year. However, as discussed below, even if the Company ceases to be classified as a PFIC during the time that a U.S. Holder owns the Company's GDRs, a U.S. Holder that owned the Company's GDRs while the Company was a PFIC may remain subject to the PFIC rules with respect to its investment in the Company's GDRs.

Absent a U.S. Holder validly making a mark-to-market election as discussed below, if the Company is classified as a PFIC for any taxable year during which a U.S. Holder owns the Company's GDRs, it will be subject to special tax rules with respect to (i) "excess distributions" received and (ii) any gain realised from a sale, exchange or other disposition (including a pledge) of the Company's GDRs. Excess distributions are distributions received in a taxable year that are greater than 125 per cent. of the average annual distributions received during the shorter of the three preceding taxable years or the U.S. Holder's holding period for the Company's GDRs. Under these special tax rules (collectively, the "**Excess Distribution Rules**"), (i) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the Company's GDRs; (ii) the amount allocated to the current taxable year will be treated as ordinary income; and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and an interest charge (at the rate generally applicable to underpayments of tax due in such year) will be imposed on the resulting tax attributable to each such year. If the Company ceases to be classified as a PFIC while a U.S. Holder owns the Company's GDRs (assuming the Company is classified as a PFIC when such U.S. Holder acquired the Company's GDRs), such U.S. Holder will remain subject to these rules unless it elects to recognise gain (not loss) as though it sold the Company's GDRs or Shares as of the last day of the last taxable year during which the Company was classified as a PFIC.

If the Company is a PFIC for any taxable year during which a U.S. Holder owns the Company's GDRS and any of its subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the Excess Distribution Rules. Consequently, if any of the Company's subsidiaries is a PFIC, a distribution from that subsidiary to the Company, a disposition of that subsidiary by the Company, or certain transactions through which a U.S. Holder's indirect ownership of such subsidiary is decreased may be treated as a distribution or disposition subject to the Excess Distribution Rules. A U.S. Holder would be entitled, however, to increase its basis in the Company's GDRs that it directly owns to reflect the gain realised upon such distributions or dispositions. Moreover, a U.S. Holder would not be taxed when the Company distributes income that such U.S. Holder has already included in income for U.S. federal income tax purposes. U.S. Holders are urged to consult their tax advisors about the application of the PFIC rules to any of the Company's subsidiaries.

If the Company is classified as a PFIC and the Company's GDRs are "marketable securities" for purposes of the PFIC rules, in lieu of being subject to the Excess Distribution Rules discussed above, a U.S. Holder may make an election to include gain or loss on the Company's GDRs as ordinary income or loss under a mark-to-market method of accounting. The Company's GDRs will be marketable securities to the extent they are regularly traded on a "qualified exchange". A non-U.S. exchange will be a qualified exchange if it is properly regulated and meets certain trading, listing, financial disclosure and other requirements. Prospective investors should consult their own advisors to determine whether the Kuwait Stock Exchange, the Bahrain Stock Exchange, and the Dubai Financial Market are qualifying exchanges for this purpose. The Company's GDRs generally will be treated as "regularly traded" in any calendar year in which more than a *de minimis* quantity of the Company's GDRs is traded on a qualified exchange on at least 15 days during each calendar quarter. A U.S. Holder that makes an effective mark-to-market election for the initial year in which the Company's GDRs are considered to be shares in a PFIC will include in each year as ordinary income the excess of the fair market value of the Company's GDRs at the end of the year over its adjusted basis in the Company's GDRs. Similarly, any gain realised on the sale, exchange or other disposition of the Company's GDRs would be treated as ordinary income. The U.S. Holder will be entitled to deduct as an ordinary loss each year the excess of its adjusted tax basis in the Company's GDRs over their fair market value at the end of the year, and to treat any loss from the sale, exchange or other disposition of the Company's GDRs as an ordinary loss, but in each case only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's adjusted basis in the Company's GDRs or Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. Prospective U.S. Holders are urged to consult their own tax advisors about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances. If a U.S. Holder makes a mark-to-market election with respect to the Company's GDRs, it is not clear whether the Excess Distribution Rules should continue to apply to any of the subsidiaries of the Company that are PFICs. Although the preamble to the relevant regulations indicates that the Excess Distribution Rules would still apply to such subsidiaries even after a mark-to-market election is made with respect to the Company, U.S. Holders are urged to consult their own tax advisors about this issue since this may not be a fair interpretation of the PFIC rules. If a mark-to-market election with respect to the Company's GDRs is not effective with respect to the Company's subsidiaries, any direct or indirect disposition by the Company of the stock of, or any distribution by, any subsidiary company that is a PFIC, may be subject to tax pursuant to the Excess Distribution Rules described above.

A U.S. Holder that holds interests in a PFIC generally will be required to file additional U.S. tax forms with respect to its investments, regardless of whether it makes a mark-to-market election.

Information Reporting Requirements and Backup Withholding

U.S. Holders may be subject to information reporting on the amounts paid to them, unless they provide proof of an applicable exemption. If a U.S. Holder does not provide this proof of exemption, it may be subject to backup withholding on the amounts paid to it unless the U.S. Holder provides its taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the IRS.

Certain United Kingdom Tax Considerations

The comments below are of a general nature and are based on current United Kingdom law and published HM Revenue & Customs practice as of the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. This summary only covers certain United Kingdom tax consequences for the absolute beneficial owners of GDRs and dividends paid in respect of them, in circumstances where the dividends paid are regarded for United Kingdom tax purposes as that person's own income, and not the income of some other person, and who are resident, (and, in the case of individuals only, ordinarily resident and domiciled) in the United Kingdom for tax purposes and who are not resident in any other jurisdiction and do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of GDRs is connected ("**UK holders**").

In addition, this summary: (a) only addresses certain tax consequences for UK holders who hold the GDRs as capital assets and does not address tax consequences which may be relevant to certain other categories of UK holders, for example, dealers; (b) does not address tax consequences for UK holders that are banks, financial institutions, insurance companies, collective investment schemes or persons connected (other than solely by reason of holding GDRs) with the Company; (c) assumes that the UK holder does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 10 per cent. or more of the Shares, voting power, or rights to the capital or profits of, the Company; (d) assumes that the Company is a body corporate not incorporated in the United Kingdom and not resident in the United Kingdom for tax purposes (e) assumes that the Depositary is a body corporate not incorporated in the United Kingdom (f) assumes that the GDRs and the Shares will not be kept on a register in the United Kingdom or paired with shares issued by a body corporate incorporated in the United Kingdom; (g) assumes that the UK holder has not (and is not deemed to have) acquired the GDRs by virtue of an office or employment; (h) assumes that the UK holder's investment in GDRs and any connected transactions are bona fide commercial transactions none of which have a purpose of avoiding liability to taxation.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular UK holder. Potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under United Kingdom law and HM Revenue & Customs practice, of acquisition, ownership and disposition of GDRs in their own particular circumstances, by consulting their own professional tax advisors.

Withholding Tax

Dividend payments in respect of the GDRs should not be subject to United Kingdom withholding tax.

Taxation of Dividends

UK holders will, in general, be subject to income tax or corporation tax on the gross amount of any dividends received in respect of their GDRs.

Provision of Information

Persons in the United Kingdom paying "foreign dividends" to, or receiving "foreign dividends" on behalf of, an individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or the person entitled to the "foreign dividend" and, in certain circumstances, such information may be exchanged with tax authorities in other countries. Payments in respect of the GDRs may constitute "foreign dividends" for this purpose. However, in relation to such payments that are paid or received on or before 5 April 2009 (except in so far as they are treated by the payer as interest), HM Revenue & Customs published practice indicates that it will not exercise its power to require such information to be provided.

Taxation of Gains on Disposal

The disposal or deemed disposal (including part disposal) of GDRs by a UK holder may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains. Special rules apply to individuals who are temporarily not resident or ordinarily resident in the United Kingdom.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax will be payable on the issue of the GDRs.

No United Kingdom stamp duty reserve tax will be payable on any agreement to transfer the GDRs, and no United Kingdom stamp duty will be payable where such transfer is effected in electronic book entry form in accordance with the procedures of Euroclear, Clearstream, Luxembourg or DTC and not by written instrument of transfer.

SUBSCRIPTION AND SALE

Summary of the Distribution

Under the terms of, and subject to, the conditions contained in an underwriting agreement dated 16 May 2008 (the "**Underwriting Agreement**") among the Company and HSBC Bank plc, Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd, UBS Limited and Global Investment House K.S.C.C. (acting as Co-Lead Manager), the Underwriters have severally agreed to procure purchasers for, or failing which, themselves to purchase, at the Offer Price, the following number of GDRs (including 40,000,000 Option Shares in the form of 8,000,000 Option GDRs):

Name	Number of GDRs
HSBC Bank plc	20,444,445
Deutsche Bank AG, London Branch	17,037,037
J.P. Morgan Securities Ltd.	6,814,815
UBS Limited	17,037,037
Total	61,333,334

The Offer Price is US$18.75 per GDR.

The Option Shares in the form of GDRs will be sold by the Company on the Closing Date for the purpose of allowing the Stabilising Manager, on behalf of the Underwriters, to use the gross proceeds thereof to effect transactions with a view to supporting the market price of the GDRs on the LSE as more fully described below.

As compensation to the Underwriters, the Sole Global Coordinator, on behalf of the several Underwriters, will deduct from the gross proceeds of the Offering, a fee of 1.15 per cent. of the total gross proceeds from the Offering. The Joint Bookrunners may also receive an incentive fee of up to 0.5 per cent. of the total gross proceeds of the Offering (including any gross proceeds resulting from the placement of any GDRs sold pursuant to the exercise of the Option), which fee will be payable by the Company, solely at its option. The Co-Lead Manager will receive a fee equal to 0.1 per cent. of the gross proceeds of the Offering.

The Company estimates that its total expenses in connection with the Offering (including the expenses of the Underwriters that it has agreed to reimburse) will be approximately US$23.7 million. Global expects to receive approximately US$1,126 million, net of Underwriters' commissions and other fees payable to, and expenses of, the Underwriters.

Stabilisation

In connection with the Offering, the Stabilising Manager, or persons acting on its behalf, may, on behalf of the Underwriters, over-allot or effect transactions in the GDRs with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail in the open market. However, the Stabilising Manager, or such agents, has no obligation to do so. Such stabilisation, if commenced, may begin on the date of adequate public disclosure of the Offer Price, may be effected in the over-the-counter market or otherwise and may be discontinued at any time, but in no event later than 30 days after the date of such adequate disclosure of the Offer Price. The Underwriters do not intend to disclose the extent of any such stabilisation transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The funds used to effect such stabilisation activities will be the gross proceeds from the sale of the Options Shares. At the end of the Stabilisation Period, any GDRs purchased with such funds will be for the Company's account. Accordingly, it is possible that the final size of the Offering may be less than the number of Shares sold on the Closing Date. The Company will publicly announce the final size of the Offering after the expiry of the Stabilisation Period if it is smaller than the size of the Offering stated in this Prospectus.

Underwriting Arrangements

The Underwriting Agreement contains, among others, the following provisions:

- The obligations of the parties to the Underwriting Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, among others, the accuracy of the representations and warranties under the Underwriting Agreement and the LSE Admission having taken place on or prior to the Closing Date. The Joint Bookrunners, on behalf of the Underwriters, may terminate the Underwriting Agreement by notice to Global prior to the Closing Date in certain specified circumstances that are typical for an agreement of this nature. These include the occurrence of certain material adverse changes in Global's condition (financial, operational or legal), or in Global's earnings, business affairs, solvency, credit rating or prospects and certain changes in, among other things, certain national or international political, financial or economic conditions. If any of the above-mentioned conditions are not satisfied or any of the above-mentioned events occurs, or the Underwriting Agreement is terminated, prior to the Closing Date, then the Offering will lapse.

- Global has given customary representations and warranties to the Underwriters, including in relation to Global's business and legal compliance, in relation to the Shares and GDRs and in relation to the contents of this Prospectus.
- Global has given customary indemnities to the Underwriters in connection with the Offering.
- If an Underwriter defaults, the Underwriting Agreement provides that in certain circumstances the purchase commitments of the non-defaulting Underwriters may be increased or the Underwriting Agreement may be terminated.

Dealing Arrangements

It is expected that dealings in the GDRs will commence on a conditional basis on the LSE on or about 16 May 2008. Admission is expected to take place and unconditional dealings in the GDRs are expected to commence on the LSE on or about the Closing Date. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a "when issued" basis. If the Offering does not become unconditional in all respects, all such dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

Lock-Up Arrangements

Global and Senior Management have agreed, for a period of 180 days after the Closing Date, subject as further provided below, not to, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), (A) directly or indirectly (including through any subsidiaries of Global), issue, offer, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares, or GDRs or other securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, (B) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Shares, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Shares or other securities, in cash or otherwise, or (C) publicly announce such an intention to effect any such transaction; provided that, with respect only to any GDRs received by Global at the end of the Stabilisation Period as a result of stabilisation activities, Global has agreed not to undertake any transactions described in clause (A) or (B) above with respect to such GDRs or the Shares represented thereby for a period of 90 days after the end of the Stabilisation Period; and, provided further, that the foregoing restrictions shall, in the case of the Company, not apply to: (a) the issuance of the Shares underlying the GDRs and issuance, offer and sale of the GDR in the Offering, (b) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Shares by Global to other members of the Group (which, for these purposes, shall be taken to mean Global and its subsidiaries and affiliates), or (c) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Shares by Global under or in connection with any stock incentive and other employee ownership or benefit plans including, for the avoidance of doubt, any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Shares by Global in connection with the exercise of any options or similar securities that may exist on the date hereof and have been approved by the Board of Directors of Global, provided that, in the case of (b), such entities first agree to be bound by the provisions set out herein. For more information, see *"Subscription and Sale"*.

Selling Restrictions

No action has been taken nor will be taken in any country or in any jurisdiction by Global, the Underwriters, the Co-Lead Manager or the Depositary that would or would be intended to permit a public offering of the GDRs or the possession, circulation or distribution of this Prospectus or any other offering material relating to Global or the GDRs offered hereby in any jurisdiction where any actions for such purpose would be required. Accordingly, the GDRs offered hereby may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the GDRs offered hereby may be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Company has not been and will not be registered under the Investment Company Act. The Offering of the GDRs has not been and will not be registered under the Securities Act. The Underwriters and the Co-Lead Manager have not offered or sold, and will undertake not to offer or sell, the GDRs except (i) within the United States to institutions that are both QPs under the Investment Company Act and the related rules and QIBs under Rule 144A and that agree with the transfer restrictions set forth in this Prospectus or (ii) to certain persons in offshore transactions in reliance on Regulation S, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Each purchaser of GDRs in the United States will be required to sign a U.S. Purchaser's Letter in the form attached hereto as Appendix A, which includes an undertaking that such investors will only resell the GDRs in an offshore transaction pursuant to Rule 904 of Regulation S, to or for the account or benefit of a person not known by such investor to be a U.S. Person. Prospective purchasers are hereby notified that sellers of the GDRs may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act of 1933 provided by Rule 144A.

Neither the Underwriters, the Co-Lead Manager nor their affiliates (as such term is defined in Rule 501(b) of the Securities Act), nor any person acting on their or their affiliates' behalf has carried out, and such parties will agree not to carry out, any directed selling efforts (as such term is defined in Regulation S) regarding the GDRs. The Underwriters and the Co-Lead Manager will further agree that neither they nor their affiliates (as such term is defined in Rule 501(b) of the Securities Act), nor any person acting on their or their affiliates' behalf has carried out, and such parties will agree not to carry out, any general solicitation or general advertising (within the meaning of Rule 501(c) of the Securities Act) relative to the Offering or to any sale of GDRs in the United States.

Each Underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, any of the GDRs (i) as part of its allocation at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date, except other than to QIBs who are also QPs in the United States in accordance with Rule 144A or outside of the United States in accordance with Rule 903 of Regulation S.

In addition, until 40 days after the date of this Prospectus, an offer or sale of GDRs within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A of the Securities Act.

United Kingdom

Each of the Underwriters and the Co-Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of the GDRs in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the GDRs in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any GDRs may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any GDRs may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- To legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- To any legal entity which has two or more of:
  - An average of at least 250 employees during the last fiscal year;
  - A total balance sheet of more than EUR 43,000,000; and
  - An annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- By the Underwriters to fewer than 100 natural or legal persons, other than qualified investors as defined in the Prospectus Directive, subject to obtaining the prior consent of the Underwriters for any such offer; or

- In any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of GDRs shall result in a requirement for the publication by the Company or any of the Underwriters of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any GDRs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any GDRs to be offered so as to enable an investor to decide to purchase any GDRs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Australia

Each of the Underwriters and the Co-Lead Manager have acknowledged that this Prospectus has not been lodged with the Australian Securities and Investments Commission as a disclosure document under Chapter 6D of the Australian Corporations Act.

Each Underwriter and the Co-Lead Manager has represented, warranted and agreed that:

(i) it has not offered or sold any GDRs and will not offer or sell any GDRs;

(ii) it has not invited offers to purchase any GDRs and will not invite any offers to purchase any GDRs; and

(iii) it has not distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer, sale, or invitation to purchase of any GDRs,

whether directly or indirectly, to persons in the Commonwealth of Australia other than to:

(iv) investors falling within section 708(11) of the Australian Corporations Act; or

(v) investors falling within section 708(8) of the Australian Corporations Act.

DIFC

The GDRs may not be, are not and will not be sold, subscribed for, transferred or delivered, directly or indirectly, to any person in the DIFC who is not a client within the meaning of the Conduct of Business Module of the Rules of the DFSA or a qualified investor within the meaning of the Offered Securities Rules of the DFSA.

UAE

The GDRs may not be, have not been and are not being offered, sold, subscribed for, transferred or delivered in the UAE other than in compliance with the laws of the UAE governing the offering, sale, subscription for, transfer and delivery of securities.

Japan

The GDRs offered hereby have not and will not be registered under the Financial Instruments and Exchange Law (the "**Financial Instruments and Exchange Law**"). Accordingly, in connection with the Offering, no GDRs will be offered or sold, directly or indirectly, in Japan or to or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the law of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

Switzerland

The GDRs may not and will not be publicly offered, sold, advertised, distributed or re-distributed, directly or indirectly, in or from the Swiss Confederation ("**Switzerland**"), and neither this Prospectus nor any other solicitation for investments in the GDRs may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of the articles 1156 or 652a of the Swiss Code of Obligations ("**CO**") or of article 3 of the Federal Act on Collective Investment Schemes ("**CISA**").

This Prospectus does not constitute a public offering prospectus within the meaning of articles 652a and 1156 CO and may not comply with the information standards required thereunder. The Company has not applied for a listing of the GDRs on the SWX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Prospectus does not necessarily comply with the information standards set out in the listing rules of the SWX Swiss Exchange.

The GDRs do not constitute a participation in a collective investment scheme in the meaning of CISA and they are neither subject to approval nor supervision by the Swiss Federal Banking Commission. Therefore, investors in the GDRs do not benefit from protection under CISA or supervision by the Swiss Federal Banking Commission.

Kuwait

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990, its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, as amended, have been given in relation to the marketing, of and sale of the GDR's in Kuwait, these may not be offered for sale, sold nor may any marketing or solicitation or inducement to buy any GDR may be made in Kuwait. Neither this Prospectus, (any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of a whatsoever nature within Kuwait.

Saudi Arabia

THIS PROSPECTUS MAY NOT BE DISTRIBUTED IN THE KINGDOM EXCEPT TO THE EXTENT PERMITTED UNDER THE RULES GOVERNING EXEMPT OFFERS AS SET FORTH IN THE OFFERS OF SECURITIES REGULATIONS (THE "**REGULATIONS**"). IT SHOULD NOT BE DISTRIBUTED TO ANY OTHER PERSON, OR RELIED UPON BY ANY OTHER PERSON.

THE CAPITAL MARKET AUTHORITY DOES NOT TAKE ANY RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, DOES NOT MAKE ANY REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS PROSPECTUS. PROSPECTIVE PURCHASERS OF THE SECURITIES OFFERED HEREBY SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE SECURITIES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

Qatar

This offering of GDRs has not been filed with, reviewed or approved by Qatari Central Bank, the Doha Securities Market or any other relevant Qatar regulatory body. No general offering of the GDRs has been or will be made in Qatar and the GDRs may only be offered, distributed or sold in Qatar to a limited number of investors.

Kingdom of Bahrain

This Prospectus has not been reviewed by the Central Bank of Bahrain ("**CBB**"). This Prospectus may not be circulated within the Kingdom of Bahrain nor may any of the GDRs be offered for subscription or sold, directly or indirectly, nor may any invitation or offer to subscribe for any GDRs be made to persons in the Kingdom of Bahrain. The CBB is not responsible for our performance.

Other Relationships

In connection with the Offering, each of the Underwriters and any affiliate, acting as an investor for its own account, may take up GDRs and in that capacity may retain, purchase or sell for its own account such GDRs and any related investments and may offer or sell such GDRs or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the GDRs being offered or placed should be read as including any offering or placement of GDRs to the Underwriters and any affiliate acting in such capacity. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than to the Company and in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offering, certain of the Underwriters may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, that could result in such Underwriters acquiring shareholdings in the Company.

TRANSFER RESTRICTIONS

The GDRs (and the underlying Shares) have not been and will not be registered under the Securities Act, any state securities laws in the United States or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) unless the GDRs (and the underlying Shares) are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available, and except in accordance with the Articles of Association and the restrictions described below.

Regulation S GDRs

Each purchaser and each beneficial owner of the GDRs who is not a US person, by accepting delivery of this Prospectus and the GDRs, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used in this document as defined in Regulation S):

(a) the purchaser and each beneficial owner is not a US person and is located outside the United States;

(b) the purchaser and each beneficial owner acknowledges that the GDRs (and the underlying Shares) have not been, and will not be, registered under the Securities Act and that the GDRs are being offered only outside the United States in reliance on Regulation S;

(c) the purchaser and each beneficial owner acknowledges and agrees that the GDRs (and the underlying Shares) may not be resold in the United States or to a US person; and

(d) the Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Rule 144A GDRs

Each initial purchaser of GDRs in the United States or that is a US person is required to execute an agreement and a certificate in which it makes certain representations, warranties and agreements regarding its status and applicable transfer restrictions, substantially to the following effect:

(a) The purchaser is (i) a QIB that is also a QP, (ii) acquiring the GDRs for its own account or for the account of one or more QIBs that are also QPs, (iii) not a broker-dealer who owns and invests on a discretionary basis less than US$25 million in securities of unaffiliated issuers, (iv) not a self-directed employee benefit plan, (v) not formed for the purpose of investing in the GDRs and (vi) aware, and each beneficial owner of the GDRs has been advised, that the sale of the GDRs to it is being made in reliance on an exemption from the registration requirements of the Securities Act and that the Company has not been and will not be registered as an investment company under the Investment Company Act.

(b) The purchaser understands that the GDRs are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the GDRs (and the underlying Shares) have not been and will not be registered under the Securities Act, that the Company has not been and will not be registered as an "investment company" under the Investment Company Act and that if in the future the purchaser decides to offer, resell, pledge or otherwise transfer any of the GDRs, such GDRs may be offered, resold, pledged or otherwise transferred only in compliance with the Securities Act and other applicable securities laws outside the United States in a transaction complying with the provisions of Rule 904 of Regulation S.

Legend

The purchaser understands that if GDRs are held in certificated form, such certificated GDRs will bear a legend substantially to the following effect:

"THIS GLOBAL DEPOSITARY RECEIPT AND THE ORDINARY SHARES OF GLOBAL INVESTMENT HOUSE K.S.C.C. REPRESENTED HEREBY (THE "SHARES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THIS LEGEND. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT RE-OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS GLOBAL DEPOSITARY RECEIPT EXCEPT (X) IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND EXCEPT TO A

TRANSFEREE WHO IS LOCATED OUTSIDE THE UNITED STATES AND IS NOT A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) PURCHASING THIS GLOBAL DEPOSITARY RECEIPT SECURITY IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT, AND (Y) (1) UPON DELIVERY OF ALL OTHER CERTIFICATIONS, OPINIONS AND OTHER DOCUMENTS THAT THE ISSUER MAY REQUIRE AND (2) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE PROSPECTUS TO THE TRANSFEREE."

Objects and Purposes

Pursuant to article 4 of Global's Articles of Association, Global's objects are:

(a) The sale and purchase of financial securities for the account of Global and its customers;

(b) To lend and borrow money and issue bonds as well as financing overseas trade transactions;

(c) To carry out financial brokerage and investment management activities;

(d) To prepare studies, provide financial counseling, and conduct feasibility studies;

(e) To establish or participate in the establishment of companies, and the sale and purchase of the shares and bonds issued by these companies;

(f) To manage real estate properties in Kuwait and abroad as well as financial and real estate portfolios for the account of Global and its customers and to invest its customers' funds in all types of investments locally and abroad;

(g) Engage in local and foreign real estate investment projects; and

(h) The holding of interest or participation in any manner with institutions that are engaged in businesses similar to the activities mentioned above.

Authorisations

The creation and issuance of the GDRs has been authorised by the resolutions of Global's Board of Directors dated 3 December 2007.

Significant Change

There has been no significant change in the Group's financial or trading position since 31 March 2008.

Legal Proceedings

The Company has been, and continues to be, the subject of legal proceedings and adjudications from time to time. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have during the 12 months prior to the date of this Prospectus, or have had in the recent past, a significant effect on the financial position or profitability of the Group. There are a number of legal or potential claims against the Company, the outcome of which cannot at present be foreseen. These claims are not regarded by management as material either on an individual or collective basis.

Members of Global's Administrative, Management and Supervisory Bodies

The members of Global's administrative, management and supervisory bodies have had no convictions in relation to fraudulent offences, bankruptcies, receiverships or liquidations, official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Interests of Natural and Legal Persons Involved in the Offering

Save as otherwise discussed herein, so far as the Company is aware, no person involved in the Offering has an interest material to the Offering.

Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by Global within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by Global and contain provisions under which Global has an obligation or entitlement which is, or may be, material to Global as at the date of this document.

Agreements for the Offering

Underwriting Agreement

For information on the Underwriting Agreement, see the paragraph *"Underwriting Agreement"* in the section titled *"Subscription and Sale — "Underwriting Agreement"*.

Deposit Agreement

For information on the Deposit Agreement, see *"Terms and Conditions of the Global Depositary Receipts"*.

Financing Agreements

First Facility Agreement

On 2 May 2007, Global as borrower, Abu Dhabi Commercial Bank, Standard Bank PLC and WestLB AG London Branch as mandated lead arrangers and lenders (the "**Lenders**") entered into a facility agreement (the "**First Facility Agreement**") for general corporate and refinancing purposes.

The First Facility Agreement provides for a term loan facility in the principal amount of US$150 million (the "**First Term Loan Facility**").

Global and the Lenders agreed to increase the facility to US$300 million prior to the first draw down. Global subsequently drew down the entire US$300 million available under the First Term Loan Facility on the first day on which funds were available. This First Term Loan Facility matures on 2 May 2010.

Advances under the First Facility Agreement bear interest for the interest period at the rate per annum equal to the sum of LIBOR, certain mandatory costs plus a margin of 0.90 per cent. per annum subject to a 0.10 per cent. reduction upon Global obtaining (and only for so long as Global maintains) a senior unsecured long-term credit rating of not less than BBB from Standard & Poors or Baa2 from Moody's or BBB from Fitch.

The Lenders rank at least *pari passu* with the claims of Global's unsecured and unsubordinated creditors.

The First Facility Agreement allows for voluntary prepayments, and will require mandatory prepayments in full or in part in certain circumstances, including:

(i) illegality; and

(ii) change of control.

The First Facility Agreement contains customary representations, warranties and undertakings, and requires Global to maintain specified minimum financial ratios. In addition, the First Facility Agreement contains customary undertakings preventing Global entering into mergers and acquisitions, changing business, disposing of assets, or creating financial indebtedness (subject to agreed thresholds and exceptions).

The First Facility Agreement also contains customary events of default. At any time after the occurrence of an event of default, the Lenders will be able to terminate the availability of the facilities, declare any outstanding advances due and payable, and/or take any other action allowed under the documents or the law.

Second Facility Agreement

On 11 December 2007, Global as borrower and WestLB AG London Branch as mandated lead arranger and lender (the "**Lender**") entered into a facility agreement (the "**Second Facility Agreement**") for general corporate and refinancing purposes.

The Second Facility Agreement provides for a term loan facility in the maximum aggregate principal amount of US$100 million (the "**Second Term Loan Facility**").

Global drew down the entire US$100 million available under the Second Term Loan Facility on the first day on which funds were available. This term loan matures on 11 December 2009.

Advances under the Second Facility Agreement bear interest for the interest period at the rate per annum equal to the sum of LIBOR, certain mandatory costs plus a margin of 0.60 per cent. per annum from the first drawdown date for the subsequent six months, thereafter 0.90 per cent. per annum.

The Lender under the Second Facility Agreement ranks at least *pari passu* with the claims of Global's unsecured and unsubordinated creditors.

The Second Facility Agreement allows for voluntary prepayments, and will require mandatory prepayments in full or in part in certain circumstances, including:

(i) illegality; and

(ii) change of control.

The Second Facility Agreement contains customary representations, warranties and undertakings, and requires Global to maintain specified minimum financial ratios. In addition, the Second Facility Agreement contains customary undertakings preventing Global entering into mergers and acquisitions, changing business, disposing of assets, or creating financial indebtedness (subject to agreed thresholds and exceptions).

The Second Facility Agreement also contains customary events of default. At any time after the occurrence of an event of default, the lenders will be able to terminate the availability of the facilities, declare any outstanding advances due and payable, and/or take any other action allowed under the documents or the law.

Euro Medium Term Note Programme

On 10 September 2007, Global established a USD 2,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). The Programme permits the issuance of notes (the "**Notes**") outside the United States to non-US persons in reliance of Regulation S, capable of being listed on the London Stock Exchange ("**LSE**"). Any Notes issued under the Programme are issued by a Cayman incorporated special purpose vehicle (the "**Issuer**") and guaranteed by Global.

Notes issued under the Programme will rank *pari passu,* without any preference, with the other unsecured obligations of Global and all other present and future unsecured and unsubordinated obligations of the Issuer.

The Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders of the Notes to the extent (if at all) specified in the relevant final terms.

All Notes issued will have the benefit of a negative pledge that, subject to certain limited exceptions, limits Global's ability, and the ability of its principal subsidiaries, to guarantee debt and to create, or have outstanding, any mortgage, charge, lien, pledge or other security interest on their assets to secure debt.

The Notes issued under the Programme will be subject to certain customary events of default that, if any of them occurs, would permit the principal of and accrued interest on the then outstanding Notes issued to be declared due and payable.

Interest Bearing Bonds

On 24 April 2007, Global issued interest bearing bonds in the principal amount of KD45 million constituted by a loan note instrument in two tranches: (i) KD20 million fixed rate bonds due 25 April 2012 (the "**Fixed Rate Bonds**") and (ii) KD25 million floating rate bonds due 25 April 2012 (the "**Floating Rate Bonds**", and together with the Fixed Rate Bonds the "**Bonds**").

The Fixed Rate Bonds bear interest at the rate of 7 per cent. per annum. The Floating Rate Bonds bear interest at 1 per cent. per annum above the Kuwait Inter-Bank Offered Rate ("**KIBOR**"). Interest on the Bonds will accrue as of the issue date of the Bonds and will be payable semi-annually in arrears.

The Bonds are subject to customary events of default including the insolvency of Global

Auditors

The Annual Consolidated Financial Statements have been jointly audited by Ernst & Young (Al Aiban, Al Osaimi & Partners) and Grant Thornton – Anwar Al-Qatami & Co., independent auditors, and members of the Kuwait Association of Accountants and Auditors, as stated in their reports appearing herein. The Interim Unaudited Consolidated Financial Statements have been jointly reviewed by Ernst & Young (Al Aiban, Al Osaimi & Partners) and Grant Thornton – Anwar Al-Qatami & Co., independent auditors, as stated in their report appearing herein.

Documents on Display

Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of Clifford Chance LLP at 10 Upper Bank Street, London E14 5JJ during the period of 14 days from the date of this Prospectus:

- the constitutive documents of Global;

- the Underwriting Agreement;
- the Deposit Agreement; and
- Global's audited consolidated financial statements as at and for the years ended 31 December 2005, 2006 and 2007 and Global's unaudited interim consolidated financial statements as at and for the three months ended 31 March 2007 and 2008.

Expenses

It is expected that the total expenses relating to the application for Admission of the GDRs to the Official List of the London Stock Exchange and to trading on its regulated market will be GBP143,000.

Clearance

The GDRs have been accepted for clearance through Euroclear and Clearstream, Luxembourg and have been assigned ISIN no. US37948V1089 and CUSIP no. 37948V108 for the 144A GDRs, and ISIN no. US37948V2079 and CUSIP no. 37948V207 for the Regulation S GDRs.

SCHEDULE A — GLOBAL'S CURRENT FUNDS

Name of Fund	Size of Fund (KD million)	Investment Theme	Fee Structure	Launch Date	Past 1 year	Past 3 years	Past 5 years	Average Annual Return (%)
Conventional Funds								
Global 10 Large Cap Index Fund (awarded Best Performing Fund in Kuwait 2006 by Lipper Reuters)	51.7	10 largest companies listed on the KSE	Initial Charges: 0.25-1% Management Fee: 0.5% p.a. Redemption Fee: 0.25%	Nov 2000	39.4%	144.0%	289.0%	32.21%
Al-Ma'moun Fund	16.5	Selected stocks on the KSE	Subscription Charges: 2% Management Fee: 1.75% p.a.	Apr 2001	6.6% 7.6%	15.2% 12.1%	66.1% 46.9%	Class A - 20.82% Class B - 15.05%
Global Off-shore Fund	281.8	Listed stocks on the KSE	Management Fee: 0.5% p.a.	Jan 2002	42.7%	128.5%	227.3%	62%
Global Local Fund	15.6	Selected companies listed on the KSE and other stock markets	Subscription Charges: 2% Management Fee: 1.75% p.a.	Jan 2003	16.5%	60.4%	232.8%	31.05%
Global GCC Large Cap Fund	20.3	Stocks listed on GCC exchanges, corporate bonds, sukuks, treasury bills, certificates of deposit and money market instruments	Initial Charges: 1-2% Management Fee: 1.5% p.a. Incentive Fee: 10% of AR > 8%	Feb 2005	48.9%	56.6%	NA	21.37%
Global EPADI Fund	23.3	Domestic and regional oil and gas, petrochemical, downstream industries and other related sectors	Initial Charges: 1-2% Management Fee: 1.75% p.a. Incentive Fee: 20% of AR > 10%	May 2006	49.3%	39.9%	NA	24.97%
Global Increasable Guaranteed Fund	17.7	10 large cap companies in Global 10 Large Cap Index Fund (above) and provides 100 per cent. guarantee on invested capital	Initial Charges: 1-2% Management Fee: 1% p.a. Placement Fee: 0.5%	March 2004	12.4%	34.6%	37.8%	8.86%
Global KD Money Market Fund	5.5	Money market instruments issued by governments, semi-governments, private companies and local banks in Kuwait	Management Fee: 0.75% p.a. Redemption Fee: 0.25% (w/in 3 months of initial investment)	May-1999	3.7%	13.4%	20.9%	4.64%
Global Bond Fund	28.3	Securities including Kuwaiti treasury bonds, corporate bonds, money market funds, fixed deposits and Islamic Murabahas	Placement Fees: 0.5% Initial Charges: 0.5% Management Fee: 0.75% p.a.	Jan-2002	4.6%	14.2%	23.5%	4.41%
Global Kibor Plus Fund	2.4	Floating rate notes, certificates of deposit, KD denominated corporate bonds and Islamic financing instruments	Initial Charges: 0.5% Management Fee: 0.75% p.a.	Nov-2003	5.2%	15.9%	20.0%	4.48%
Global Delmon Fund	0.06	Equity and debt investments in companies listed in Bahrain	Initial Charges: 1-2% Management Fee: 20% of monthly returns > 10% Placement Fee: 0.5%	Oct 2004	21.3%	85.1%	89.0%	24.21%
Global USD Money Market Fund	3.1	Money market instruments including treasury bills, treasury bonds, bonds and Murabahas	Management Fee: 0.5% p.a.	Jul-2002	6.2%	16.7%	22.3%	3.90%
Global Palestine Dedicated Fund	1.9	Listed equities, IPOs and pre-IPOs in Palestine	Initial Charges: 1-2% Management Fee: 1.5% p.a. Incentive Fee: 25% of AR > 25% with a high water mark	Sep-2006	2.5%	1.6%	NA	2.5%
Global Jordan Fund	8.9	Listed equities, IPOs and pre-IPOs in Jordan	Initial Charges: 1-2% Management Fee: 1.5% p.a. Incentive Fee: 15% of AR > 10% p.a.	May-2007	4.8%	NA	NA	6.48%
Islamic Funds								
Al-Durra Islamic Fund	68.6	Listed Islamic companies on the KSE, as well as unlisted Islamic companies that are soon to be listed	Initial Charges: 1-2% Management Fee: 1.5% p.a.	May 2004	32.8%	132.5%	163.1%	34.64%
Global Islamic Fund	16.7	Sharia compliant instruments, mainly Wakala transactions	Management Fee: 1% p.a.	Dec-2002	5.7%	16.6%	22.8%	4.09%
Private Equity Funds								
Private Equity Fund	12.9	Sharia compliant private companies in Kuwait and the GCC	Initial Charges: 1.5-2% Management Fee: 2% p.a.	May 2003	(0.4%)	(0.8%)	(2.7%)	N/A

Name of Fund	Size of Fund (KD million)	Investment Theme	Fee Structure	Launch Date	Past 1 year	Past 3 years	Past 5 years	Average Annual Return (%)
Global Opportunistic Fund I	100	IPO and pre-IPO investments in GCC countries	Initial Charges: 2-3% Management Fee: 2% p.a. Performance Fee: 25% of AR >20% p.a.	Aug-2005	9.7%	20%	—	N/A
Saudi Investment Bank Opportunity IPO Fund	52	IPO and pre-IPO investments in GCC countries	Initial Charges: 2-3% Management Fee: 2% p.a. Performance Fee: 25% of AR > 20% p.a.	Aug 2005	—	—	—	N/A
Global Opportunistic Fund II	85.6	IPO and pre-IPO investments in GCC countries, MENA region, Turkey, India, Pakistan and China	Initial Charges: 1.5-3% Management Fee: 2.5% p.a. Redemption Fee: 25% of AR > 20%	Apr 2006	16.8%	20.37%	—	N/A
Global Buyout Fund	143.5	Buyouts with focus in MENA and South Asia	Initial Charges: 1-2% Management Fee: 1.5-2.0% Performance Fee: 25% of AR > 15%	Mar 2007	7.8%	—	—	N/A
Hedge Funds								
Global Islamic Fund of Funds	6.5	Islamic funds and selected with low risk instruments	Initial Charges 1-2% Management Fee: 1.5% p.a. Incentive Fee: 10% of AR > 10% p.a.	July 2007	4.8%	NA	NA	9.79%
Global Umbrella Fund: US Hedge Fund	30.1	Hedge fund — US equity and fixed income hedge funds	Initial Charges: 1-2% Management Fee: 1% p.a. Incentive Fee: 10% over AR > 15%	Apr 1999	7.8%	23.7%	49.3%	8.80%
Advanced Sciences		Hedge fund — healthcare and technology hedge funds	Initial Charges: 1-2% Management Fee: 1% p.a. Incentive Fee: 10% over AR > 15%	Jan 2003	4.2%	27.7%	40.9%	7.89%
Asia/Japan		Hedge fund — primarily in Asia, including Japan; awarded Best Hedge Fund Manager in Asia 2005 by EurekaHedge	Initial Charges: 1-2% Management Fee: 1% p.a. Incentive Fee: 10% of AR > 15%	Apr 2000	13.2%	35.7%	57.6%	6.09%
Europe		Hedge fund — European equity and fixed income hedge funds	Initial Charges: 1-2% Management Fee: 1% p.a. Incentive Fee: 10% of AR > 15%	Apr 1999	5.0%	31.6%	43.7%	10.22%
The Zenith Fund	3.5	Equity hedge funds, fixed income hedge funds, commodity trading advisors and macro funds.	Initial Charges: 1-2% Management Fee: 1% p.a. Incentive Fee: 20% of AR > 5% p.a. + one-year US treasury bills 15%	Jan 2004	7.0%	26.8%	28.2%	17.79%
Global European Equity Index Fund	2.0	Dow Jones Euro Stoxx 50 Index	Placement Fee: 0.5% Initial Charges: 0.5% Management Fee: 0.5% p.a.	Mar 2004	8.4%	55.8%	70.2%	15.32%
Global Distressed Fund	13.3	Deeply discounted equity and bonds of companies facing financial distress; awarded 4th Best in the World 2007 based on Sharpe ratio by Barclays and 3rd Best in the World 2005 by EurekaHedge	Initial Charges: 1-1.5% Management Fee: 1.0% p.a. Incentive Fee: 10% of AR > 8%	Oct 2002	5.6%	31.0%	76.1%	12.69%
Global US Equity Index Fund	0.65	S&P 100 Index	Placement Fee: 0.5% Initial Charges: 0.5% Management Fee: 0.5% p.a.	Mar 2004	3.48%	19.33%	24.82%	7.12%
Real Estate Funds								
Asia Real Estate Fund	16.9	Real estate investment opportunities in growth markets particularly in China and India	Placement Fee: 1.5% Management Fee: 1.5% Incentive Fee: 25% of AR > 10%	Nov 2006	—	—	—	N/A[4]
GCC Real Estate Fund	8.3	Land and/or properties in the GCC real estate markets	Placement Fee: 1.5% Management Fee: 1.5% Incentive Fee: 25% of AR 14%	June 2005	—	—	—	6.0[5]
Global US Real Estate Fund	13.9	Office and medical office properties	Placement Fee: 1.5% Management Fee: 1.5% Incentive Fee: 25% of AR > 10%	July 2004	25.8%	14.96%	—	15.75

Note: Returns since inception include dividend reinvestments.

(1) Still in the investment phase.

(2) The fund reported a NAV of 1.003 for the first period ended 31 December 2005.

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APPENDIX A — FORM OF U.S. PURCHASER'S LETTER

Global Investment House K.S.C.C.
Souk Al-Safat Building, 2nd Floor,
P.O. Box 28807 Safat
13149 Kuwait

Ladies and Gentlemen:

We are delivering this certificate in connection with our subscription for [ ] ordinary shares in the form of global depositary receipts (the "**GDRs**") of Global Investment House K.S.C.C., a closed shareholder company incorporated in the State of Kuwait (the "**Company**").

We hereby represent, warrant, acknowledge and agree that:

1. We are:

   (i) a "qualified institutional buyer" (a "**QIB**") (within the meaning of Rule 144A under the US Securities Act of 1933, as amended (the "**Securities Act**")); and

   (ii) a "qualified purchaser" (a "**QP**") (within the meaning of Section 2(a)(51) of the US Investment Company Act of 1940, as amended (the "**Investment Company Act**"))

   and are subscribing for the GDRs for our own account, or for one or more accounts as to each of which we exercise sole investment discretion and each of which accounts is a QIB and a QP, for investment purposes, and not with a view to any distribution or for resale in connection with the distribution thereof, in whole or in part, in the United States.

2. We were not formed for the purpose of investing in the GDRs.

3. We are neither (a) a broker-dealer which owns and invests on a discretionary basis less than US$25 million in securities of unaffiliated issuers, nor (b) a self-directed employee benefit plan.

4. We understand that the GDRs have not been and will not be registered under the Securities Act or with any state or other jurisdiction of the United States, nor approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, and we agree that if in the future we decide to re-offer, resell, pledge or otherwise transfer any of the GDRs, such GDRs may be offered, resold, pledged or otherwise transferred only in compliance with the Securities Act and other applicable securities laws in an offshore transaction pursuant to Rule 904 of Regulation S under the Securities Act ("**Regulation S**"), to or for the account or benefit of a person not known by us to be a U.S. person (as defined in Regulation S).

5. We acknowledge that the GDRs are being sold in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act, and that the Company is not, and will not be, registered as an "investment company" under the Investment Company Act.

6. We acknowledge that we have consulted our own independent advisors or otherwise have satisfied ourselves concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally and the Investment Company Act and the Securities Act.

7. We understand and acknowledge that (i) the Company and its agents shall not be obligated to recognise any re-sale or other transfer of the GDRs made other than in compliance with the restrictions set forth in this certificate; (ii) if we breach any covenant or agreement therein or herein, or make any misrepresentation therein or herein, the Company may require us to sell our GDRs to the Company or a person designated by the Company at the Offer Price; and (iii) if the obligation to sell is not met, the Company is irrevocably authorised, without any obligation, to sell the GDRs on such terms as the Company's Board of Directors think fit.

8. We acknowledge that any GDRs in certificated form will bear the legend set out below:

   "THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THIS LEGEND. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT RE-OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (X) IN COMPLIANCE WITH THE SECURITIES

ACT AND OTHER APPLICABLE LAWS AND EXCEPT TO A TRANSFEREE WHO IS LOCATED OUTSIDE THE UNITED STATES AND IS NOT A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT, AND (Y) (1) UPON DELIVERY OF ALL OTHER CERTIFICATIONS, OPINIONS AND OTHER DOCUMENTS THAT THE ISSUER MAY REQUIRE AND (2) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE PROSPECTUS TO THE TRANSFEREE.”

We hereby acknowledge that you and others will rely upon our representations, warranties, acknowledgments and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations, warranties, acknowledgments and agreements herein cease to be accurate and complete.

We hereby irrevocably agree that this certificate or a copy thereof may be reproduced to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

We hereby represent and warrant that all necessary actions have been taken to authorise the purchase by us of the GDRs and the execution of this certificate.

Where there are joint applicants, each must sign this U.S. Purchaser’s Letter. Applications by a corporation must be signed by an authorised officer or be completed otherwise in accordance with such corporation’s constitution (evidence of such authority may be required). Where a single signatory is signing this certificate on behalf of one or more investors, the names of each investor must be listed below or in an attachment to this certificate, and the representations and agreements contained herein shall be deemed to be made separately by each such investor.

Very truly yours,

By: ________________________

Name:

Title:

Date: ___________ 2008

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Review report

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

Report on review of interim financial information

Introduction

We have reviewed the accompanying consolidated balance sheet of Global Investment House Co. — KSC (Closed) (the parent company) and Subsidiaries (the group) as at 31 March 2008 and the related interim consolidated statement of income, consolidated changes in shareholders' equity and consolidated statement of cash flows for the three month period then ended and explanatory notes. The directors of the parent company are responsible for the preparation and presentation of the interim consolidated financial information in accordance with basis of presentation set out in Note 2. Our responsibility is to express a conclusion on the 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 presented fairly, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on other Legal and Regulatory Requirements

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, as amended, nor of the articles of association of the parent company, as amended, have occurred during the three month period ended 31 March 2008 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the period ended 31 March 2008.

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

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

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of income

	Notes	Three months ended 31 March 2008 (Unaudited)	Three months ended 31 March 2007 (Unaudited)
		KD '000	KD '000
Fees and commission income	3	**15,275**	3,857
Interest and similar income	4	**5,158**	3,852
Net (loss)/gain on financial assets held for trading	5	**(1,287)**	2,137
Net gain on financial assets designated at fair value through statement of income	5	**22,489**	7,633
Net gain on sale of available-for-sale investments	5	**704**	—
Share of results of associates		**796**	192
Net gain on investment properties	6	**7,654**	—
(Loss)/gain on sale of associates	7	**(36)**	2,699
Gain on disposal of subsidiaries		**—**	9,649
Foreign exchange (loss) / gain		**(2,138)**	207
Other operating income		**3,938**	4,611
Net operating income		**52,553**	34,837
Personnel expenses		**4,246**	2,279
Depreciation of property and equipment		**237**	126
Other operating expenses		**2,274**	1,322
Interest and similar expenses		**9,367**	7,706
(Reversal)/provision charge for credit losses		**(81)**	14
Expenses		**16,043**	11,447
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for National Labour Support Tax (NLST) and Zakat		**36,510**	23,390
Contribution to KFAS		**(329)**	(206)
Provision for NLST		**(899)**	(490)
Zakat		**(361)**	—
Profit for the period		**34,921**	22,694
Attributable to:			
Shareholders of the parent company		**34,677**	22,477
Minority interest		**244**	217
Profit for the period		**34,921**	22,694
EARNINGS PER SHARE			
Basic earnings per share attributable to the shareholders of the parent company	8	**37 Fils**	25 Fils
Diluted earnings per share attributable to the shareholders of the parent company	8	**36 Fils**	24 Fils

The notes set out on pages 7 to 16 form an integral part of this interim consolidated financial information.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated balance sheet

	Notes	31 March 2008 (Unaudited) KD '000	31 Dec. 2007 (Audited) KD '000	31 March 2007 (Unaudited) KD '000
Assets				
Cash and cash equivalents	9	**60,257**	68,797	24,506
Financial assets held for trading	10	**64,366**	37,767	42,858
Financial assets designated at fair value through statement of income	11	**543,170**	507,630	445,122
Murabaha receivables		**10,191**	15,784	17,159
Loans and advances		**22,180**	24,615	35,423
Financial investments available-for-sale	12	**12,738**	18,087	—
Investments in associates		**58,788**	95,782	51,032
Investment properties	13	**46,781**	41,433	14,781
Property and equipment		**20,796**	20,609	15,541
Goodwill		**4,589**	4,437	419
Other assets	14	**122,797**	78,016	76,775
Total assets		**966,653**	912,957	723,616
Equity and liabilities				
Equity attributable to the shareholders of the parent company				
Share capital	15	**94,551**	85,956	85,956
Share premium	15	**91,873**	91,873	91,873
Share options reserve		**2,015**	1,765	1,165
Statutory reserve		**27,765**	27,765	18,307
General reserve		**27,765**	27,765	18,307
Treasury shares	16	**(7,658)**	(1,542)	(24,440)
Treasury shares reserve		**2,407**	2,215	3,551
Fair value reserve		**3,359**	3,373	134
Foreign exchange translation reserve		**(3,022)**	(2,842)	(49)
Retained earnings		**70,036**	86,723	36,751
		309,091	323,051	231,555
Minority interest		**5,818**	6,414	2,661
Total equity		**314,909**	329,465	234,216
Liabilities				
Short terms borrowings	17	**284,057**	244,349	237,705
Wakala payables	17	**134,158**	149,167	152,601
Medium term borrowings	18	**82,429**	84,754	24,612
Bonds	19	**65,000**	65,000	20,000
Other liabilities	20	**86,100**	40,222	54,482
Total liabilities		**651,744**	583,492	489,400
Total equity and liabilities		**966,653**	912,957	723,616

Maha Khaled Al-Ghunaim
Chairperson and Managing Director

Khaled J.Al Wazzan
Vice Chairman

The notes set out on pages 7 to 16 form an integral part of this interim consolidated financial information.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of cash flows

	Note	Three months ended 31 March 2008 (Unaudited)	Three months ended 31 March 2007 (Unaudited)
		KD '000	KD '000
OPERATING ACTIVITIES			
Profit for the period		**34,921**	22,694
Adjustments for:			
Cost of share based payment		**250**	200
Depreciation of property and equipment		**237**	126
(Reversal)/ provision charge for credit losses		**(81)**	14
Interest and similar income		**(5,158)**	(3,852)
Dividend income		**(3,938)**	(4,611)
Interest and similar expenses		**9,367**	7,706
Share of results of associates		**(796)**	(192)
Gain on disposal of investment properties		**(7,654)**	—
Loss/(gain) on disposal of associates		**36**	(2,699)
Gain on disposal of subsidiaries		**—**	(9,649)
		27,184	9,737
Changes in operating assets and liabilities:			
Financial assets held for trading		**(26,599)**	(12,584)
Financial assets designated at fair value through statement of income		**(26,462)**	(33,470)
Murabaha receivables		**5,649**	(7,052)
Loans and advances		**2,460**	5,652
Financial investments available-for-sale		**5,335**	—
Other assets		**(44,763)**	901
Short-term borrowings		**39,708**	36,035
Wakala payables		**(15,009)**	18,315
Other liabilities		**528**	(10,715)
Cash (used in)/from operations		**(31,969)**	6,819
Interest and similar income received		**5,140**	3,852
Dividend income received		**3,002**	4,611
Interest and similar expense paid		**(9,384)**	(7,706)
Net cash (used in)/from operating activities		**(33,211)**	7,576
INVESTING ACTIVITIES			
Investments in associates		**(15,657)**	(4,168)
Proceeds from disposal of associates		**43,963**	4,341
Dividend from associates		**407**	—
Purchase of property and equipment		**(424)**	(2,599)
Purchase of investment properties		**(12,334)**	(14,367)
Proceeds from disposal of investment properties		**14,640**	—
Net cash from/(used in) investing activities		**30,595**	(16,793)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		**—**	2,135
Medium term borrowings		**—**	(31,360)
Purchase of treasury shares		**(8,618)**	(5,757)
Proceeds from sale of treasury shares		**2,694**	1,875
Net cash used in financing activities		**(5,924)**	(33,107)
Decrease in cash and cash equivalents		**(8,540)**	(42,324)
Cash and cash equivalents at beginning of the period		**68,797**	66,830
Cash and cash equivalents at end of the period	9	**60,257**	24,506

The notes set out on pages 7 to 16 form an integral part of this interim consolidated financial information.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of changes in equity (Unaudited)

	Attributable to the shareholders of the parent company										
	Share capital	Share premium	Share options reserve	Reserves	Treasury shares	Treasury shares reserve	Fair value reserve	Retained earnings	Sub-total	Minority interest	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance at 1 January 2008	85,956	91,873	1,765	52,688	(1,542)	2,215	3,373	86,723	323,051	6,414	329,465
Net changes in fair value	—	—	—	—	—	—	(14)	—	(14)	—	(14)
Foreign currency translation reserve	—	—	—	(180)	—	—	—	—	(180)	—	(180)
Net loss recognised directly in equity	—	—	—	(180)	—	—	(14)	—	(194)	—	(194)
Profit for the period	—	—	—	—	—	—	—	34,677	34,677	244	34,921
Total recognised income and expenses for the period	—	—	—	(180)	—	—	(14)	34,677	34,483	244	34,727
Issue of 10% bonus shares (Note 21)	8,595	—	—	—	—	—	—	(8,595)	—	—	—
Dividends paid (Note 21)	—	—	—	—	—	—	—	(42,769)	(42,769)	—	(42,769)
Cost of share based payment	—	—	250	—	—	—	—	—	250	—	250
Purchase of treasury shares	—	—	—	—	(8,618)	—	—	—	(8,618)	—	(8,618)
Sale of treasury shares	—	—	—	—	2,502	—	—	—	2,502	—	2,502
Increase in treasury shares reserve	—	—	—	—	—	192	—	—	192	—	192
Net movement in minority interest	—	—	—	—	—	—	—	—	—	(840)	(840)
Balance at 31 March 2008	**94,551**	**91,873**	**2,015**	**52,508**	**(7,658)**	**2,407**	**3,359**	**70,036**	**309,091**	**5,818**	**314,909**

The notes set out on pages 7 to 16 form an integral part of this interim consolidated financial information.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of changes in equity (continued) (Unaudited)

	Attributable to the shareholders of the parent company										
	Share capital	Share premium	Share options reserve	Reserves	Treasury shares	Treasury shares reserve	Fair value reserve	Retained earnings	Sub-total	Minority interest	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance at 1 January 2007	70,545	91,040	965	36,544	(20,467)	3,460	(286)	62,583	244,384	4,582	248,966
Net changes in fair value	—	—	—	—	—	—	420	—	420	—	420
Foreign currency translation reserve	—	—	—	21	—	—	—	—	21	—	21
Net income recognised directly in equity	—	—	—	21	—	—	420	—	441	—	441
Profit for the period	—	—	—	—	—	—	—	22,477	22,477	217	22,694
Total recognised income and expenses for the period	—	—	—	21	—	—	420	22,477	22,918	217	23,135
Issue of 20% bonus shares	14,109	—	—	—	—	—	—	(14,109)	—	—	—
Issue of shares under group performance schemes	1,302	833	—	—	—	—	—	—	2,135	—	2,135
Dividends paid	—	—	—	—	—	—	—	(34,200)	(34,200)	—	(34,200)
Cost of share based payment	—	—	200	—	—	—	—	—	200	—	200
Purchase of treasury shares	—	—	—	—	(5,757)	—	—	—	(5,757)	—	(5,757)
Sale of treasury shares	—	—	—	—	1,784	—	—	—	1,784	—	1,784
Decrease in treasury shares reserve	—	—	—	—	—	91	—	—	91	—	91
Net movement in minority	—	—	—	—	—	—	—	—	—	(2,138)	(2,138)
Balance at 31 March 2007	85,956	91,873	1,165	36,565	(24,440)	3,551	134	36,751	231,555	2,661	234,216

The notes set out on pages 7 to 16 form an integral part of this interim consolidated financial information.

Notes to the interim consolidated financial information
(Unaudited)
31 March 2008

1 Incorporation and activities

This interim consolidated financial information of Global Investment House — KSC (Closed) and its Subsidiaries (the group) for the period ended 31 March 2008 were authorised for issue in accordance with a resolution of the directors on 23 April 2008.

Global Investment House — KSC (Closed), the parent company, is a closed shareholding company incorporated on 16 June 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company's shares are listed on Kuwait Stock Exchange, Bahrain Stock Exchange and Dubai Financial Market. The parent company is regulated by the Central Bank of Kuwait as an investment company.

The group comprises the parent company and its subsidiaries.

The group is principally engaged in the provision of investment services. Its registered office is at Souk Al Safat, Abdulla Mubarak Street, Kuwait City.

The group primarily operates in the Gulf Co-operation Council countries and other Middle Eastern and North African (MENA) countries.

2 Significant accounting policies

Basis of presentation

The interim consolidated financial information of the group has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2007. The annual consolidated financial statements for the year ended 31 December 2007 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's (CBK) requirement for a minimum general provision as described below.

The impairment provision for credit facilities complies in all material respects with the specific provision requirements of the CBK and IFRS. In March 2007, the CBK issued a circular amending the basis of making minimum general provisions on facilities changing the rate from 2% to 1% for cash facilities and 0.5% for non cash facilities. The required rates were applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral during the reporting period. The minimum general provision in excess of the present 1% for cash facilities and 0.5% for non cash facilities is retained as a general provision until further directive from the CBK.

The interim consolidated financial information does not contain all information and disclosures required for full financial information prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three months ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2007.

3 Fees and commission income

	31 Mar 2008 (Unaudited)	31 Mar 2007 (Unaudited)
	KD '000	KD '000
Management fees on assets under management	**5,029**	3,415
Incentive fees on assets under management	**1,165**	395
Placement fees-managed funds	**286**	23
Investment banking and advisory fees	**7,735**	—
Brokerage	**665**	24
Other fees and commission	**395**	—
	15,275	3,857

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

4 Interest and similar income

	31 Mar 2008 (Unaudited)	31 Mar 2007 (Unaudited)
	KD '000	KD '000
Cash and cash equivalents	**594**	608
Financial assets designated at fair value through statement of income	**18**	58
Murabaha receivables	**220**	136
Financing of future trades by customers	**3,370**	2,214
Loans and advances	**956**	836
	5,158	3,852

5 Net gain/(loss) on financial assets

Net gain/(loss) on financial assets, analysed by category for the period ended 31 March 2008, is as follows:

	Held for trading (Unaudited)	Designated at fair value through statement of income (Unaudited)	Financial investments available-for-sale (Unaudited)	Total (Unaudited)
	KD '000	KD '000	KD '000	KD '000
Realised gains	4,090	11,819	704	**16,613**
Unrealised (loss)/gains-mark-to-market	(5,377)	10,670	—	**5,293**
Net realised and unrealised gains	**(1,287)**	**22,489**	**704**	**21,906**
Net unrealised loss recorded directly in equity	**—**	**—**	(14)	**(14)**
	(1,287)	**22,489**	**690**	**21,892**

Net gain on financial assets, analysed by category for the period ended 31 Mach 2007, is as follows:

	Held for trading (Unaudited)	Designated at fair value through statement of income (Unaudited)	Financial investments available-for-sale (Unaudited)	Total (Unaudited)
	KD '000	KD '000	KD '000	KD '000
Realised gains	2,712	1,555	—	4,267
Unrealised (loss)/gains-mark-to-market	(575)	4,365	—	3,790
Unrealised gains-mark-to-model	—	1,713	—	1,713
Net realised and unrealised gains	2,137	7,633	—	9,770
Net unrealised gains recorded directly in equity	—	—	420	420
	2,137	7,633	420	10,190

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

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

6 Net gain on investment properties

	31 March 2008 (Unaudited)	31 March 2007 (Unaudited)
	KD '000	KD '000
Realised gains arising from disposals	**7,654**	—

The realised gain arose from sale of certain investment properties of the group in UAE.

7 (Loss)/gain on sale of associates

7.1 During the period the group sold 22% of its ownership interest in Arab East Investment for Real Estate for a consideration of KD12.3 million resulting in net gain of KD0.7 million. The remaining interest of 2% is accounted as investments at fair value through statement of income. The group's pro rata share in the net income of the associate up to the date of sale resulted in a net gain of KD0.3 million.

7.2 During the period the group also sold 20% of its ownership interest in Union Bank for Savings for a consideration of KD25.0 million resulting in net loss of KD0.4 million. The remaining interest of 5.7% is accounted as investments at fair value through statement of income. The group's pro rata share in the net income of the associate up to the date of sale resulted in a net gain of KD0.4 million.

7.3 During the period the group also sold 24% of its ownership interest in Al Quds Bank for a consideration of KD4.2 million resulting in net loss of KD0.34 million. The remaining interest of 25% continues to be accounted as investment in associates.

8 Earnings per share

Basic earnings per share is computed by dividing the profit for the period attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options).

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

	31 March 2008 (Unaudited)	31 March 2007 (Unaudited)
Profit for the period attributable to the shareholders of the parent company (KD'000)	**34,677**	22,477
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	**942,469**	912,720
Effect of dilution from weighted average number of share options outstanding	**27,293**	16,131
Adjusted weighted average number of ordinary shares for diluted earnings per share	**969,762**	928,851
Basic earnings per share	**37 Fils**	25 Fils
Diluted earnings per share	**36 Fils**	24 Fils

The denominators for the purpose of calculating the both basic and diluted earnings per share have been adjusted to reflect the 10% bonus share issue in March 2008 (Note 15).

9 Cash and cash equivalents

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

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000
Banks balances and cash	**58,046**	66,600	16,827
Investment in money market instruments	**2,211**	2,197	7,679
	60,257	68,797	24,506

10 Financial assets held for trading

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000
GCC and MENA equity securities	**39,459**	18,324	25,017
International equity securities	**24,907**	19,443	17,841
	64,366	37,767	42,858

11 Financial assets designated at fair value through statement of income

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000
Unquoted debt securities	**7,823**	9,226	4,322
Unquoted equity securities	**165,927**	161,523	158,806
Quoted securities and managed funds	**369,420**	336,881	281,994
	543,170	507,630	445,122

The fair value of unquoted equity securities are determined using valuation techniques that are based on recent arm's length market transactions or current fair value of another investment that is substantially the same.

12 Financial investments available-for-sale

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000
Quoted equity securities	**1,325**	1,616	—
Unquoted equity securities	**11,413**	16,471	—
	12,738	18,087	—

13 Investment properties

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000
Carrying amount at 1 January	**41,433**	414	414
Arising on consolidation of subsidiaries	**—**	542	—
Additions	**12,334**	40,981	14,367
Disposals	**(6,986)**	(2,650)	—
Unrealised profit from fair valuations	**—**	2,146	—
Carrying amount	**46,781**	41,433	14,781

14 Other assets

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000
Accrued income	**14,854**	10,588	15,771
Receivables for settlement of sale of securities	**7,685**	10,561	5,833
Financing of future trades by customers	**59,408**	37,913	—
Deposits, prepayments and other receivables	**12,145**	9,528	33,632
Advances for purchase of investments	**8,479**	9,130	13,178
Amounts due from related parties	**19,008**	291	7,057
Positive fair value of forward foreign exchange contracts	**1,218**	5	1,304
	122,797	78,016	76,775

15 Share capital and share premium

	Authorised			Issued and fully paid		
	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Shares of KD0.100 each	**94,551**	85,956	85,956	**94,551**	85,956	85,956

The annual general meeting of the shareholders held on 26 March 2008 approved to increase the authorised capital from KD85.956 million to KD136.893 million by issuance of 85,955,744 bonus shares, 68,500,000 shares under the group's performance bonus scheme and share option scheme, and 354,904,616 shares under proposed capital increase to bring in international and strategic investors. At the balance sheet date, only bonus shares were issued. Share premium is not available for distribution.

16 Treasury shares

The details of treasury shares are as follows:

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
Number of shares ('000)	**6,439**	1,621	27,407
Percentage holding	**0.68%**	0.19%	3.188%
Carrying cost (KD'000)	**7,658**	1,542	24,440
Market value (KD'000)	**6,117**	1,588	19,732

17 Short term borrowings and wakala payables

Borrowings are due to local and regional financial institutions with maturities ranging from less than 3 months to 12 months from the date of borrowings and are unsecured. The average effective interest ranges between 2.375% and 8.25% (31 December 2007: 5.81% and 8.25% and 31 March 2007: 6.11% and 8.25%) per annum.

Wakala payables represent wakala contracts with local financial institutions maturing within 6 months from the balance sheet date. The average effective cost attributable to these contracts ranges between 4% and 8% (31 December 2007: 6.1% and 8% and 31 March 2007: 6% and 8.25%) per annum.

18 Medium term borrowings

Medium term borrowings were obtained for general financing purposes and are due to regional and international financial institutions under the following facilities:

a) 3 year US$300 million syndicated loan facility, maturing in June 2010;

b) US$ 10 million facility maturing in October 2009.

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

19 Bonds

	31 March 2008 (Unaudited) KD '000	31 Dec. 2007 (Audited) KD '000	31 March 2007 (Unaudited) KD '000
On 23 June 2004, the parent company issued unsecured bonds in the principal amount of KD20,000,000 composed of bonds in two series as follows:			—
• Fixed rate bonds due on 23 June 2009 (bearing fixed interest at the rate of 5% per annum payable semi-annually)	**8,000**	8,000	8,000
• Floating rate bonds due on 23 June 2009 (bearing interest at the rate of 1% per annum over the six-month KIBOR in effect on the rate fixing date payable semi-annually)	**12,000**	12,000	12,000
On 25 April 2007, the parent company issued unsecured bonds in the principal amount of KD45,000,000 composed of bonds in two series as follows:			
• Fixed rate bonds due on 25 April 2012 (bearing fixed interest rate of 7% payable semi annually)	**20,000**	20,000	—
• Floating rate bonds due on 25 April 2012 (bearing interest at the rate of 1% per annum over KIBOR in effect on the rate fixing date payable semi-annually)	**25,000**	25,000	—
	65,000	65,000	20,000

The parent company has the option of early redemption on all bonds (together) at any time after two years from the date of issue at face value plus accrued interest.

20 Other liabilities

	31 March 2008 (Unaudited) KD '000	31 Dec. 2007 (Audited) KD '000	31 March 2007 (Unaudited) KD '000
Accrued expenses	**6,659**	6,243	9,499
Payable for settlement of purchase of securities	**16,027**	14,143	4,071
Dividend payable (Note 21)	**42,769**	—	34,200
Other payables	**20,645**	19,836	6,673
Negative fair value of forward foreign exchange contracts	**—**	—	39
	86,100	40,222	54,482

21 Dividends

The general assembly of the shareholders held on 26 March 2008 approved cash dividend of 50 Fils per share amounting to KD42.769 million and bonus shares of 10% of paid up share capital for the year ended 31 December 2007 (2006: cash dividend of 50 Fils per share and bonus shares of 20%).

22 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) entered into by the group in the ordinary course of business.

	31 March 2008 (Unaudited) KD '000	31 Dec. 2007 (Audited) KD '000	31 March 2007 (Unaudited) KD '000
Transactions included in the consolidated balance sheet:			
Loans to directors and senior management	**1,315**	1,997	2,137
Amounts due from related parties (Note 14)	**19,008**	291	1,304
Wakala payables	**21,128**	30,351	43,622
Transactions included in the consolidated statement of income:			
Interest income	**25**	415	44
Interest expense	**369**	2,304	816
Net gain on financial assets designated at fair value through statement of income	**1,904**	—	—
Key management compensation:			
Salaries and other short term benefits	**320**	1,480	179
Cost of share based payment	**250**	800	200
Terminal benefits	**140**	493	26
	710	2,773	405

23 Segmental information

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

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

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

	Asset management	Principal investments & Group Treasury	Proprietary trading	Investment banking and Advisory	Brokerage	Real estate	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
31 March 2008 (Unaudited)							
Segment income	**6,875**	**33,050**	**(3,426)**	**7,735**	**665**	**7,654**	**52,553**
Inter segment income(expense)	**657**	**(2,647)**	**—**	**1,990**	**—**	**—**	**—**
Total segment income	**7,532**	**30,403**	**(3,426)**	**9,725**	**665**	**7,654**	**52,553**
Segment profit	**5,165**	**17,948**	**(5,042)**	**9,409**	**602**	**6,839**	**34,921**
Profit for the period							**34,921**
31 March 2007 (Unaudited)							
Segment income	3,857	28,636	2,344	—	—	—	34,837
Inter segment income(expense)	565	(1,845)	—	1,280	—	—	—
Total segment income	4,422	26,791	2,344	1,280	—	—	34,837
Segment profit	3,342	17,022	1,238	1,092	—	—	22,694
Profit for the period							22,694
31 March 2008 (Unaudited)							
Total segmental assets	**—**	**771,320**	**64,366**	**—**	**—**	**46,781**	**882,467**
Total segmental liabilities	**—**	**(493,772)**	**(41,622)**	**—**	**—**	**(30,250)**	**(565,644)**
Net segmental assets	**—**	**277,548**	**22,744**	**—**	**—**	**16,531**	**316,823**
Unallocated assets							**84,186**
Unallocated liabilities							**(86,100)**
Net assets							**314,909**
Capital expenditure							**424**
Depreciation							**237**
31 March 2007 (Unaudited)							
Total segmental assets	—	589,352	42,858	—	—	14,781	646,991
Total segmental liabilities	—	(397,305)	(27,968)	—	—	(9,645)	(434,918)
Net segmental assets	—	192,047	14,890	—	—	5,136	212,073
Unallocated assets							76,625
Unallocated liabilities							(54,482)
Net assets							234,216
Capital expenditure							2,599
Depreciation							126

24 Fiduciary accounts

The group manages portfolios on behalf of others, mutual funds, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the group's balance sheet. Assets under management at 31 March

2008 amounted to KD 2,477.075 million (31 December 2007: KD 2,347.684 million and 31 March 2007: KD2,129.858 million).

25 Derivative financial instruments

	31 March 2008 (Unaudited)		31 Dec. 2007 (Audited)		31 March 2007 (Unaudited)	
	Notional amount	Positive fair value	Notional amount	Positive fair value	Notional amount	Negative fair value
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Forward foreign exchange contracts	**53,485**	**1,218**	40,203	5	48,934	(39)

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

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

26 Commitments

At 31 March 2008, the group had commitments to invest in venture capital funds and securities amounting to KD0.125 million (31 December 2007: KD0.581 million and 31 March 2007: KD2.249 million), after deducting commitments by the group's clients. Further at 31 March 2008 the group had commitments for acquisition of real estate investments aggregating KD34.16 million payable by:

	31 March 2008 (Unaudited)	31 Dec. 2007 (Audited)	31 March 2007 (Unaudited)
	KD '000	KD '000	KD '000
31 December 2008	**10,376**	33,004	—
31 December 2009	**16,333**	18,351	—
31 December 2010	**7,448**	7,657	—

Consolidated financial statements and independent auditors' report

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait
31 December 2007

Independent auditors' report

To the shareholders of
Global Investment House — KSC (Closed)
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Global Investment House (A Kuwaiti Closed Shareholding Company) (the parent company) and its subsidiaries (the Group) which comprise of the consolidated balance sheet as of 31 December 2007, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Consolidated Financial Statements

The directors of the parent company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards adopted for use by the State of Kuwait. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2007, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted for use by the State of Kuwait

Report on Other Legal and Regulatory Requirements

In our opinion proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the parent company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, and by the parent company's articles of association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of Commercial Companies Law, nor of the parent company's articles of association, as amended, have occurred during the year ended 31 December 2007 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 audit we have not become aware of any material violations of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the year ended 31 December 2007.

Anwar Y. Al-Qatami, F.C.C.A.	Waleed A. Al Osaimi
(Licence No. 50–A)	(Licence No. 68–A)
of Grant Thornton — Anwar Al-Qatami & Co.	of Ernst & Young

Kuwait
31 January 2008

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of income

	Notes	Year ended 31 Dec. 2007	Year ended 31 Dec. 2006
		KD '000	KD '000
Fees and commission income	5	**30,137**	31,597
Interest and similar income	6	**12,444**	8,858
Net gain on financial assets held for trading	7	**19,738**	8,655
Net gain on financial assets designated at fair value through statement of income	7	**56,097**	49,151
Share of results of associates	19	**4,081**	551
Net gain on investment properties	8	**2,876**	4,561
Gain on disposal of associate	9	**5,579**	1,694
Gain on disposal of subsidiaries	9	**18,975**	2,299
Foreign exchange losses		**(4,214)**	(1,154)
Other operating income	10	**8,661**	4,148
Net operating Income		**154,374**	110,360
Personnel expenses		**14,521**	8,598
Depreciation of property and equipment	21	**725**	330
Other operating expenses		**9,330**	5,689
Interest and similar expense	11	**34,423**	20,351
(Reversal) Provision charge for credit losses	16 &17	**(109)**	18
Expenses		**58,890**	34,986
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for National Labour Support Tax (NLST), Zakat and Directors' fees		**95,484**	75,374
Contribution to KFAS		**(817)**	(667)
Provision for NLST		**(2,189)**	(1,838)
Zakat		**(58)**	—
Directors' fees		**(180)**	(150)
Profit for the year		**92,240**	72,719
Attributable to:			
Shareholders of the parent company		**91,365**	71,410
Minority interest		**875**	1,309
Profit for the year		**92,240**	72,719
EARNINGS PER SHARE			
Basic earnings per share attributable to the shareholders of the parent company	12	**109**	89
Diluted earnings per share attributable to the shareholders of the parent company	12	**106**	88

The notes set out on pages 8 to 41 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated balance sheet

	Notes	31 Dec. 2007 KD '000	31 Dec. 2006 KD '000
Assets			
Cash and cash equivalents	13	**68,797**	66,830
Financial assets held for trading	14	**37,767**	30,274
Financial assets designated at fair value through statement of income	15	**507,630**	413,130
Murabaha receivables	16	**15,784**	10,177
Loans and advances	17	**24,615**	41,019
Financial investments available-for-sale	18	**18,087**	—
Investments in associates	19	**95,782**	52,062
Investment properties	20	**41,433**	414
Property and equipment	21	**20,609**	13,068
Goodwill	22	**4,437**	419
Other assets	23	**78,016**	64,498
Total assets		**912,957**	691,891
Equity and liabilities			
Share capital	24	**85,956**	70,545
Share premium	24	**91,873**	91,040
Share options reserve		**1,765**	965
Statutory reserve	25	**27,765**	18,307
General reserve	25	**27,765**	18,307
Treasury shares	26	**(1,542)**	(20,467)
Treasury shares reserve		**2,215**	3,460
Fair value reserve	27	**3,373**	(286)
Foreign exchange revaluation reserve	25	**(2,842)**	(70)
Retained earnings		**86,723**	62,583
Equity attributable to the shareholders of the parent company		**323,051**	244,384
Minority interest		**6,414**	4,582
Total equity		**329,465**	248,966
Liabilities			
Short term borrowings	28	**244,349**	201,670
Wakala payables	28	**149,167**	134,286
Medium term borrowings	29	**84,754**	55,972
Bonds	30	**65,000**	20,000
Other liabilities	31	**40,222**	30,997
Total liabilities		**583,492**	442,925
Total equity and liabilities		**912,957**	691,891

Maha Khaled Al-Ghunaim
Chairperson and Managing Director

Khaled J.Al Wazzan
Vice Chairperson and Director

The notes set out on pages 8 to 41 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2007 KD '000	Year ended 31 Dec. 2006 KD '000
OPERATING ACTIVITIES			
Profit for the year		**92,240**	72,719
Adjustments for:			
Cost of share based payment		**800**	600
Depreciation of property and equipment		**725**	330
Provision (reversal) charge for credit losses		**(109)**	18
Interest and similar income		**(12,444)**	(8,858)
Dividend income		**(8,661)**	(3,170)
Interest and similar expense		**34,423**	20,351
Share of results of associates		**(4,081)**	(551)
Unrealised gain on investment properties		**(2,146)**	—
Gain on disposal of investment properties		**(730)**	(4,561)
Gain on disposal of associate		**(5,579)**	(1,694)
Gain on disposal of subsidiaries		**(18,975)**	(2,299)
		75,463	72,885
Changes in operating assets and liabilities:			
Financial assets held for trading		**(7,493)**	(21,412)
Financial assets designated at fair value through statement of income		**(94,978)**	(273,827)
Murabaha receivables		**(5,663)**	(10,385)
Loans and advances		**16,569**	9,474
Financial investments available-for-sale		**(13,360)**	—
Other assets		**(23,486)**	(47,068)
Short-term borrowings		**42,679**	146,874
Wakala payables		**14,881**	47,038
Other liabilities		**9,721**	18,329
Cash from (used in) operations		**14,333**	(58,092)
Interest and similar income received		**11,840**	8,651
Dividend income received		**8,661**	3,170
Interest and similar expense paid		**(34,780)**	(17,230)
Net cash from (used in)operating activities		**54**	(63,501)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		**(10,511)**	(10,430)
Proceeds from disposal of subsidiaries		**32,833**	19,557
Investments in associates		**(57,035)**	(21,840)
Proceeds from disposal of associate		**20,837**	4,432
Dividend from associates		**988**	412
Purchase of property and equipment		**(8,240)**	(11,852)
Purchase of investment properties		**(40,981)**	(49,277)
Proceeds from disposal of investment properties		**3,380**	59,383
Net cash used in investing activities		**(58,729)**	(9,615)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		**2,135**	84,685
Issue of bonds		**45,000**	—
Medium term borrowings		**81,371**	55,972
Repayments of medium term borrowings		**(52,589)**	—
Purchase of treasury shares		**(76,105)**	(28,655)
Proceeds from sale of treasury shares		**95,030**	15,358
Dividends paid to shareholders of the parent company		**(34,200)**	(19,154)
Net cash from financing activities		**60,642**	108,206
Increase in cash and cash equivalents		**1,967**	35,090
Cash and cash equivalents at beginning of the year		**66,830**	31,740
Cash and cash equivalents at end of the year	13	**68,797**	66,830

The notes set out on pages 8 to 41 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of changes in equity

	Attributable to the shareholders of the parent company										
	Share capital KD '000	Share premium KD '000	Share options reserve KD '000	Reserves (Note 25) KD '000	Treasury shares KD '000	Treasury shares reserve KD '000	Fair value reserve KD '000	Retained earnings KD '000	Sub-total KD '000	Minority interest KD '000	Total KD '000
Balance as at 31 December 2006	70,545	91,040	965	36,544	(20,467)	3,460	(286)	62,583	244,384	4,582	248,966
Net change in fair value	—	—	—	—	—	—	3,659	—	3,659	—	3,659
Foreign currency translation movements	—	—	—	(2,772)	—	—	—	—	(2,772)	—	(2,772)
Net income/(expense) recognised directly in equity	—	—	—	(2,772)	—	—	3,659	—	887	—	887
Profit for the year	—	—	—	—	—	—	—	91,365	91,365	875	92,240
Total recognised income and expense for the year	—	—	—	(2,772)	—	—	3,659	91,365	92,252	875	93,127
Issue of 100% bonus shares (Note 24)	14,109	—	—	—	—	—	—	(14,109)	—	—	—
Issue of shares under group performance schemes (Note 24)	1,302	833	—	—	—	—	—	—	2,135	—	2,135
Dividends paid (Note 32)	—	—	—	—	—	—	—	(34,200)	(34,200)	—	(34,200)
Transfer to reserves	—	—	—	18,916	—	—	—	(18,916)	—	—	—
Cost of share based payment (Note 39)	—	—	800	—	—	—	—	—	800	—	800
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(2,328)	(2,328)
Purchase of treasury shares	—	—	—	—	(76,105)	—	—	—	(76,105)	—	(76,105)
Sale of treasury shares	—	—	—	—	95,030	—	—	—	95,030	—	95,030
Increase in treasury shares reserve	—	—	—	—	—	(1,245)	—	—	(1,245)	—	(1,245)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	3,285	3,285
Balance as at 31 December 2007	**85,956**	**91,873**	**1,765**	**52,688**	**(1,542)**	**2,215**	**3,373**	**86,723**	**323,051**	**6,414**	**329,465**

The notes set out on pages 8 to 41 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of changes in equity (continued)

	Attributable to the shareholders of the parent company										
	Share capital	Share premium	Share options reserve	Reserves (Note 25)	Treasury shares	Treasury shares reserve	Fair value reserve	Retained earnings	Sub-total	Minority interest	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance as at 31 December 2005	27,808	21,284	365	21,802	(6,990)	3,280	—	52,947	120,496	8,608	129,104
Net change in fair value	—	—	—	—	—	—	(286)	—	(286)	—	(286)
Foreign currency translation movements	—	—	—	(70)	—	—	—	—	(70)	—	(70)
Net income/(expense) recognised directly in equity	—	—	—	(70)	—	—	(286)	—	(356)	—	(356)
Net profit for the year	—	—	—	—	—	—	—	71,410	71,410	1,309	72,719
Total recognised income and expense for the year	—	—	—	(70)	—	—	(286)	71,410	71,054	1,309	72,363
Issue of share capital	13,904	69,520	—	—	—	—	—	—	83,424	—	83,424
Issue of 100% bonus shares	27,808	—	—	—	—	—	—	(27,808)	—	—	—
Issue of shares under group performance schemes	1,025	236	—	—	—	—	—	—	1,261	—	1,261
Dividends paid	—	—	—	—	—	—	—	(19,154)	(19,154)	—	(19,154)
Transfer to reserves	—	—	—	14,812	—	—	—	(14,812)	—	—	—
Cost of share based payment	—	—	600	—	—	—	—	—	600	—	600
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(5,335)	(5,335)
Purchase of treasury shares	—	—	—	—	(28,655)	—	—	—	(28,655)	—	(28,655)
Sale of treasury shares	—	—	—	—	15,178	—	—	—	15,178	—	15,178
Increase in treasury shares reserve	—	—	—	—	—	180	—	—	180	—	180
Balance as at 31 December 2006	70,545	91,040	965	36,544	(20,467)	3,460	(286)	62,583	244,384	4,582	248,966

The notes set out on pages 8 to 41 form an integral part of these consolidated financial statements.

1 Incorporation and activities

The consolidated financial statements of Global Investment House K.S.C. (Closed) (the parent company) and its Subsidiaries for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on 31 January 2008 and are subject to the approval of the general assembly of shareholders.

Global Investment House K.S.C. (Closed) is a closed shareholding company incorporated on 16 June 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company's shares are listed on Kuwait Stock Exchange, Bahrain Stock Exchange and Dubai Financial Market. The parent company is regulated by the Central Bank of Kuwait as an investment company.

The group comprises the parent company and its subsidiaries. Details of subsidiaries are set out in note 38.

The group is principally engaged in the provision of investment services. Its registered office is at Souk Al Safat, Abdulla Mubarak Street, Kuwait City.

The group primarily operates in the Gulf Cooperation Council and other Middle East and North Africa (MENA) countries.

2 Adoption of new and revised International Financial Reporting Standards

In the current year, the group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements and IFRIC 10 Interim Financial Reporting and Impairment effective for annual reporting periods beginning 1 November 2006.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends disclosure requirements previously set out in IAS 32 Financial Instruments: Presentation and Disclosures. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the group's financial statements now feature:

- A sensitivity analysis, to explain the group's market risk exposure in regards to its financial instruments, and
- Net gain or loss on each category of financial assets

each at the balance sheet date. The first time adoption of IFRS 7, however, has not resulted in any prior-period adjustments of cash flows, net income or balance sheet line items.

IAS 1 Presentation of Financial Statements

In accordance with the amendments to IAS 1 Presentation of Financial Statements, the group now reports on its capital management's objectives, policies and procedures in each annual financial report.

2 Adoption of new and revised International Financial Reporting Standards

IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 10 Interim Financial Reporting and Impairment prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at amortised cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the group's consolidated financial statements.

The following new Standards and Interpretations which are yet to become effective have not been adopted:

- IAS 1 (Revised) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

- IFRS 8 Operating Segments (effective for annual periods on or after 1 January 2009)
- IAS 23 (Revised) Borrowing costs (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007)

Based on the group's current business model and accounting policies, management does not expect material impact on the group's consolidated financial statements in the period of initial applications of the above interpretations.

IAS 1 Presentation of Financial Statements has been revised to require that an entity must present all non-owner changes in equity either in one statement of comprehensive income or in two separate statements (i.e. a statement of income and a statement of comprehensive income). Components of comprehensive income such as changes in revaluation surplus, gains and losses on remeasuring available for sale investments and gains and losses arising from translating the financial statements of foreign operation may not be presented in the statement of changes in equity. The application of the revised standard is not expected to result in any prior period adjustments of cash flow, net income or balance sheet line items in the initial period of application.

IFRS 8 Operating Segments is a disclosure standard which may result in a redesignation of the group's reportable segments but is not expected to have any impact on the results or financial position of the group.

IAS 23 Borrowing Costs has been amended resulting into elimination of the previously available option to expense all borrowing costs when incurred. Under the revised standard, all borrowing costs that are directly attributable to qualifying assets are to be capitalised. The application of the revised standard is not expected to have a material impact on the consolidated financial statements in the period of initial application.

The group does not intend to apply any of the above pronouncements early.

The following standards, amendments and interpretations are mandatory for reporting periods beginning on or after 1 January 2007 but they are not relevant to the group's operations:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-Inflationary Economies; and
- IFRIC 9 Reassessment of Embedded Derivatives.

3 Significant accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2006. The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading securities, investments carried at fair value through statement of income, available-for-sale investments, real estate investments and derivative financial instruments.

The consolidated financial statements have been presented in Kuwaiti Dinars which is the functional currency of the parent company, and all values are rounded to the nearest thousand (KD'000) except when otherwise indicated.

Basis of consolidation

Subsidiaries are those enterprises controlled by the parent company. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries, other than those that are acquired with a view to disposal within twelve months from the date of acquisition, are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Minority interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combination are recognised at their fair values at the acquisition date. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquirer at the date of the acquisition. Any excess, at the date of acquisition, of the group's share in the fair value of the identifiable net assets acquired over the acquisition cost is recognised as negative goodwill in the consolidated statement of income.

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Any excess, at the date of acquisition, of the group's share in the fair value of the net identifiable assets acquired over the cost of the acquisition is recognised as negative goodwill.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Fees and commission income

The group earns fees and commission income from diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

1. Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

2. Fee income from providing transaction services

Fees arising for rendering specific advisory services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Interest and similar income

Interest income considered an integral part of the effective yield of a loan, is recognised using the effective yield method. The recognition of interest income is suspended when loans become impaired, such as when overdue by more than 90 days. Notional interest is recognised on impaired loans and other financial assets based on the rate used to discount future cash flows to their net present value.

Murabaha income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

Share-based payment transactions

Employees (including executive directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the market value of the parent company's shares at each reporting date and the date of final settlement to the exercise price with any change in intrinsic value recognised in the consolidated statement of income.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees exercise their rights. The cumulative expense recognised for equity-settled transactions at each reporting date until the exercise date reflects the extent to which the exercise period has expired and the number of awards that, in the opinion of the directors at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of the outstanding options is reflected as additional share dilution in the computation of the earnings per share (see note 12).

Taxation

Taxation is provided for in accordance with the fiscal regulations of the respective countries in which the group operates.

Contribution to KFAS, National Labour Support and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax and Zakat represent levies/taxes imposed on the parent entity at the flat percentage of net profits less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent taxation/levy regulations no carry forward of losses is permitted and there are no significant differences between the tax /levy bases of assets and liabilities and their carrying amount for financial reporting purposes.

Tax/statutory levy	Rate
The National Labour Support Tax	2.5% of net profit less permitted deductions
Contribution to KFAS	1.0% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid money market investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Financial assets

Financial assets are classified into the following categories:

- Investments at fair value through statement of income
- Loans and advances
- Available for sale
- Murabaha

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All investments are initially measured at cost which is the fair value, plus transaction costs, except for those investments classified as at fair value through statement of income, which are initially measured at fair value.

Investments at fair value through statement of income

Investments at fair value through statement of income are investments that are either classified as trading securities or are designated by the group to be carried at fair value through statement of income upon initial recognition.

These investments are stated at fair value. Gains or losses arising either from sale or changes in fair value on remeasurement are recognised in the consolidated statement of income.

Loans and advances

Loans and advances are financial assets originated by the group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market. Loans and advances are stated at amortised cost net of interest suspended and provisions for impairment and credit losses.

Available for sale securities

Available for sale securities are financial assets that do not qualify for inclusion in any of the other categories of the financial assets.

These securities are stated at fair value. Gains or losses arising from changes in fair value are recognised directly in equity in the fair value reserve in equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in the consolidated statement of income.

Murabaha

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.

Murabaha receivables which arise from the group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

Fair values

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transactions.

For securities traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by using valuations implied by significant financial events e.g. indicative bids, partial exits, or by using valuations implied by appropriate valuation techniques such as book to price by reference to market value of similar instruments.

The determination of fair value is done for each investment individually.

Impairment and uncollectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset, or group of similar assets, may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the statement of income. For assets carried at amortised cost, future anticipated cash flows are discounted at the financial instrument's original effective interest rate. For assets carried at fair value, impairment is the difference between cost and fair value.

In addition, in accordance with the Central Bank of Kuwait instructions, a minimum general provision of 1% on all credit facilities net of certain restricted categories of collateral, and not subject to specific provision, is provided.

The provision for impairment of loans and advances also covers losses where there is objective evidence that probable losses are present in components of the loans and advances portfolio at the balance sheet date. These have been estimated based on historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognised either when the group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investment in associates

The group's investments in associates are accounted for under the equity method of accounting. These are entities in which the group has between 20% to 50% of the voting power or over which it exercises significant influence. Investments in associates are carried in the balance sheet at cost, plus post-acquisition changes in the group's shares of net assets of the associate, less any impairment in value. The consolidated statement of income reflects the group's share of the results of its associates.

Investment properties

Investment properties represent real estate investments that are initially recorded at cost being its purchase price and any directly attributable acquisition costs. After initial recognition, investment properties are remeasured at fair value.

Gain or loss arising either from sale or a change in the fair value of investment properties is recognised in the consolidated statement of income.

The carrying amounts are reviewed at each balance sheet date on an individual basis by reference to their fair value to assess whether they are recorded in excess of their recoverable amount. Provisions for impairment losses, if any, are made where carrying values exceed the recoverable amount.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts assets are written down to their recoverable amount.

Capital expenditure on assets in the course of construction is stated at cost. On completion of construction it is capitalised and transferred to an appropriate asset category, from which time depreciation is applied.

Depreciation

Depreciation is provided on all property and equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. The estimated useful lives of equipment are between 3 to 5 years.

Money market borrowings

All money market borrowings are carried at amortised cost.

Wakala payables

Wakala payables represent short term borrowings under *Islamic* principles and are stated at amortised cost.

Bonds

Bonds are carried on the balance sheet at their principal amount, net of directly related costs of issuing the bonds to the extent that such costs have not been amortised. These costs are amortised through the consolidated statement of income over the life of the bonds using the effective interest rate method.

Interest is charged as an expense as it accrues, with unpaid amounts included in other liabilities.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Treasury shares

The parent company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is non distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. 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.

Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the group and accordingly are not included in these consolidated financial statements.

Foreign currencies

With the exception of forward contracts, transactions in foreign currencies of the respective group entity are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

In the group's financial statements, all items and transactions of group entities with a functional currency other than Kuwaiti Dinar (KD) are translated into KD upon consolidation. Assets and liabilities are translated into KD at the closing rate at the balance sheet date. Income and expenses are translated into KD at the average rates over the reporting period. Any differences arising from the translation are taken to foreign exchange revaluation reserve in equity.

Forward foreign exchange contracts

Forward foreign exchange contracts outstanding at the year end are translated at the forward rate current at the balance sheet date with any resultant gains or losses being taken to the consolidated statement of income.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Critical judgements in applying accounting policies

In the process of applying the group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements:

Classification of real estate property

Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The group classifies property as property under development if it is acquired with the intention of development.

The group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held for trading, at fair value through statement of income, or available for sale.

The group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

Classification of investments as investment at fair value through income statement depends on how management monitor the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as at fair value through statement of income.

All other investments are classified as available for sale.

5 Fees and commission income

	2007 KD '000	2006 KD '000
Management fees on assets under management	**16,864**	13,625
Incentive fees on assets under management	**2,752**	1,965
Placement fees-managed funds	**1,176**	3,072
Investment banking and advisory fees	**6,656**	12,913
Brokerage	**688**	22
Other fees and commission	**2,001**	—
	30,137	31,597

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

6 Interest and similar income

	2007 KD '000	2006 KD '000
Cash and cash equivalents	**679**	1,873
Financial assets designated at fair value through statement of income	**405**	92
Murabaha receivables	**1,471**	355
Financing of future trades by customers	**6,166**	2,329
Loans and advances	**2,769**	4,209
Others	**954**	—
	12,444	8,858
Interest and similar income on financial assets at fair value	**405**	92
Interest and similar income on financial assets not at fair value	**12,039**	8,766
	12,444	8,858

7 Net gain on financial assets

Net gain on financial assets, analysed by category for the year ended 31 December 2007, is as follows:

	Held for trading KD '000	Designated at fair value through statement of income KD '000	Financial investments available-for-sale KD '000	Total KD '000
Realised gains	18,107	26,855	—	**44,962**
Unrealised gains-mark-to-market	1,631	26,893	—	**28,524**
Unrealised gains-mark-to-model	—	2,349	—	**2,349**
Net realised and unrealised gains	**19,738**	**56,097**	—	**75,835**
Net unrealised gain recorded directly in equity	**—**	**—**	3,659	**3,659**
	19,738	**56,097**	**3,659**	**79,494**

Net gain on financial assets, analysed by category for the year ended 31 December 2006, is as follows:

	Held for trading KD '000	Designated at fair value through statement of income KD '000	Financial investments available-for-sale KD '000	Total KD '000
Realised gains	7,705	20,326	—	28,031
Unrealised gains-mark-to-market	950	18,530	—	19,480
Unrealised gains-mark-to-model	—	10,295	—	10,295
Net realised and unrealised gains	8,655	49,151	—	57,806
Net unrealised loss recorded directly in equity	—	—	(286)	(286)
	8,655	49,151	(286)	57,520

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

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

8 Net gain on investment properties

	2007 KD '000	2006 KD '000
Realised gains arising from disposals	**730**	4,561
Unrealised gains arising from revaluations	**2,146**	—
	2,876	4,561

9 Gain on disposal of subsidiaries and associates

9.1 During the year the group initially reduced its stake in Kadhma Holding Company — KSC (Holding) from 77.5% to 68.11% through multiple sales transactions resulting in net gains of KD0.052 million. Subsequently, 65.78% of its ownership interest was sold for a consideration of KD13.178 million. The entire consideration was received by means of cash and cash equivalents. The remaining interest of 2.33% is accounted as investments at fair value through statement of income. The group's pro rata share in the net income of the subsidiary up to the date of initial multiple sales, and final sale of 65.78% stake to a single party resulted in a net gain of KD9.701 million.

In the group's 31 December 2006 consolidated financial statements the following results of Kadhma Holding Company — KSC (Holding) were included:

	KD '000
Loss for the year	(216)
Total assets	2,396
Total liabilities	38
Net cash inflow from operating, investing and financing activities	200
Cash and cash equivalents at end of the year	207

The disposal of the group's stake in Kadma resulted in disposal of the following assets and liabilities:

	KD '000
Cash and cash equivalents	377
Total assets other than cash and cash equivalents	6,318
Total liabilities	4,220

9.2 During the year the group sold its 87% of its ownership interest in Nibrass Holding Company KSC (Closed) for a consideration of KD20.5 million resulting in net gain of KD9.274 million. The entire consideration was received by means of cash and cash equivalents. The remaining interest of 1% is accounted as investments at fair value through statement of income. The group's pro rata share in the net income of the subsidiary up to the date sale of controlling stake resulted in a net gain of KD0.5 million.

In the group's 30 June 2007 consolidated financial statements the following results of Nibrass Holding Company KSC (Closed) were included:

	KD '000
Loss for the year	(406)
Total assets	8,842
Total liabilities	827
Net cash inflow from operating, investing and financing activities	4,127
Cash and cash equivalents at end of the year	5,966

The disposal of the group's stake in Nibrass resulted in disposal of the following assets and liabilities:

	KD '000
Cash and cash equivalents	468
Total assets other than cash and cash equivalents	8,597
Total liabilities	971

9.3 During the year, the group also sold, in various transactions, 37.2% of its ownership interest in its associate, Real Estate Development Company — JSC, for an aggregate amount of KD 15.9 million resulting into a gain of KD 6.037 million. The remaining interest of 4.5 % is accounted for as investments at fair value through statement of income.

9.4 Other insignificant sale of investment in associate resulted in a loss of KD 0.458 million.

All the above sales represent exits under the group's Principal Investments *(Private Equity/Private Investments in Public Equity — PIPE)* line of business and not sale of its core operating divisions.

10 Other operating income

	2007 KD '000	2006 KD '000
Dividend income	**8,661**	3,170
Rental income	**—**	978
	8,661	4,148

11 Interest and similar expense

Interest and similar expense relates to the group's borrowings activities: short-term borrowings, wakala payables, medium-term borrowings and bonds. All these financial liabilities are stated at amortised cost.

12 Earnings per share

Basic earnings per share is computed by dividing the profit for the year attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

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

	2007	2006
Profit for the year attributable to the shareholders of the parent company (KD '000)	**91,365**	71,410
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares) ('000)	**837,061**	802,348
Effect of dilution from weighted average number of share options outstanding ('000)	**23,117**	9,534
Adjusted weighted average number of ordinary shares for diluted earnings per share ('000)	**860,178**	811,882
Basic earnings per share attributable to the shareholders of the parent company	**109**	89
Diluted earnings per share attributable to the shareholders of the parent company	**106**	88

The weighted average number of shares for the purpose of calculating both basic and diluted earnings per share have been adjusted to reflect the bonus issue in March 2007 (note 24).

13 Cash and cash equivalents

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

	2007 KD '000	2006 KD '000
Bank balances and cash	**66,600**	63,634
Investment in money market instruments	**2,197**	3,196
	68,797	66,830

14 Financial assets held for trading

	2007 KD '000	2006 KD '000
GCC and MENA equities	**18,324**	21,968
International equities	**19,443**	8,306
	37,767	30,274

15 Financial assets designated at fair value through statement of income

	2007 KD '000	2006 KD '000
Unquoted debt securities	**9,226**	11,023
Unquoted equity securities	**161,523**	135,047
Quoted equity securities and managed funds	**336,881**	267,060
	507,630	413,130

The fair values of unquoted equity securities are determined using valuation techniques that are based on recent arm's length market transactions or current fair value of another instrument that is substantially the same.

16 Murabaha receivables

Murabaha receivables are classified as receivables originated by the group.

	2007 KD '000	2006 KD '000
Gross amount	**16,048**	10,385
Less: Provision for credit losses	**(264)**	(208)
	15,784	10,177

Murabaha receivable arising from a Murabaha transaction with the principal amount and profit thereon being recoverable over a one year period from the date of the transaction and an average profit rate over the period of 7% per annum (2006: 6.86%). The balance is stated net of general provision of 1% in accordance with Central Bank of Kuwait instructions.

16.1 The movement in the provision for credit losses during the period is as follows:

	2007 KD '000	2006 KD '000
Balance beginning of the year	**208**	—
Charge for the year	**56**	208
	264	208

17 Loans and advances

Loans and advances are classified as receivables originated by the group.

	2007 KD '000	2006 KD '000
Gross amount	**25,287**	41,856
Less: Provision for credit losses	**(672)**	(837)
	24,615	41,019

Loans are granted to GCC companies and individuals and are secured against investments in the funds and securities held in fiduciary portfolios on behalf of the borrowers.

The policy of the group for calculation of the provision for credit losses for loans and advances complies in all material respects with the specific and general provision requirements of Central Bank of Kuwait. In this respect the Central Bank of Kuwait requires a general provision of at least 1% on all credit facilities not subject to specific provision.

17.1 The movement in the provision for credit losses during the period is as follows:

	2007 KD '000	2006 KD '000
Balance at the beginning of the year	**837**	1,027
Reversed during the year	**(165)**	(190)
	672	837

18 Financial investments available-for-sale

	2007 KD '000	2006 KD '000
Quoted equity securities	**1,616**	—
Unquoted equity securities	**16,471**	—
	18,087	—

19 Investments in associates

Details of the group's associates are set out below:

Name	Country of incorporation	Voting capital held % 2007	Voting capital held % 2006	Purpose
National Int'l Holding — KSC (Closed) (quoted)	Kuwait	31	36	Investment services
Real Estate Development Co., (quoted)	Jordan	—	42	Real estate services
JS Global Capital Limited (*formerly Jahangir Siddiqui Capital Markets Limited)* — quoted	Pakistan	43	43	Financial services
Vision Network Television	Pakistan	27	27	Media services
Barings Asia Private Equity	Hong Kong	25	25	Financial services
Adari Park	Bahrain	20	20	Real estate services
Fina Corp	Tunisia	49	49	Financial services
Arab East Investment for Real Estate (quoted)	Jordan	24	—	Real estate services
Union Bank for Savings (quoted)	Jordan	37	—	Banking
Al Quds Bank (quoted)	Jordan	49	—	Banking
Investment House Qatar	Qatar	22	—	Financial services

	2007 KD '000	2006 KD '000
Aggregate share of associates' balance sheets:		
Total assets	**209,042**	39,394
Total liabilities	**(159,049)**	(5,951)
Net assets	**49,993**	33,443
Aggregate share of associates' revenue and profit:		
Revenue	**12,364**	775
Profit	**4,081**	551
Aggregate carrying amount of the unquoted associates	**12,842**	11,889
Aggregate carrying amount of the quoted associates	**82,940**	40,173
	95,782	52,062
Aggregate fair value of quoted associates	**106,734**	42,523

20 Investment properties

	2007 KD '000	2006 KD '000
Carrying amount at 1 January	**414**	5,959
Addition relating to subsidiaries	**542**	—
Additions	**40,981**	49,277
Disposals	**(2,650)**	(54,822)
Unrealised profit from fair valuations	**2,146**	—
Carrying amount at 31 December	**41,433**	414

21 Property and equipment

	Furniture & fixtures	Office equipment & computers	Work in progress	Total
	KD '000	KD '000	KD '000	KD '000
Balance at 1 January 2007, net of accumulated depreciation	1,229	532	11,307	**13,068**
Addition relating to subsidiaries, net	—	26	—	**26**
Additions, net	44	810	7,386	**8,240**
Depreciation for the year	(354)	(371)	—	**(725)**
Balance at 31 December 2007, net of accumulated depreciation	919	997	18,693	**20,609**
At cost	2,508	1,889	18,693	**23,090**
Accumulated depreciation	(1,589)	(892)	—	**(2,481)**
Net carrying amount at 31 December 2007	**919**	**997**	**18,693**	**20,609**
Balance at 1 January 2006, net of accumulated depreciation	378	329	—	707
Addition relating to subsidiaries, net	839	—	—	839
Additions, net	254	291	11,307	11,852
Depreciation for the year	(242)	(88)	—	(330)
Balance at 31 December 2006, net of accumulated depreciation	1,229	532	11,307	13,068
At cost	2,464	1,053	11,307	14,824
Accumulated depreciation	(1,235)	(521)	—	(1,756)
Net carrying amount at 31 December 2006	1,229	532	11,307	13,068

21.1 Work in progress represents cost incurred to date with respect to the construction of a new Head office building.

22 Goodwill

	2007	2006
	KD '000	KD '000
At 1 January	**419**	2,003
Goodwill paid on acquisition of Nibrass Holding Company KSCC	**3,150**	—
Goodwill paid on consolidation of Nibrass Holding Company KSCC	**758**	—
Goodwill paid on acquisition of Arabian Seas Insurance Co. (SAL)	**4,018**	—
Arising on acquisition of a Jordan Trade Facilities	**—**	419
Eliminated on part disposal of Nibrass Holding Company KSCC (note 9)	**(3,908)**	(2,003)
At 31 December	**4,437**	419

22.1 Acquisition of subsidiary

a) During the period the group obtained the effective control of Nibrass Holding Company KSC (Closed) with 88.2% ownership (previously less than effective control ownership accounted as 'Investments carried at fair value through statement of income'). Details of net assets acquired are as follows:

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

b) During the period the group also obtained the effective control of Arabian Seas Insurance Co. (SAL) with 65.2% ownership (previously less than effective control ownership accounted as 'Investments carried at fair value through statement of income'). Details of net assets acquired are as follows:

	KD '000
Purchase consideration	**7,690**
Share of fair value of net assets acquired	**(3,672)**
Goodwill	**4,018**
Net cash outflow arising on acquisition:	
Cash consideration paid	**(7,690)**
Cash and cash equivalents acquired	**2,100**
	5,590

23 Other assets

	2007 KD '000	2006 KD '000
Accrued income	**10,588**	13,045
Receivables for settlement of sale of securities	**10,561**	8,009
Financing of future trades by customers	**37,913**	15,691
Deposits, prepayments and other receivables	**9,528**	13,373
Advances for purchase of investments	**9,130**	13,054
Amount due from related parties (note 33)	**291**	1,326
Positive fair value of forward foreign exchange contracts (note 36)	**5**	—
	78,016	64,498

24 Share capital and share premium

	Authorised		Issued and fully paid	
	2007 KD '000	2006 KD '000	2007 KD '000	2006 KD '000
Share of KD0.100 each	**85,956**	70,545	85,956	70,545

The annual general meeting of the shareholders held on 14 March 2007 approved to increase the authorised capital from KD 70.545 million to KD 85.956 million by issuance of 141,090,634 bonus shares and 13,013,617 shares under the group's performance bonus scheme and share option scheme. During the year, 13,013,617 shares under group's performance bonus scheme and share option scheme were issued and fully paid. The excess over the nominal value of shares issued has been credited to share premium.

Share premium is not available for distribution.

25 Reserves

	Statutory reserve	General reserve	Foreign exchange revaluation reserve	Total
	KD '000	KD '000	KD '000	KD '000
Balance as at 31 December 2006	**18,307**	**18,307**	**(70)**	**36,544**
Transfer from retained earnings	**9,458**	**9,458**	**—**	**18,916**
Foreign exchange differences	**—**	**—**	**(2,772)**	**(2,772)**
Balance as at 31 December 2007	**27,765**	**27,765**	**(2,842)**	**52,688**
Balance as at 31 December 2005	10,901	10,901	—	21,802
Transfer from retained earnings	7,406	7,406	—	14,812
Foreign exchange differences	—	—	(70)	(70)
Balance as at 31 December 2006	18,307	18,307	(70)	36,544

25.1 Statutory reserve

In accordance with the Commercial Companies Law and the parent company's Articles of Association, 10% of the profit for the year attributable to shareholders of the parent company (before contributions to KFAS, NLST, directors' fees and Zakat) has been transferred to statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

25.2 General reserve

The parent company's Articles of Association require that 10% of the profit for the year attributable to the shareholders of the parent company (before contributions to KFAS, NLST, directors' fees and Zakat) should be transferred to a general reserve. There are no restrictions on distribution of general reserve.

26 Treasury shares

	2007	2006
Number of shares ('000)	**1,621**	17,939
Percentage of issued shares	**0.19%**	2.543%
Cost of treasury shares (KD '000)	**1,542**	20,467
Market value (KD '000)	**1,588**	19,733

Reserves of the parent company equivalent to the cost of treasury shares have been earmarked as non-distributable.

27 Fair value reserve

This has arisen on equity accounting of associates and represents group's share of post-acquisition changes in the financial instruments available for sale.

	2007 KD '000	2006 KD '000
Balance at 1 January	**(286)**	—
Net unrealised gain during the year	**3,659**	(286)
Net movement during the year	**3,659**	(286)
Balance at 31 December	**3,373**	(286)

28 Short term borrowings and wakala payables

Borrowings are due to local and regional financial institutions with maturities ranging from less than 3 months to 12 months from the date of borrowings and are unsecured. The average effective interest ranges between 5.81% and 8.25% (2006: 6.32% and 8.25%) per annum.

Wakala payables represent wakala contracts with local financial institutions maturing within 6 months from the balance sheet date. The average effective cost attributable to these contracts ranges between 6.1% to 8% (2006: 6.35% to 8.25%) per annum.

29 Medium term borrowings

Medium term borrowings were obtained for general financing purposes and are due to regional and international financial institutions under the following facilities at 31 December 2007:

a) 3 year US$300 million syndicated loan facility, maturing in June 2010; and

b) US$ 10 million facility maturing in October 2009.

These facilities carry a floating rate interest of 6 month LIBOR plus a margin ranging from 1% to 1.25% (2006: 1% to 1.25%) per annum.

As at 31 December 2006 the facilities were as follows:

a) 3 years US$75 million syndicated loan facility, maturing in September 2009

b) 3 years US$ 107 million bilateral lending facility maturing in September 2009 and

c) US$ 10 million facility maturing in October 2009.

30 Bonds

	2007 KD '000	2006 KD '000
On 23 June 2005, the parent company issued unsecured bonds in the principal amount of KD20,000,000 composed of bonds in two series as follows:		
• Fixed rate bonds due on 23 June 2009 (bearing fixed interest at the rate of 5% per annum payable semi-annually)	**8,000**	8,000
• Floating rate bonds due on 23 June 2009 (bearing interest at the rate of 1% per annum over the six-month KIBOR in effect on the rate fixing date payable semi-annually)	**12,000**	12,000
On 25 April 2007, the parent company issued unsecured bonds in the principal amount of KD45,000,000 composed of bonds in two series as follows:		
• Fixed rate bonds due on 25 April 2012 (bearing fixed interest rate of 7% payable semi annually)	**20,000**	—
• Floating rate bonds due on 25 April 2012 (bearing interest at the rate of 1% per annum over six-month KIBOR in effect on the rate fixing date payable semi-annually)	**25,000**	—
	65,000	20,000

The parent company has the option of early redemption on all bonds (together) at any time after two years from the date of issue at face value plus accrued interest.

31 Other liabilities

	2007 KD '000	2006 KD '000
Accrued expenses	**6,243**	9,973
Payable for settlement of purchase of trading securities	**14,143**	12,928
Other payables	**19,836**	7,962
Negative fair value of forward foreign exchange contracts (note 36)	**—**	134
	40,222	30,997

32 Proposed dividends

Subsequent to the balance sheet date, the directors have proposed a cash dividend of 50 Fils per share and bonus shares of 10% of paid up share capital which is subject to the approval of the shareholders at the annual general meeting. Total cash dividend is expected to be KD42.978 million.

During 2007, cash dividends of 50 Fils per share totalling KD34.200 million and bonus shares of 20% of paid up capital for the year ended 31 December 2006 were approved at the shareholders annual general meeting on 14 March 2007 and were paid in 2007 following that approval.

33 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) entered into by the group in the ordinary course of business.

	2007 KD '000	2006 KD '000
Amounts included in the consolidated balance sheet:		
Loans to directors and senior management	**1,997**	2,369
Amounts due from related parties (Note 23)	**291**	1,326
Wakala payables	**30,351**	7,198
Transactions included in the consolidated statement of income:		
Interest and similar income	**415**	181
Interest and similar expense	**2,304**	2,453
Gain on disposal of subsidiaries	**—**	1,037
Key management compensation		
Salaries and other short term benefits	**1,480**	1,535
Cost of share based payment	**800**	600
Terminal benefits	**493**	393
	2,773	2,528

Information in relation to share options granted prior to 7 November 2002 has been disclosed in note 39.

34 Segmental information

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

- Assets Management: Managing of GCC, MENA and international managed funds, discretionary and non-discretionary portfolio management and custody services.

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

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

	Asset management	Principal investments & Group Treasury	Proprietary trading	Investment banking and Advisory	Real estate	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
31 December 2007						
Segment income	**20,792**	**104,679**	**16,682**	**8,718**	**3,503**	**154,374**
Inter segment income(expense)	**2,430**	**(7,549)**	**—**	**5,119**	**—**	**—**
Total segment income	**23,222**	**97,130**	**16,682**	**13,837**	**3,503**	**154,374**
Segment profit	**16,339**	**49,908**	**11,609**	**11,850**	**2,534**	**92,240**
Profit for the year						**92,240**
31 December 2006						
Segment income	18,662	65,723	7,501	12,935	5,539	110,360
Inter segment income(expense)	1,865	(4,674)	—	2,809	—	—
Total segment income	20,527	61,049	7,501	15,744	5,539	110,360
Segment profit	16,682	32,177	4,593	14,403	4,864	72,719
Profit for the year						72,719
31 December 2007						
Total segmental assets	**—**	**773,045**	**37,767**	**—**	**41,433**	**852,245**
Total segmental liabilities	**—**	**(493,604)**	**(23,684)**	**—**	**(25,982)**	**(543,270)**
Net segmental assets	**—**	**279,441**	**14,083**	**—**	**15,451**	**308,975**
Unallocated assets						**60,712**
Unallocated liabilities						**(40,222)**
Net Assets						**329,465**
Capital expenditure						**8,240**
Depreciation						**725**
31 December 2006						
Total segmental assets	—	599,328	30,274	—	414	630,016
Total segmental liabilities	—	(392,608)	(19,059)	—	(261)	(411,928)
Net segmental assets		206,720	11,215	—	153	218,088
Unallocated assets				—		61,875
Unallocated liabilities						(30,997)
Net Assets						248,966
Capital expenditure						11,852
Depreciation				—		330

35 Fiduciary accounts

The group manages portfolios on behalf of others, mutual funds, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the group's balance sheet. Assets under management at 31 December 2007 amounted to KD 2,347.684 million (2006: KD2,084.529 million).

36 Derivative financial instruments

	2007 Notional amount	2006 Notional amount	2007 Positive fair value	2006 Negative fair value
	KD '000	KD '000	KD '000	KD '000
Forward foreign exchange contracts	**40,203**	97,759	5	(134)

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

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

37 Commitments

At 31 December 2007, the group had commitment to invest in venture capital funds and investments securities amounting to KD 0.581 million (2006: KD 0.616 million), after deducting commitments by the group's clients. Further, at 31 December 2007, the group had commitments for acquisition of real estate investments aggregating KD 59.012 million payable by:

	KD '000
31 December 2008	33,004
31 December 2009	18,351
31 December 2010	7,657

At 31 December 2006, the group had commitments for acquisition of real estate investments were KD 20.563 million.

38 Subsidiary companies

Details of significant subsidiary companies are set out below:

Company Name	County of incorporation	Voting capital held %	Purpose
Safi Financial Services — KSC (Closed)	Kuwait	100	Financial Brokerage Co,
Al Rawabi International Holding Co. — KSC (Closed)	Kuwait	100	Economic Consultancy
Al Safa International Holding Company — KSC (Closed) [formerly: Second Economic Consultancy Co. — WLL]	Kuwait	100	Economic Consultancy
Hanadi International General Trading & Contracting Company — WLL	Kuwait	100	General Trading & Contracting
Kuwait International Labour Recruitment Company —WLL	Kuwait	100	Labour Recruitment
Lial for Super Market Company — KSC (Closed)	Kuwait	100	Investment Activities
National Company for Educational Development — WLL	Kuwait	100	Educational Services
Gulf Real Estate Fund Company — WLL	Kuwait	100	Investment Activities
Arabian Hospitality Holding Co. — KSC (Closed)	Kuwait	100	Investment Activities
Eighth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Tenth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Eleventh Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Thirteenth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Fourteenth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Second Computer Consultancy — WLL	Kuwait	100	Computer Consultancy
Al Saif National Holding Company — KSC (Closed) [formerly: Third Marketing Consultancy Company — WLL]	Kuwait	100	Marketing Consultancy
Fourth Marketing Consultancy Company — WLL	Kuwait	100	Marketing Consultancy
Fifth Economic Consultancy Company — WLL	Kuwait	100	Economic Consultancy
Sixth Economic Consultancy Company — WLL	Kuwait	100	Economic Consultancy
Global Investment House — BSC (Closed)	Bahrain	100	Investment Activities
Global Investment House — JSC (Closed)	Jordan	100	Investment Activities
Shurooq Investment Services Company — SAOG	Oman	65	Investment Activities
Shurooq Securities Company — LLC	Oman	50	Brokerage Activities
Global Investment House (Qatar) — LLC	Qatar	100	Investment Banking & Advisory
Jordan Trade Facilities — JSC	Jordan	70	Financing Activities
Global Investment House, Dubai	UAE	100	Investment Activities
Global Investment House, Abu Dhabi	UAE	100	Investment Activities
Global Investment House, Yemen	Yemen	100	Investment Activities
Global Investment House, Mumbai	India	100	Investment Activities
Global Investment House, Riyadh	Saudi Arabia	100	Investment Activities
Arabian Sea Insurance, Amman	Jordan	65	Insurance services
Global Investment House, Sudan	Sudan	76	Investment Activities

39 Profit-sharing schemes

The parent company operates two profit-sharing schemes to reward the performance of its employees, namely a performance bonus scheme (PBS) and a share option scheme (SOS). Both schemes are in operation for a period of 10 years, with the first year being the fiscal year ended 31 December 1999. The total capital increase to meet the requirements of the schemes should not exceed 15% of the parent company's share capital at the end of 2009.

The PBS covers all employees who are entitled to receive a portion of their annual bonus in shares to be issued by the company. The SOS covers senior executives who are granted an option to subscribe for shares allotted to them at the commencement of each year of a three-year period, at the end of which the employee may exercise the option. The average subscription price for the shares allotted under both schemes approximates the adjusted book value per share at the beginning of each year.

	2007		2006	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		KD		KD
Outstanding at the beginning of the year	**16,144,347**	**0.177**	—	—
Granted during the year	**29,008,954**	**0.164**	26,401,787	0.156
Forfeited during the year	**(209,185)**	**1.000**	—	—
Exercised during the year	**(13,013,617)**	**0.164**	(10,257,440)	0.123
Expired during the year	**—**	**—**	—	—
Outstanding at the end of the year	**31,930,499**	**0.165**	16,144,347	0.177
Exercisable at the end of the year	**—**	**—**	—	—

The weighted average strike price at the date of exercise of share options exercised during the year which were all vested at 17 March 2007 was KD0.123, whereas the weighted average market price at the time of exercise was KD0.730. The options outstanding at 31 December 2007 had a weighted average exercise price of KD0.165 and a weighted average remaining contractual life of 0.5 year.

The fair value of share options granted during the year is KD25.295 million (2006: KD22.157 million) for which an expense of KD0.800 million (2006: KD0.600 million) was recognised in the consolidated statement of income.

During the year 13,013,617 shares (2006: 10,257,440 shares) were exercised under the PBS at a price of KD0.164 per share (2006: KD0.123). During the year no options were exercised under SOS scheme. (2006: Nil options at average strike price of KD Nil).

At 31 December 2007, options outstanding under the SOS amounted to 31,139,683 shares (2006: 16,144,347) exercisable after the Annual General Meeting relating to the approval of 2007 financial statements. Included within this outstanding balance are options of 29,534,178 shares that have not been expensed in accordance with IFRS 2 as the options related to schemes on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

Share options outstanding at the end of the year have the following exercise prices:

	2007		2006	
Expiry Date	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		KD		KD
30 June 2008	**31,139,683**	**0.144**	15,144,347	0.123
30 June 2009	**790,816**	**1.000**	1,000,000	1.000
	31,930,499		16,144,347	

40 Risk management objectives and policies

The recognition and management of risk is an essential element of group's risk strategy. The Board, being ultimately responsible for the management of risks associated with group's activities, has established a framework of Board Committees, policies and controls to identify, assess, monitor and manage risk.

Risk strategies and policies are approved by the Board. The Head of Risk Management reports directly to the Chairperson and has access to the Board of Directors.

Group's risk policies and processes aim to protect the asset values and income streams such that the interests of shareholders and external fund providers are protected and shareholders' return is optimised.

Group's key quantitative risk policies include:

- maintaining minimum levels of capital adequacy (calculated in accordance with the Rules and Regulations Concerning Capital Adequacy Standards of the Central Bank of Kuwait issued as per circular number (2/BS/184/2005) of December 2005) at 15 percent. (although, as an investment company, group is not subject to the capital adequacy requirements of the Central Bank of Kuwait);
- maintaining shareholders' contributions above minimum thresholds (currently 30 percent) of total assets;
- maximum size limits for principal investments, trading book and the real-estate line of business linked to the size of total assets and shareholders' equity (size limits are reviewed on an annual basis);
- country, economic sector and single obligor exposure restricted to specified percentages of shareholders' equity;
- maximum book-size limit for lending products linked to the shareholders' equity;
- tenor limits for credit products; and
- maximum overnight FX exposure limits.

The Board is responsible for the overall process and structure of corporate governance. The Board achieves compliance with corporate governance guidelines through its various committees (*see further below*). Management believes that group's corporate governance culture is in line with other leading international financial services companies.

The Board Committees have specific terms of reference, independent non-executive director membership, Senior Management participation and access to specialist advice when necessary. The group currently has the following Board Committees:

- *Audit Committee:*

The Audit Committee is responsible for considering the annual financial statements for approval by the Board, overseeing the external and internal audit processes, focusing on compliance with legal requirements, accounting standards and listing requirements and implementing effective systems of internal control. The Audit Committee meets at least four times a year.

- *Credit Committee:*

The Credit Committee sets the maximum level of acceptable counterparty exposures and reviews and approves changes to credit policy and methodologies. The Committee also deals with the approval of excess over approved credit limits, classification of past due amounts and creation/ change or release of specific provisions. The Credit Committee meets monthly or more frequently if required.

- *Assets and Liabilities Committee ("ALCO"):*

ALCO sets and reviews Global's funding and liquidity policy, non-trading interest rate risk policy and reviews regional strategies, taking market conditions into account. ALCO meets quarterly, or more frequently if required.

The most significant financial risks to which the group is exposed to are described below.

40.1 Market risk

a) Foreign currency risk

The group mainly operates in the GCC and other Middle Eastern and North African countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar and

Jordanian Dinars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To mitigate the group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored and forward exchanged contracts are entered into in accordance with the group's risk management policies. Generally, the group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

The group had the following significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate:

	2007	2006
	KD '000	KD '000
US Dollar	**(169,421)**	(108,282)
Jordanian Dinar	**164,958**	108,189
Euro	**9,091**	306
Bahraini Dinar	**21,096**	11,523
Qatari Riyals	**15,146**	9,402
UAE Dirhams	**46,889**	20,167
Pakistan Rupee	**11,862**	12,655

The foreign currency sensitivity is determined on the following assumptions:

Currency	2007 %	2006 %
US Dollar	5.58%	0.98%
Jordanian Dinar	5.35%	1.05%
Bahraini Dinar	5.33%	1.00%
Qatari Riyals	6.00%	1.00%
UAE Dirhams	5.59%	0.97%
Pakistan Rupee	6.27%	1.19%

The above percentages have been determined based on the average market movement in exchange rates in the previous twelve months.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit for the year and equity:

	Profit for the year		Equity	
	2007	2006	2007	2006
	KD '000	KD '000	KD '000	KD '000
US Dollar	10,398	1,059	**(946)**	(82)
Jordanian Dinar	(5,435)	(1,141)	**(3,383)**	(144)
Bahraini Dinar	(1,078)	(115)	**—**	—
Qatari Riyals	(729)	(92)	**(112)**	—
UAE Dirhams	(2,621)	(196)	**—**	—
Pakistan Rupee	—	—	**(775)**	(160)
	535	(485)	**(5,216)**	(386)

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit for the year and equity:

	Profit for the year		Equity	
	2007	2006	2007	2006
	KD '000	KD '000	KD '000	KD '000
US Dollar	(10,398)	(1,059)	**946**	82
Jordanian Dinar	5,435	1,141	**3,383**	144
Bahraini Dinar	1,078	115	**—**	—
Qatari Riyals	729	92	**112**	—
UAE Dirhams	2,621	196	**—**	—
Pakistan Rupee	—	—	**775**	160
	(535)	485	**5,216**	386

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the group's exposure to the foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. As the group has no significant interest bearing assets, the group is exposed to interest rate risk with respect to its borrowings which are both at fixed rate and floating interest rate. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The Board has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The group's interest rate exposure based on earlier of contractual repricing arrangements and maturity at 31 December 2007 was as follows:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non-interest bearing items	Total	Effective interest rate
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	(%)
Cash and cash equivalents	**5,919**	**—**	**—**	**—**	**62,878**	**68,797**	**5.00-7.00**
Financial assets held for trading	**—**	**—**	**—**	**—**	**37,767**	**37,767**	**—**
Financial assets designated at fair value through statement of income	**2,613**	**—**	**—**	**1,251**	**503,766**	**507,630**	**5.75-7.13**
Murabaha receivables	**5,484**	**—**	**—**	**10,300**	**—**	**15,784**	**6.89-8.00**
Loans and advances	**9,691**	**6,878**	**4,572**	**3,474**	**—**	**24,615**	**8.25-9.25**
Financial investments available-for-sale	**—**	**—**	**—**	**—**	**18,087**	**18,087**	**—**
Investments in associates	**—**	**—**	**—**	**—**	**95,782**	**95,782**	**—**
Investment properties	**—**	**—**	**—**	**—**	**41,433**	**41,433**	**—**
Property and equipment	**—**	**—**	**—**	**—**	**20,609**	**20,609**	**—**
Goodwill	**—**	**—**	**—**	**—**	**4,437**	**4,437**	**—**
Other assets	**—**	**—**	**37,913**	**—**	**40,103**	**78,016**	**13-18**
Total assets	**23,707**	**6,878**	**42,485**	**15,025**	**824,862**	**912,957**	
Short term borrowings	**135,956**	**58,886**	**49,507**	**—**	**—**	**244,349**	**5.81-8.25**
Wakala payables	**77,022**	**36,835**	**35,310**	**—**	**—**	**149,167**	**6.10-8.00**
Medium term borrowings	**—**	**—**	**—**	**84,754**	**—**	**84,754**	**5.67-6.46**
Bonds	**—**	**—**	**—**	**65,000**	**—**	**65,000**	**5.00-7.25**
Other liabilities	**—**	**—**	**—**	**—**	**40,222**	**40,222**	**—**
Total liabilities	**212,978**	**95,721**	**84,817**	**149,754**	**40,222**	**583,492**	

The group's interest rate exposure based on earlier of contractual repricing arrangements and maturity at 31 December 2006 was as follows

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non-interest bearing items	Total	Effective interest rate
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	(%)
Cash and cash equivalents	25,292	7,474	—	—	34,064	66,830	5.75-7.00
Financial assets held for trading	—	—	—	—	30,274	30,274	—
Financial assets designated at fair value through statement of income	—	—	—	8,554	404,576	413,130	5.00-7.50
Murabaha receivables	—	—	—	10,177	—	10,177	6.83-6.89
Loans and advances	10,829	4,177	22,952	3,061	—	41,019	4.25-9.25
Investments in associates	—	—	—	—	52,062	52,062	—
Investment properties	—	—	—	—	414	414	—
Property and equipment	—	—	—	—	13,068	13,068	—
Goodwill					419	419	—
Other assets	—	—	—	—	64,498	64,498	13-18
Total assets	36,121	11,651	22,952	21,792	599,375	691,891	
Short term borrowings	83,574	59,142	58,954	—	—	201,670	6.32-8.25
Wakala payables	47,175	26,678	60,433	—	—	134,286	6.32-8.25
Medium term borrowings	—	2,896	53,076	—	—	55,972	6.36-7.00
Bonds	—	—	12,000	8,000	—	20,000	5.00-7.13
Other liabilities	—	—	—	—	30,997	30,997	—
Total liabilities	130,749	88,716	184,463	8,000	30,997	442,925	

The following table illustrates the sensitivity of the profit for the year and equity to a reasonably possible change in interest rates of +100 bps (1%) and −100 bps (1%) (2006: +100 bps (1%) and −100bps (1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculations are based on the group's financial instruments held at each balance sheet date. All other variables are held constant.

	2007		2006	
	+1%	−1%	+1 %	−1%
	KD '000	KD '000	KD '000	KD '000
Profit for the year	**(4,931)**	**4,931**	(3,194)	3,194
Equity	**—**	**—**	—	—

c) Price risk

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

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The equity price risk sensitivity is determined on the following assumptions:

	2007	2006
	%	%
Kuwait market	**3%**	4%
Rest of GCC market	**17%**	10%
MENA market	**7%**	12%
Other international markets	**12%**	10%

The above percentages have been determined based on basis of the average market movements over a 90 days period of October to December 2006 and 2007. The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. The analysis reflects the impact of positive changes to equity prices in accordance with the above-mentioned equity price risk sensitivity assumptions.

	Profit for the year		Equity	
	2007	2006	2007	2006
	KD '000	KD '000	KD '000	KD '000
Financial assets held for trading	**3,359**	2,649	**—**	—
Financial assets designated at fair value through statement of income	**29,616**	20,770	**—**	—
Financial investments available-for-sale	**—**	—	**201**	—
Total	**32,975**	23,419	**201**	—

Negative changes to equity prices in accordance with above mentioned sensitivity assumptions will have exactly the apposite impact on the profit for the year and equity as reflected in the above table.

40.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

The group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as summarized below:

	2007 KD '000	2006 KD '000
Cash and cash equivalents	**68,797**	66,830
Murabaha receivables	**15,784**	10,177
Loans and advances	**24,615**	41,019
	109,196	118,026

Information on other significant concentrations of credit risk is set out in note 40.3.

40.3 Concentration of assets

The distribution of assets by geographic region and industry sector was as follows:

	GCC KD '000	Asia & Africa KD '000	Europe KD '000	USA KD '000	Total KD '000
At 31 December 2007					
Geographic region:					
Cash and cash equivalents	**51,493**	**13,696**	**29**	**3,579**	**68,797**
Financial assets held for trading	**10,259**	**24,689**	**1,195**	**1,624**	**37,767**
Financial assets designated at fair value through statement of income	**338,554**	**130,202**	**—**	**38,874**	**507,630**
Murabaha receivables	**15,784**	**—**	**—**	**—**	**15,784**
Loans and advances	**24,615**	**—**	**—**	**—**	**24,615**
Financial investments available-for-sale	**—**	**18,087**	**—**	**—**	**18,087**
Investments in associates	**21,103**	**74,679**	**—**	**—**	**95,782**
Investment properties	**40,505**	**928**	**—**	**—**	**41,433**
Property and equipment	**20,404**	**205**	**—**	**—**	**20,609**
Goodwill	**—**	**4,437**	**—**	**—**	**4,437**
Other assets	**76,296**	**1,720**	**—**	**—**	**78,016**
	599,013	**268,643**	**1,224**	**44,077**	**912,957**
Industry sector					
Trading and manufacturing	**9,927**	**11,381**	**—**	**—**	**21,308**
Banks and financial institutions	**378,220**	**193,744**	**421**	**42,591**	**614,976**
Real estate	**116,780**	**17,924**	**—**	**—**	**134,704**
Others	**94,086**	**45,594**	**803**	**1,486**	**141,969**
	599,013	**268,643**	**1,224**	**44,077**	**912,957**

	GCC KD '000	Asia & Africa KD '000	Europe KD '000	USA KD '000	Total KD '000
At 31 December 2006					
Geographic region:					
Cash and cash equivalents	59,622	3,228	18	3,962	66,830
Financial assets held for trading	18,157	7,584	1,292	3,241	30,274
Financial assets designated at fair value through statement of income	246,567	154,920	2,332	9,311	413,130
Murabaha receivables	10,177	—	—	—	10,177
Loans and advances	41,019	—	—	—	41,019
Investments in associates	16,418	35,644	—	—	52,062
Investment properties	—	414			414
Property and equipment	12,247	821	—	—	13,068
Goodwill	—	419	—	—	419
Other assets	64,498	—	—	—	64,498
	468,705	203,030	3,642	16,514	691,891
Industry sector					
Trading and manufacturing	19,457	7,146	46	4,054	30,703
Banks and financial institutions	161,720	103,725	165	4,032	269,642
Real estate	108,451	36,785	—	—	145,236
Others	179,077	55,374	3,431	8,428	246,310
	468,705	203,030	3,642	16,514	691,891

40.4 Credit risk from lending activities

The group selectively provides credit facilities in form of short-term (maturity up to 12 months) loans and advances on a fully collateralized basis to its customers of the asset management and investment banking products. The credit sanction process typically involves customers credit appraisal in accordance with the group's credit policies and credit sanctions by the group's Credit Committee.

The group's credit risk management associated with the lending activities is governed by the group's Credit Committee. The overall size of the group's lending activities is capped at 15% of the group's capital base. The group's credit policies cover the customer eligibility criteria for credit, large exposure and concentration limits, eligible collateral, collateral valuation methodology, minimum collateralisation requirement, credit quality monitoring processes and escalation and foreclosure processes in the event of default.

In accordance with the group's credit policies all loans and advances with past due interest or principal obligations are considered as non-performing and are subject to specific provisions for credit losses on basis of amount of impairment determined.

As at 31 December 2007 none of credit facilities granted by the group were impaired, past due, subject to renegotiation or subject to specific provisions for impairment. As at 31 December 2007, 94% of the loans and advances were more that 150% collateralized (fair value of collateral held: KD71.3 million). The collateral typically covers listed equities in Kuwait market and managed funds.

Collateral coverage ratio	Percentage of total (%)
Less than 150%	6%
150%-300%	69%
More than 300%	25%

40.5 Credit quality per financial asset category

In accordance with the group's credit risk management policies all performing credits are graded as: high, medium, low and watch list. Whereas non-performing credit exposures are graded as: special mention, substandard, doubtful and bad. As at 31 December, all credit exposures were performing and were deemed as high grade. The details by financial asset class are given below:

	2007	2006
Cash and cash equivalents	**High**	High
Murabaha receivables	**High**	High
Loans and advances	**High**	High

40.6 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarises the maturity profile of the group's assets and liabilities. Except for investments designated at fair value through statement of income, financial investments available-for-sale and investment properties, the maturities of assets and liabilities have been determined on the basis of the remaining period from the balance sheet date to the contractual maturity date. The maturity profile for investments designated at fair value through statement of income, financial investments available-for-sale and investment properties is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities at 31 December 2007:

	Up to 1 month	1-3 Months	3-12 months	Over 1 year	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
Assets					
Cash and cash equivalents	**68,797**	**—**	**—**	**—**	**68,797**
Financial assets held for trading	**—**	**37,767**	**—**	**—**	**37,767**
Financial assets designated at fair value through statement of income	**2,613**	**—**	**—**	**505,017**	**507,630**
Murabaha receivables	**5,484**	**—**	**—**	**10,300**	**15,784**
Loans and advances	**9,691**	**6,878**	**4,572**	**3,474**	**24,615**
Financial investments available-for-sale	**—**	**—**	**—**	**18,087**	**18,087**
Investments in associates	**—**	**—**	**—**	**95,782**	**95,782**
Investment properties	**—**	**—**	**—**	**41,433**	**41,433**
Property and equipment	**—**	**—**	**—**	**20,609**	**20,609**
Goodwill	**—**	**—**	**—**	**4,437**	**4,437**
Other assets	**—**	**—**	**78,016**	**—**	**78,016**
	86,585	**44,645**	**82,588**	**699,139**	**912,957**
Liabilities					
Short term borrowings	**135,956**	**58,886**	**49,507**	**—**	**244,349**
Wakala payables	**77,022**	**36,835**	**35,310**	**—**	**149,167**
Medium term borrowings	**—**	**—**	**—**	**84,754**	**84,754**
Bonds	**—**	**—**	**—**	**65,000**	**65,000**
Other liabilities	**—**	**21,782**	**17,478**	**962**	**40,222**
	212,978	**117,503**	**102,295**	**150,716**	**583,492**

Maturity profile of assets and liabilities at 31 December 2006:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
Assets					
Cash and cash equivalents	25,292	41,538	—	—	66,830
Financial assets held for trading	—	30,274	—	—	30,274
Financial assets designated at fair value through statement of income	—	—	—	413,130	413,130
Murabaha receivables	—	—	—	10,177	10,177
Loans and advances	10,829	4,177	22,952	3,061	41,019
Investment in associates	—	—	—	52,062	52,062
Investment properties	—	—	—	414	414
Property and equipment	—	—	—	13,068	13,068
Goodwill	—	—	—	419	419
Other assets	—	—	—	64,498	64,498
	36,121	75,989	22,952	556,829	691,891
Liabilities					
Short term borrowings	83,574	59,142	58,954	—	201,670
Wakala payables	47,175	26,678	60,433	—	134,286
Medium term borrowings	—	—	—	55,972	55,972
Bonds	—	—	—	20,000	20,000
Other liabilities	—	9,280	20,963	754	30,997
	130,749	95,100	140,350	76,726	442,925

The table below summarise the group's maturity profile of financial liabilities based on contractual undiscounted repayment obligations:

	Up to 1 month	1-3 Months	3-12 months	Over 1 year	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
As at 31 December 2007					
Short term borrowings	**136,478**	**59,788**	**51,214**	**—**	**247,480**
Wakala payables	**77,317**	**37,399**	**36,527**	**—**	**151,243**
Medium term borrowings	**8**	**45**	**4,667**	**91,918**	**96,638**
Bonds	**—**	**—**	**3,252**	**75,262**	**78,514**
Other liabilities	**824**	**23,293**	**28,321**	**18,388**	**70,826**
	214,627	**120,525**	**123,981**	**185,568**	**644,701**
As at 31 December 2006					
Short term borrowings	83,906	60,082	61,062	—	205,050
Wakala payables	47,362	26,784	60,673	—	134,819
Medium term borrowings	9	243	3,573	62,062	65,887
Bonds	—	—	1,227	21,884	23,111
Other liabilities	—	9,280	20,963	754	30,997
	131,277	96,389	147,498	84,700	459,864

In accordance with the company's liquidity management policies a minimum percentage of total assets are maintained in financial assets for which there is a liquid market.

	2007 KD '000	2006 KD '000
Cash and equivalents	**68,797**	66,830
Quoted securities and managed funds	**374,648**	297,334
Total	**443,445**	364,164

Total liquid assets exclude investments amounting to KD14.247 million (2006: KD12.940 million) in the managed funds representing the regulatory minimum 5 percent investment in such funds.

41 Summary of financial assets and liabilities by category

The carrying amounts of the group's financial assets and liabilities as stated in the consolidated balance sheet may also be categorized as follows:

	2007 KD '000 Fair value	2007 KD '000 Amortized cost	2006 KD '000 Fair value	2006 KD '000 Amortized cost
Cash and cash equivalents	**2,197**	**66,600**	3,196	63,634
Financial assets held for trading	**37,767**	**—**	30,274	—
Financial assets designated at fair value through statement of income	**507,630**	**—**	413,130	—
Murabaha receivables-at amortised cost	**—**	**15,784**	—	10,177
Loans and advances — at amortised cost	**—**	**24,615**	—	41,019
Financial investments — available for sale	**18,087**	**—**	—	—
Other assets — at amortised cost	**—**	**78,016**	—	64,498
	565,681	**185,015**	446,600	179,328
Financial liabilities at amortised cost:				
• Short term borrowings	**—**	**244,349**	—	201,670
• Wakala payable	**—**	**149,167**	—	134,286
• Medium term borrowings	**—**	**84,754**	—	55,972
• Bonds	**—**	**65,000**	—	20,000
Other liabilities — at amortised cost	**—**	**40,222**	—	30,997
	—	**583,492**	—	442,925

42 Capital risk management

The group's capital management objectives are to ensure the group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the group consists of the following:

	2007	2006
	KD '000	KD '000
Short term borrowings (note 28)	**244,349**	201,670
Wakala payables (note 28)	**149,167**	134,286
Medium term borrowings (note 29)	**84,754**	55,972
Bonds (note 30)	**65,000**	20,000
Less: Cash and cash equivalents (note 13)	**(68,797)**	(66,830)
Net debt	**474,473**	345,098
Equity attributable to the shareholders of the parent company	**323,051**	244,384

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. Under the group's funding and risk policies the leverage ratio (debt to equity ratio) is capped at 2.25 times.

This ratio is calculated as net debt divided by equity attributable to the shareholders of the parent company as follows:

	2007	2006
	KD '000	KD '000
Net debt	**474,473**	345,098
Equity attributable to the shareholders of the parent company	**323,051**	244,384
Net debt to equity ratio	**1.47**	1.41

43 Comparative amounts

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications were made in order to more appropriately present the items of balance sheet and statement of income as a result of adoption of IFRS 7. Such reclassifications do not affect previously reported total assets, total equity, total liabilities and profit reported in the prior year.

Consolidated financial statements and independent auditors' report

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait
31 December 2006

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Contents

Independent auditors' report

To the shareholders of
Global Investment House — KSC (Closed)
Kuwait

We have audited the accompanying consolidated financial statements of Global Investment House (A Kuwaiti Closed Shareholding Company) (the parent company) and its subsidiaries (the Group) which comprise of the consolidated balance sheet as at 31 December 2006, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards applied in the State of Kuwait.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the parent company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of Commercial Companies Law, as amended, nor of the articles of association have occurred during the year ended 31 December 2006 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 audit we have not become aware of any material violations of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the year ended 31 December 2006.

Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
of Grant Thornton — Anwar Al-Qatami & Co.

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

Kuwait
1 February 2007

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of income

	Notes	Year ended 31 Dec. 2006	Year ended 31 Dec. 2005
		KD '000	**KD '000**
Placement and advisory fees		**20,279**	17,557
Management fees		**13,647**	8,083
Interest income		**6,174**	3,324
Murabaha income		**355**	810
Dividend income		**3,170**	2,342
Realised gains from trading securities and investments		**32,592**	23,511
Unrealised gains from trading securities and investments	9	**29,775**	23,871
Share of results of associates		**551**	685
Gain on disposal of associate		**1,694**	—
Gain on disposal of subsidiaries	5	**2,299**	—
Rental income		**978**	15
Foreign exchange losses		**(1,154)**	(114)
Other income		**—**	14
Income		**110,360**	80,098
Staff expenses		**8,598**	6,601
Depreciation		**330**	260
Other operating expenses		**5,689**	3,024
Interest expense		**20,351**	5,983
Provision charge for credit losses		**18**	634
Expenses		**34,986**	16,502
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for National Labour Support Tax and Directors' fees		**75,374**	63,596
Contribution to KFAS		**(667)**	(572)
Provision for National Labour Support Tax		**(1,838)**	(1,411)
Directors' fees		**(150)**	(150)
Net profit for the year		**72,719**	61,463
Attributable to:			
Shareholders of the parent company		**71,410**	61,386
Minority interest		**1,309**	77
Net profit for the year		**72,719**	61,463
Basic earnings per share attributable to the shareholders of the parent company	6	**108 Fils**	103 Fils
Diluted earnings per share attributable to the shareholders of the parent company	6	**107 Fils**	102 Fils

The notes set out on pages 8 to 29 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated balance sheet

	Notes	31 Dec. 2006 KD '000	31 Dec. 2005 KD '000
Assets			
Cash and cash equivalents	7	**69,006**	31,740
Trading securities	8	**30,274**	8,862
Investments	9	**411,368**	173,220
Murabaha receivables	10	**10,177**	—
Loans and advances	11	**41,019**	50,303
Investment in associates	12	**52,062**	14,578
Investment in unconsolidated subsidiaries		**—**	2,059
Other assets	13	**64,498**	17,223
Goodwill	14	**419**	2,003
Property and equipment	15	**13,068**	707
Total assets		**691,891**	300,695
Equity and liabilities			
Equity attributable to the shareholders of the parent company			
Share capital	16	**70,545**	27,808
Share premium	16	**91,040**	21,284
Share options reserve		**965**	365
Statutory reserve	17	**18,307**	10,901
General reserve	17	**18,307**	10,901
Treasury shares	18	**(20,467)**	(6,990)
Treasury shares reserve		**3,460**	3,280
Fair value reserve	19	**(286)**	—
Foreign exchange revaluation reserve	17	**(70)**	—
Retained earnings		**62,583**	52,947
		244,384	120,496
Minority interest		**4,582**	8,608
Total equity		**248,966**	129,104
Liabilities			
Short term borrowings	20	**201,670**	54,796
Wakala payables	20	**134,286**	87,248
Medium term borrowings	21	**55,972**	—
Bonds	22	**20,000**	20,000
Other liabilities	23	**30,997**	9,547
Total liabilities		**442,925**	171,591
Total equity and liabilities		**691,891**	300,695

Anwar Abdulla Al-Noori
Chairman

Maha Khaled Al-Ghunaim
Vice Chairman and Managing Director

The notes set out on pages 8 to 29 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2006 KD '000	Year ended 31 Dec. 2005 KD '000
OPERATING ACTIVITIES			
Net profit for the year		**72,719**	61,463
Adjustments for:			
Cost of share based payment		**600**	365
Depreciation		**330**	260
Provision charge for credit losses		**18**	634
Interest and murabaha income		**(6,529)**	(4,134)
Dividend income		**(3,170)**	(2,342)
Interest expense		**20,351**	5,983
Share of results of associates		**(551)**	(685)
Gain on disposal of associate		**(1,694)**	—
Gain on disposal of subsidiaries		**(2,299)**	—
Negative goodwill		**—**	(13)
		79,775	61,531
Changes in operating assets and liabilities:			
Trading securities		**(21,412)**	(5,271)
Investments		**(266,106)**	(108,164)
Murabaha receivables		**(10,385)**	5
Loans and advances		**9,474**	(31,695)
Other assets		**(47,275)**	(12,253)
Borrowings		**146,874**	50,730
Wakala payables		**47,038**	66,670
Other liabilities		**21,450**	3,595
Cash (used in)/from operations		**(40,567)**	25,148
Interest and murabaha income received		**6,529**	4,134
Dividend income received		**3,170**	2,342
Interest paid		**(20,351)**	(5,983)
Net cash (used in)/from operating activities		**(51,219)**	25,641
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		**(10,430)**	3,512
Proceeds from disposal of subsidiaries		**19,557**	—
Investment in associates		**(21,428)**	(13,097)
Proceeds from disposal of associate		**4,432**	—
Investment in unconsolidated subsidiaries		**—**	(1,062)
Purchase of property and equipment		**(11,852)**	(517)
Net cash used in investing activities		**(19,721)**	(11,164)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		**84,685**	25,993
Medium term borrowings		**55,972**	—
Purchase of treasury shares		**(28,655)**	(27,664)
Proceeds from sale of treasury shares		**15,358**	26,176
Dividends paid to shareholders of the parent company		**(19,154)**	(14,521)
Dividends paid to minority interest		**—**	(53)
Net cash from financing activities		**108,206**	9,931
Increase in cash and cash equivalents		**37,266**	24,408
Cash and cash equivalents at beginning of the year		**31,740**	7,332
Cash and cash equivalents at end of the year	7	**69,006**	31,740

The notes set out on pages 8 to 29 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of changes in equity

	Attributable to the shareholders of the parent company										
	Share capital	Share premium	Share options reserve	Reserves (Note 17)	Treasury shares	Treasury shares reserve	Fair value reserve	Retained earnings	Sub-total	Minority interest	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance as at 31 December 2005	27,808	21,284	365	21,802	(6,990)	3,280	—	52,947	120,496	8,608	129,104
Net change in fair value	—	—	—	—	—	—	(286)	—	(286)	—	(286)
Increase in treasury shares reserve	—	—	—	—	—	180	—	—	180	—	180
Foreign currency translation movements	—	—	—	(70)	—	—	—	—	(70)	—	(70)
Net income/(expense) recognised directly in equity	—	—	—	(70)	—	180	(286)		(176)	—	(176)
Net profit for the year	—	—	—	—	—	—	—	71,410	71,410	1,309	72,719
Total recognised income and expense for the year	—	—	—	(70)	—	180	(286)	71,410	71,234	1,309	72,543
Issue of share capital (Note 16)	13,904	69,520	—	—	—	—	—	—	83,424	—	83,424
Issue of 100% bonus shares (Note 16)	27,808	—	—	—	—	—	—	(27,808)	—	—	—
Issue of shares under group performance schemes (Note 16)	1,025	236	—	—	—	—	—	—	1,261	—	1,261
Dividends paid (Note 24)	—	—	—	—	—	—	—	(19,154)	(19,154)	—	(19,154)
Transfer to reserves	—	—	—	14,812	—	—	—	(14,812)	—	—	—
Cost of share based payment (Note 32)	—	—	600	—	—	—	—	—	600	—	600
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(5,335)	(5,335)
Purchase of treasury shares	—	—	—	—	(28,655)	—	—	—	(28,655)	—	(28,655)
Sale of treasury shares	—	—	—	—	15,178	—	—	—	15,178	—	15,178
Balance as at 31 December 2006	**70,545**	**91,040**	**965**	**36,544**	**(20,467)**	**3,460**	**(286)**	**62,583**	**244,384**	**4,582**	**248,966**

The notes set out on pages 8 to 29 form an integral part of these consolidated financial statements.

Global Investment House — KSC (Closed) and Subsidiaries
Kuwait

Consolidated statement of changes in equity (continued)

	Attributable to the shareholders of the parent company									
	Share capital	Share premium	Share options reserve	Reserves (Note 17)	Treasury shares	Treasury shares reserve	Retained earnings	Sub-total	Minority Interest	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance as at 31 December 2004	20,809	209	—	9,082	(3,483)	1,261	20,883	48,761	—	48,761
Increase in treasury shares reserve	—	—	—	—	—	2,019	—	2,019	—	2,019
Net income recognised directly in equity	—	—	—	—	—	2,019	—	2,019	—	2,019
Net profit for the year	—	—	—	—	—	—	61,386	61,386	77	61,463
Total recognised income and expense for the year	—	—	—	—	—	2,019	61,386	63,405	77	63,482
Issue of share capital	4,162	20,809	—	—	—	—	—	24,971	—	24,971
Issue of 10% bonus shares	2,081	—	—	—	—	—	(2,081)	—	—	—
Issue of shares under group performance schemes	756	266	—	—	—	—	—	1,022	—	1,022
Dividends paid	—	—	—	—	—	—	(14,521)	(14,521)	—	(14,521)
Transfer to reserves	—	—	—	12,720	—	—	(12,720)	—	—	—
Cost of share based payment	—	—	365	—	—	—	—	365	—	365
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	8,584	8,584
Dividends of subsidiaries	—	—	—	—	—	—	—	—	(53)	(53)
Purchase of treasury shares	—	—	—	—	(27,664)	—	—	(27,664)	—	(27,664)
Sale of treasury shares	—	—	—	—	24,157	—	—	24,157	—	24,157
Balance as at 31 December 2005	27,808	21,284	365	21,802	(6,990)	3,280	52,947	120,496	8,608	129,104

The notes set out on pages 8 to 29 form an integral part of these consolidated financial statements.

1 Incorporation and activities

The consolidated financial statements of Global Investment House K.S.C. (Closed) (the parent company) and its Subsidiaries for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the directors on 1 February 2007.

Global Investment House K.S.C. (Closed) is a closed shareholding company incorporated on 16 June 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company's shares are listed on Kuwait Stock Exchange, Bahrain Stock Exchange and Dubai Financial Market. The parent company is regulated by the Central Bank of Kuwait as an investment company.

The group comprises the parent company and its subsidiaries. Details of subsidiaries are set out in note 31.

The group is principally engaged in the provision of investment services. Its registered office is at Souk Al Safat, Abdulla Mubarak Street, Kuwait City.

The group primarily operates in the Gulf Cooperation Council and other Middle Eastern countries.

2 Adoption of new and revised International Financial Reporting Standards

At the date of authorisation of these consolidated financial statements, IFRS 7 Financial Instruments: Disclosures and IFRIC 8 Scope of IFRS 2 were in issue but not yet mandatory. The application of IFRS 7, which will be effective for the year ending 31 December 2007 will result in amended and additional disclosures relating to financial instruments and associated risks. The application of IFRIC 8, which is also effective for 2007, is not expected to have a material impact on the financial statements of the group.

3 Significant accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2005. The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading securities, investments carried at fair value through statement of income, real estate investments and derivative financial instruments.

The consolidated financial statements have been presented in Kuwaiti Dinars which is the functional currency of the parent company, and all values are rounded to the nearest thousand (KD'000) except when otherwise indicated.

Basis of consolidation

Subsidiaries are those enterprises controlled by the parent company. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries, other than those that are acquired with a view to disposal within twelve months from the date of acquisition, are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiary are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Minority interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the group's share of the fair value of the net identifiable assets of the acquired subsidiary or associate as at the date of the acquisition. Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Any excess, at the date of acquisition, of the Group's share in the fair value of the net identifiable assets acquired over the cost of the acquisition is recognised as negative goodwill.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the consolidated statement of income.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Fee income

Placement and advisory fees are recognised when securities are sold or when specific advisory services are rendered. Management fees relating to portfolios, fund management and custody services are recognised when earned. Other fees receivable are recognised when earned.

Interest income

Interest income considered an integral part of the effective yield of a loan, is recognised using the effective yield method. The recognition of interest income is suspended when loans become impaired, such as when overdue by more than 90 days. Notional interest is recognised on impaired loans and other financial assets based on the rate used to discount future cash flows to their net present value.

Murabaha income

Murabaha income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

Share-based payment transactions

Employees (including executive directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the market value of the parent company's shares at each reporting date and the date of final settlement to the exercise price with any change in intrinsic value recognised in the statement of income.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees exercise their rights. The cumulative expense recognised for equity-settled transactions at each reporting date until the exercise date reflects the extent to which the exercise period has expired and the number of awards that, in the opinion of the directors at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of the outstanding options is reflected as additional share dilution in the computation of the earnings per share (see note 6).

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid money market investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Trading securities and investments carried at fair value through statement of income

All investments are initially recognised at fair value. After initial recognition, investments are re-measured at fair value. Gains and losses arising either from sale or changes in fair value are recognised in the consolidated statement of income.

Fair values

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transactions.

For securities traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected discounted cash flows, or determined by using valuations implied by significant financial events e.g. indicative bids, partial exits, or additional investments, or determined by using valuations implied by third party issuers having substantially the same line of business as the investee or other appropriate valuation techniques.

The determination of fair value is done for each investment individually.

Murabaha

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. When the credit risk of the transaction is attributable to a financial institution, the amount due under Murabaha contracts is classified as a murabaha investment. Whereas, when the credit risk of transaction is attributable to counterparties other than banks and financial institutions, the amount due is classified as Murabaha receivable.

Murabaha receivables which arise from the group's financing of long-term transactions on an Islamic basis are classified as Murabaha receivables originated by the group and are carried at the principal amount less provision for credit risks to meet any decline in value. Third party expenses such as legal fees, incurred in granting a Murabaha are treated as part of the cost of the transaction.

All Murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

Impairment and uncollectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset, or group of similar assets, may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the statement of income. For assets carried at amortised cost, future anticipated cash flows are discounted at the financial instrument's original effective interest rate. For assets carried at fair value, impairment is the difference between cost and fair value.

In addition, in accordance with the Central Bank of Kuwait instructions, a minimum general provision of 2% on all credit facilities net of certain restricted categories of collateral, and not subject to specific provision, is provided.

The provision for impairment of loans and advances also covers losses where there is objective evidence that probable losses are present in components of the loans and advances portfolio at the balance sheet date. These have been estimated based on historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognised either when the group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Loans and advances

Loans and advances originated by the group by providing money directly to the borrower are stated at amortised cost net of interest suspended and provisions for impairment and credit losses.

Investment in associates

The group's investments in associates are accounted for under the equity method of accounting. These are entities in which the company has between 20% to 50% of the voting power or over which it exercises significant influence. Investments in associates are carried in the balance sheet at cost, plus post-acquisition changes in the group's shares of net assets of the associate, less any impairment in value. The consolidated statement of income reflects the group's share of the results of its associates.

Real estate investments

Real estate investments represent investment properties that are initially recorded at cost being its purchase price and any directly attributable acquisition costs. After initial recognition, investment properties are remeasured at fair value.

Gain or loss arising either from sale or a change in the fair value of investment properties is recognised in the consolidated statement of income.

The carrying amounts are reviewed at each balance sheet date on an individual basis by reference to their fair value to assess whether they are recorded in excess of their recoverable amount. Provisions for impairment losses, if any, are made where carrying values exceed the recoverable amount.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts assets are written down to their recoverable amount.

Capital expenditure on assets in the course of construction is stated at cost. On completion of construction it is capitalised and transferred to an appropriate asset category, from which time depreciation is applied.

Depreciation

Depreciation is provided on all property and equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. The estimated useful lives of equipment are between 3 to 5 years.

Money market borrowings

All money market borrowings are carried at cost less amounts repaid.

Wakala payables

Wakala payables are stated at amortised cost.

Bonds

Bonds are carried on the balance sheet at their principal amount, net of directly related costs of issuing the bonds to the extent that such costs have not been amortised. These costs are amortised through the consolidated statement of income over the life of the bonds using the effective interest rate method.

Interest is charged as an expense as it accrues, with unpaid amounts included in other liabilities.

Repurchase and resale agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (repos) are retained in the financial statements as ‘investments carried at fair value through consolidated statement of income’. The counterparty liability for amounts received under these agreements is included in ‘other liabilities’. The difference between sale and repurchase price is treated as interest expense using the effective yield method. Investments purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in other assets. The difference between purchase and resale price is treated as interest income using the effective yield method.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Treasury shares

The parent company’s own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in shareholders’ equity (treasury shares reserve) which is non distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. 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.

Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the group and accordingly are not included in these consolidated financial statements.

Foreign currencies

With the exception of forward contracts, transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

Forward foreign exchange contracts

Forward foreign exchange contracts outstanding at the year end are translated at the forward rate current at the balance sheet date with any resultant gains or losses being taken to the consolidated statement of income.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Critical judgements in applying accounting policies

In the process of applying the group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements:

Classification of real estate property

Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The group classifies property as property under development if it is acquired with the intention of development.

The group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held for trading, at fair value through statement of income, or available for sale.

The group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

Classification of investments as investment at fair value through income statement depends on how management monitor the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as at fair value through statement of income.

All other investments are classified as available for sale.

5 Gain on disposal of subsidiaries

During the year the group sold part of their ownership interests in the following subsidiaries:

- The group sold 19.86% ownership interest in Real Estate Development Co- JSC (Jordan) for a consideration of KD8.588 million resulting into a net profit of KD1.373 million. Subsequent to the sale, interest in the subsidiary Real Estate Development Co. — JSC (Jordan) is accounted for as an associate.
- The group sold 30.73% ownership interest in Kadhma Holding Company — KSCC (Kuwait) for a consideration of KD3.629 million resulting into a net loss of KD0.111 million. Subsequent to the sale, the group increased its interest in Kadhma by 8.24%. The new ownership interest in the subsidiary is 77.51%.
- The group sold interests in Arabian Seas Insurance Co. (SAL) (previously unconsolidated subsidiary) for a consideration of KD7.339 million resulting into a net profit of KD1.037 million. The remaining interest (below 20%) in the investee is accounted for as investment carried at fair value through statement of income.

6 Earnings per share

Basic earnings per share is computed by dividing the net profit for the year attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

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

	2006	2005
Net profit for the year attributable to the shareholders of the parent company (KD '000)	**71,410**	61,386
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares) ('000)	**658,456**	596,869
Effect of dilution from weighted average number of share options outstanding ('000)	**10,062**	5,044
Adjusted weighted average number of ordinary shares for diluted earnings per share ('000)	**668,518**	601,913
Basic earnings per share attributable to the shareholders of the parent company	**108 Fils**	103 Fils
Diluted earnings per share attributable to the shareholders of the parent company	**107 Fils**	102 Fils

The weighted average number of shares for the purpose of calculating both basic and diluted earnings per share have been adjusted to reflect the bonus issue and the bonus element of the right issue in 2006 (note 16).

7 Cash and cash equivalents

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

	2006 KD '000	2005 KD '000
Bank balances and cash	**34,064**	25,545
Investment in money market instruments	**34,942**	6,195
	69,006	31,740

8 Trading securities

	2006 KD '000	2005 KD '000
Local	**7,155**	1,129
International	**23,119**	7,733
	30,274	8,862

9 Investments

	2006 KD '000	2005 KD '000
Designated on initial recognition:		
Unquoted debt securities	**11,023**	33
Unquoted equity securities	**135,047**	92,225
Quoted securities and managed funds	**264,884**	75,003
Total investments carried at fair value through statement of income	**410,954**	167,261
Real estate investments	**414**	5,959
	411,368	173,220

Investments designated on initial recognition include investments amounting to KD135.047 million (2005: KD92.225 million) whose fair values are determined using valuation techniques that are not based on observable market prices or rates.

Unrealised gains from investments carried at fair value through income statement include unrealised gains of KD10.290 million (2005: KD1.162 million) resulting from fair value estimated using valuation techniques that are not based on observable market prices or rates.

9.1 Real estate investments

	2006 KD '000	2005 KD '000
Carrying amount at 1 January	**5,959**	—
Additions	**49,277**	13,458
Disposals	**(59,383)**	(8,338)
Realised profit on disposals	**4,561**	839
Carrying amount at 31 December	**414**	5,959

10 Murabaha receivables

Murabaha receivable arising from a Murabaha transaction with the principal amount and profit thereon being recoverable over a one year period from the date of the transaction and an average profit rate over the period of 6.86% per annum. The balance is stated net of general provision of 2% in accordance with Central Bank of Kuwait instructions.

11 Loans and advances

Loans and advances are classified as receivables originated by the group.

	2006 KD '000	2005 KD '000
Gross amount	**41,856**	51,330
Less: Provision for credit losses	**(837)**	(1,027)
	41,019	50,303

Loans are granted to GCC companies and individuals and are secured against investments in the funds and securities held in fiduciary portfolios on behalf of the borrowers.

The policy of the group for calculation of the provision for credit losses for loans and advances complies in all material respects with the specific and general provision requirements of Central Bank of Kuwait. In this respect the Central Bank of Kuwait requires a general provision of at least 2% on all credit facilities not subject to specific provision.

12 Investment in associates

Details of associates are set out below:

Name	Country of incorporation	Voting capital held %	Purpose
National Int'l Holding — KSC (Closed) (quoted)	Kuwait	36	Investment services
Real Estate Development Co., (quoted)	Jordan	42	Real estate services
Jahangir Siddiqui Capital Markets Limited (quoted)	Pakistan	43	Financial services
Vision Network Television	Pakistan	27	Media services
Barings Asia Private Equity	Hong Kong	25	Financial services
Adari Park	Bahrain	20	Real estate services
Fina Corp	Tunisia	49	Financial services

	2006 KD '000	2005 KD '000
Aggregate share of associates' balance sheets:		
Current assets	**14,642**	2,454
Non-current assets	**24,752**	10,358
Current liabilities	**(4,532)**	(894)
Non-current liabilities	**(1,419)**	(74)
Net assets	**33,443**	11,844
Aggregate share of associates' revenue and profit:		
Revenue	**775**	2,225
Profit	**551**	685
Aggregate carrying amount of the unquoted associates	**11,889**	1,980
Aggregate carrying amount of the quoted associates	**40,173**	12,598
	52,062	14,578
Aggregate fair value of quoted associates	**42,523**	14,782

13 Other assets

	2006 KD '000	2005 KD '000
Accrued income	**13,045**	6,100
Receivables for settlement of sale of securities	**8,009**	2,933
Deposits, prepayments and other receivables	**29,064**	5,323
Advances for purchase of investments	**13,054**	—
Amount due from related parties (note 25)	**1,326**	2,860
Positive fair value of forward foreign exchange contracts (note 29)	**—**	7
	64,498	17,223

14 Goodwill

	2006 KD '000	2005 KD '000
At 1 January	**2,003**	—
Arising on acquisition of a subsidiary	**419**	2,003
Eliminated on part disposal of a subsidiary (note 5)	**(2,003)**	—
At 31 December	**419**	2,003

14.1 Acquisition of subsidiary

During the year the group acquired 60.27% of the share capital of Jordan Trade Facilities, an investment company in Jordan. Details of the net assets acquired are as follows:

	KD '000
Purchase consideration	**2,599**
Share of fair value of net assets acquired	**(2,180)**
Goodwill	**419**

	KD '000
Purchase consideration settled in cash	**2,599**
Cash and cash equivalents in subsidiary acquired	**(3,010)**
Cash inflow on acquisition	**(411)**

15 Property and equipment

	Furniture and fixtures	Office equipment and computers	Work in progress	Total
	KD '000	KD '000	KD '000	KD '000
Balance at 1 January 2006, net of accumulated depreciation	378	329	—	**707**
Addition relating to subsidiaries, net	839	—	—	**839**
Additions, net	254	291	11,307	**11,852**
Depreciation for the year	(242)	(88)	—	**(330)**
Balance at 31 December 2006, net of accumulated depreciation	1,229	532	11,307	**13,068**
At cost	2,464	1,053	11,307	**14,824**
Accumulated depreciation	(1,235)	(521)	—	**(1,756)**
Net carrying amount at 31 December 2006	1,229	532	11,307	**13,068**

15.1 Work in progress represents cost incurred to date with respect to the construction of a new Head office building.

16 Share capital and share premium

	Authorised		Issued and fully paid	
	2006	2005	2006	2005
	KD '000	KD '000	KD '000	KD '000
Share of KD0.100 each	**70,545**	27,808	**70,545**	27,808

The annual general meeting of the shareholders held on 21 March 2006 approved to increase the authorised capital from KD27.808 million to KD70.545 million by issue of 278,078,300 bonus shares and 10,257,440 shares under the group's performance bonus scheme and share option scheme. The shareholders also approved the increase of 50% of paid up capital totalling to 139,039,150 shares at 600 fils, including a share premium of 500 fils. During the year, 10,257,440 shares under group's performance bonus scheme and share option scheme and 139,039,150 shares under the 50% share capital increase were issued and fully paid. The excess over the nominal value of shares issued has been credited to share premium.

Share premium is not available for distribution.

17 Reserves

	Statutory reserve	General reserve	Foreign exchange revaluation reserve	Total
	KD '000	KD '000	KD '000	KD '000
Balance as at 31 December 2005	**10,901**	**10,901**	**—**	**21,802**
Transfer from retained earnings	**7,406**	**7,406**		**14,812**
Foreign exchange differences	**—**	**—**	**(70)**	**(70)**
Balance as at 31 December 2006	**18,307**	**18,307**	**(70)**	**36,544**
Balance as at 31 December 2004	4,541	4,541	—	9,082
Transfer from retained earnings	6,360	6,360	—	12,720
Balance as at 31 December 2005	10,901	10,901	—	21,802

17.1 Statutory reserve

In accordance with the Commercial Companies Law and the parent company's Articles of Association, 10% of the net profit for the year attributable to shareholders of the parent company has been transferred to statutory reserve.

The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

17.2 General reserve

The parent company's Articles of Association require that 10% of the net profit for the year attributable to the shareholders of the parent company should be transferred to a general reserve. There are no restrictions on distribution of general reserve.

17.3 Foreign currency revaluation reserve

Exchange differences arising on monetary items that form part of the parent company's net investment in foreign operations. Such exchange differences are recognised in profit or losses on disposal of net investments.

18 Treasury shares

	2006	2005
Number of shares ('000)	**17,939**	2,935
Percentage of issued shares	**2.543%**	1.056%
Market value (KD '000)	**19,733**	7,925

Reserves of the parent company equivalent to the cost of treasury shares have been earmarked as non-distributable.

19 Fair value reserve

This has arisen on equity accounting of associates and represents group's share of post-acquisition changes in the account.

20 Short term borrowings and wakala payables

Borrowings are due to local and regional financial institutions with maturities ranging from less than 3 months to 12 months from the date of borrowings and are unsecured. The average effective interest ranges between 6.32% and 8.25% (2005: 3.85% and 6.4%) per annum.

Wakala payables represent wakala contracts with local financial institutions maturing within 6 months from the balance sheet date. The average effective cost attributable to these contracts ranges between 6.35% to 8.25% (2005 : 5.0% to 6.5%) per annum.

21 Medium term borrowings

Medium term borrowings were obtained for general financing purposes and are due to regional and international financial institutions under the following facilities:

a) 3 year US$75 million syndicated loan facility, maturing in September 2009;

b) 3 year US$ 107 million bilateral lending facility maturing in September 2009 and

c) US$ 10 million facility maturing in October 2009.

These facilities carry a floating rate interest of 6 month LIBOR plus a margin ranging from 1% to 1.25% per annum.

22 Bonds

On 23 June 2005, the company issued unsecured bonds in the principal amount of KD20.000 million composed of bonds in two series as follows:

	2006	2005
	KD '000	KD '000
Fixed rate bonds due on 23 June 2009 (bearing fixed interest at the rate of 5% per annum payable semi-annually)	**8,000**	8,000
Floating rate bonds due on 23 June 2009 (bearing interest at the rate of 1% per annum over the six-month KIBOR in effect on the rate fixing date payable semi-annually)	**12,000**	12,000
	20,000	20,000

The company has the option of early redemption on all bonds (together) at any time after two years from the date of issue at face value plus accrued interest.

23 Other liabilities

	2006	2005
	KD '000	KD '000
Accrued expenses	**9,973**	5,986
Payable for settlement of purchase of trading securities	**12,928**	—
Other payables	**7,962**	3,561
Negative fair value of forward foreign exchange contracts (note 29)	**134**	—
	30,997	9,547

24 Proposed dividends

Subsequent to the balance sheet date, the directors have proposed a cash dividend of 50 Fils per share and bonus shares of 20% of paid up share capital which is subject to the approval of the shareholders at the annual general meeting.

During 2006, cash dividends of 70 Fils per share totalling KD19.154 million and bonus shares of 100% of paid up capital for the year ended 31 December 2005 were approved at the shareholders annual general meeting on 21 March 2006 and were paid in 2006 following that approval.

25 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns entered into by the group in the ordinary course of business.

	2006	2005
	KD '000	KD '000
Transactions included in the balance sheet:		
Loans to directors and senior management	**2,369**	2,380
Amounts due from related parties (Note 13)	**1,326**	2,860
Borrowings	**—**	100
Wakala payables	**7,198**	61,748
Transactions included in the statement of income:		
Interest income	**181**	118
Interest expense	**2,453**	804
Gain on disposal of subsidiaries	**1,037**	—
Key management compensation		
Salaries and other short term benefits	**1,535**	1,660
Cost of share based payment	**600**	365
Terminal benefits	**393**	353

Information in relation to share options granted prior to 7 November 2002 has been disclosed in note 32.

26 Segmental information

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

- Proprietary investment management comprises of investing of company funds in private equity and quoted securities, lending to corporate and individual customers and managing the company's liquidity requirements.
- Investment management and advisory services comprise of discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

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

	Proprietary investment management	Investment management and advisory services	Total
	KD '000	KD '000	KD '000
31 December 2006			
Segment income	**76,434**	**33,926**	**110,360**
Segment profit	**52,203**	**23,171**	**75,374**
Unallocated expenses			**(2,655)**
Net profit for the year			**72,719**
31 December 2005			
Segment income	54,438	25,660	80,098
Segment profit	43,222	20,374	63,596
Unallocated expenses			(2,133)
Net profit for the year			61,463
31 December 2006			
Total assets	**678,951**	**12,940**	**691,891**
Total liabilities	**(442,925)**	**—**	**(442,925)**
Net assets	**236,026**	**12,940**	**248,966**
Capital expenditure	**12,691**	**—**	**12,691**
Depreciation	**330**	**—**	**330**
31 December 2005			
Total assets	283,908	16,787	300,695
Total liabilities	(171,591)	—	(171,591)
Net assets	112,317	16,787	129,104
Capital expenditure	517	—	517
Depreciation	260	—	260

27 Liquid assets

In accordance with the company's liquidity management policies a minimum percentage of total assets are maintained in financial assets for which there is a liquid market.

	2006	2005
	KD '000	KD '000
Cash and equivalents	**69,006**	31,740
Quoted securities and managed funds	**295,158**	83,865
Total	**364,164**	115,605

Total liquid assets include investments amounting to KD12.940 million (2005: KD16.787 million) in the managed funds representing the regulatory minimum 5 percent investment in such funds.

28 Fiduciary accounts

The group manages portfolios on behalf of others, mutual funds, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the group's balance sheet. Assets under management at 31 December 2006 amounted to KD2,084.529 million (2005: KD1,831.123 million).

29 Derivative financial instruments

	2006 Notional amount KD '000	2005 Notional amount KD '000	2006 Negative fair value KD '000	2005 Positive fair value KD '000
Forward foreign exchange contracts	**97,759**	7,889	**(134)**	7

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

Forward foreign exchange contracts primarily comprise contracts both with clients and offsetting contracts with bank counter parties to cover the exposure to the group arising therefrom. The net currency exposure to the group is disclosed in note 36.

30 Commitments

At 31 December 2006, the group had commitment to invest in venture capital funds and securities and real estate investments amounting to KD21.179 million (2005: KD4.793 million), after deducting commitments by the group's clients.

31 Subsidiary companies

Details of significant subsidiary companies are set out below:

Company Name	County of incorporation	Voting capital held	Purpose
		%	
Safi Financial Services — KSC (Closed)	Kuwait	100	Financial Brokerage Co,
Al-Rawabi International Holding Co. — KSC (Closed) (Previously Third)	Kuwait	100	Economic Consultancy
Safa Al Dawalia Company — WLL	Kuwait	100	Economic Consultancy
Hanadi International General Trading & Contracting Company — WLL	Kuwait	100	General Trading & Contracting
Kuwait International Labour Recruitment Company — WLL	Kuwait	100	Labour Recruitment
Lial for Super Market Company — WLL	Kuwait	100	Investment Activities
National Company for Educational Development — WLL	Kuwait	100	Educational Services
Gulf Real Estate Fund Company — WLL	Kuwait	100	Investment Activities
Arabian Hospitality Holding — KSC (Closed)	Kuwait	100	Investment Activities
Eighth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Tenth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Eleventh Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Thirteenth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Fourteenth Project Management Company — WLL	Kuwait	100	Project Management Consultancy
Second Computer Consultancy — KSC (Closed)	Kuwait	100	Computer Consultancy
Second Economic Consultancy Company — WLL	Kuwait	100	Economic consultancy Services
Third Marketing Consultancy Company — WLL	Kuwait	100	Marketing Consultancy
Fourth Marketing Consultancy Company — WLL	Kuwait	100	Marketing Consultancy
Fifth Economic Consultancy Company — WLL	Kuwait	100	Economic Consultancy
Sixth Economic Consultancy Company — WLL	Kuwait	100	Economic Consultancy
Kadhma Holding Company — KSC (Closed) (Previously Second Marketing Consultancy Company — WLL)	Kuwait	78	Investment Activities
Global Investment House — BSC (Closed)	Bahrain	100	Investment Activities
Global Investment House — JSC (Closed)	Jordan	100	Investment Activities
Shurooq Investment Services Company — SAOG	Oman	65	Investment Activities
Shurooq Securities Company — LLC	Oman	50	Brokerage Activities
Global Investment House (Qatar) — LLC	Qatar	100	Investment Banking & Advisory
Jordan Trade Facilities — JSC	Jordan	70	Financing Activities

32 Profit-sharing schemes

The parent company operates two profit-sharing schemes to reward the performance of its employees, namely a performance bonus scheme (PBS) and a share option scheme (SOS). Both schemes are in operation for a period of 10 years, with the first year being the fiscal year ended 31 December 1999. The total capital increase to meet the requirements of the schemes should not exceed 15% of the parent company's share capital at the end of 2009.

The PBS covers all employees who are entitled to receive a portion of their annual bonus in shares to be issued by the company. The SOS covers senior executives who are granted an option to subscribe for shares allotted to them at the commencement of each year of a three-year period, at the end of which the employee may exercise the option. The average subscription price for the shares allotted under both schemes approximates the adjusted book value per share at the beginning of each year.

	2006		2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		KD		KD
Outstanding at the beginning of the year	—	—	3,935,359	0.132
Granted during the year	**26,402,013**	**0.156**	3,624,488	0.142
Forfeited during the year	—	—	—	—
Exercised during the year	**(10,257,440)**	**0.123**	(7,559,847)	0.138
Expired during the year	—	—	—	—
Outstanding at the end of the year	**16,144,573**	**0.177**	—	—
Exercisable at the end of the year	—		—	—

The weighted average strike price at the date of exercise of share options exercised during the year which were all vested at 30 June 2006 was KD0.123. The options outstanding at 31 December 2006 had a weighted average exercise price of KD0.177 and a weighted average remaining contractual life of 1.5 year.

The fair value of share options granted during the year is KD22.157 million (2005 : KD21.590 million) for which an expense of KD0.600 million was recognised in the consolidated statement of income.

During the year 10,257,440 shares (2005: 1,063,920 shares) were exercised under the PBS at a price of KD0.123 per share (2005 : KD0.142). During the year no options were exercised under SOS options (2005: 6,495,927 options at average strike price of KD 0.136).

At 31 December 2006, options outstanding under the SOS amounted to 16,144,573 shares (2005 : nil) exercisable after 30 June 2008. Included within this outstanding balance are options of 15,494,397 shares that have not been expensed in accordance with IFRS 2 as the options related to schemes on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

Share options outstanding at the end of the year have the following exercise prices:

Expiry Date	Exercise price	2006	2005
	KD	No.	No.
30 June 2008	0.177	**16,144,573**	—
		16,144,573	—

33 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of lending activities. It also obtains security when appropriate. Information on other significant concentrations of credit risk is set out in note 34.

34 Concentration of assets

The distribution of assets by geographic region and industry sector was as follows:

	GCC	Asia & Africa	Europe	USA	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
At 31 December 2006					
Geographic region:					
Cash and cash equivalents	**61,798**	**3,228**	**18**	**3,962**	**69,006**
Trading securities	**18,157**	**7,584**	**1,292**	**3,241**	**30,274**
Investments	**244,391**	**155,334**	**2,332**	**9,311**	**411,368**
Murabaha receivables	**10,177**	**—**	**—**	**—**	**10,177**
Loans and advances	**41,019**	**—**	**—**	**—**	**41,019**
Investment in associates	**16,418**	**35,644**	**—**	**—**	**52,062**
Other assets	**64,498**	**—**	**—**	**—**	**64,498**
Goodwill	**—**	**419**	**—**	**—**	**419**
Property and equipment	**12,247**	**821**	**—**	**—**	**13,068**
	468,705	**203,030**	**3,642**	**16,514**	**691,891**
Industry sector					
Trading and manufacturing	**19,457**	**7,146**	**46**	**4,054**	**30,703**
Banks and financial institutions	**161,720**	**103,725**	**165**	**4,032**	**269,642**
Real estate	**108,451**	**36,785**	**—**	**—**	**145,236**
Others	**179,077**	**55,374**	**3,431**	**8,428**	**246,310**
	468,705	**203,030**	**3,642**	**16,514**	**691,891**
At 31 December 2005					
Geographic region:					
Cash and cash equivalents	13,888	12,336	10	5,506	31,740
Trading securities	8,862	—	—	—	8,862
Investments	137,214	31,536	915	3,555	173,220
Loans and advances	50,303	—	—	—	50,303
Investment in associates	14,578	—	—	—	14,578
Investment in unconsolidated subsidiaries	—	2,059	—	—	2,059
Other assets	15,386	530	114	1,193	17,223
Goodwill	—	2,003	—	—	2,003
Property and equipment	673	34	—	—	707
	240,904	48,498	1,039	10,254	300,695
Industry sector					
Trading and manufacturing	799	1,192	149	35	2,175
Banks and financial institutions	60,203	20,118	10	6,585	86,916
Real estate	55,250	12,716	—	936	68,902
Others	124,652	14,472	880	2,698	142,702
	240,904	48,498	1,039	10,254	300,695

35 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The group is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. The Board has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The group's interest rate sensitivity position based on earlier of contractual repricing arrangements and maturity at 31 December 2006 was as follows:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non-interest bearing items	Total	Effective interest rate
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	(%)
Cash and cash equivalents	25,292	9,650	—	—	34,064	69,006	5.75-7.00
Trading securities	—	—	—	—	30,274	30,274	—
Investments	—	—	—	6,378	404,990	411,368	5.00-7.50
Murabaha receivables	—	—	—	10,177	—	10,177	6.83-6.89
Loans and advances	10,829	4,177	22,952	3,061	—	41,019	4.25-9.25
Investment in associates	—	—	—	—	52,062	52,062	—
Other assets	—	—	—	—	64,498	64,498	—
Goodwill	—	—	—	—	419	419	—
Property and equipment	—	—	—	—	13,068	13,068	—
Total assets	36,121	13,827	22,952	19,616	599,375	691,891	
Short term borrowings	83,574	59,142	58,954	—	—	201,670	6.32-8.25
Wakala payables	47,175	26,678	60,433	—	—	134,286	6.35-8.25
Medium term borrowings	—	2,896	53,076	—	—	55,972	6.36-7.00
Bonds	—	—	12,000	8,000	—	20,000	5.00-7.13
Other liabilities	—	18,630	—	—	12,367	30,997	—
Total liabilities	130,749	107,346	184,463	8,000	12,367	442,925	

The company's interest sensitivity position based on earlier of contractual repricing arrangements and maturity at 31 December 2005 was as follows:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non-interest bearing items	Total	Effective interest rate
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	(%)
Cash and cash equivalents	—	6,195	—	—	25,545	31,740	4.45-5.25
Trading securities	—	—	—	—	8,862	8,862	—
Investments	—	—	3,649	—	169,571	173,220	4.50-7.50
Loans and advances	2,337	7,300	32,793	7,873	—	50,303	4.35-9.25
Investment in associates	—	—	—	—	14,578	14,578	—
Investment in unconsolidated subsidiaries	—	—	—	—	2,059	2,059	—
Other assets	—	—	224	—	16,999	17,223	—
Goodwill	—	—	—	—	2,003	2,003	—
Property and equipment	—	—	—	—	707	707	—
Total assets	2,337	13,495	36,666	7,873	240,324	300,695	
Short term borrowings	32,848	21,948	—	—	—	54,796	3.85-6.40
Wakala payables	27,239	40,009	20,000	—	—	87,248	5.00-6.50
Bonds	—	—	12,000	8,000	—	20,000	
Other liabilities	—	—	1,727	—	7,820	9,547	3.85-6.50
Total liabilities	60,087	61,957	33,727	8,000	7,820	171,591	

36 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations. The group had the following significant exposures denominated in foreign currencies at 31 December 2006:

	2006	2005
	KD '000 Equivalent	KD '000 Equivalent
US Dollar	**(180,282)**	7,315
Japanese Yen	**171**	43
Sterling Pound	**305**	7
Euro	**306**	227
Bahraini Dinars	**11,523**	7,524
Qatari Riyals	**9,402**	3,088
Jordanian Dinars	**108,189**	33,927
UAE Dirhams	**20,167**	—
Pakistan Rupee	**12,655**	—

37 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarises the maturity profile of the group's assets and liabilities. Except for investments carried at fair value through statement of income, the maturities of assets and liabilities have been determined on the basis of the remaining period from the balance sheet date to the contractual maturity date. The maturity profile for investments carried at fair value through statement of income is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities at 31 December 2006:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
Assets					
Cash and cash equivalents	**25,292**	**43,714**	**—**	**—**	**69,006**
Trading securities	**—**	**30,274**	**—**	**—**	**30,274**
Investments	**—**	**—**	**—**	**411,368**	**411,368**
Murabaha receivables	**—**	**—**	**—**	**10,177**	**10,177**
Loans and advances	**10,829**	**4,177**	**22,952**	**3,061**	**41,019**
Investment in associates	**—**	**—**	**—**	**52,062**	**52,062**
Other assets	**—**	**—**	**64,498**	**—**	**64,498**
Goodwill	**—**	**—**	**—**	**419**	**419**
Property and equipment	**—**	**—**	**—**	**13,068**	**13,068**
	36,121	**78,165**	**87,450**	**490,155**	**691,891**
Liabilities					
Short term borrowings	**83,574**	**59,142**	**58,954**	**—**	**201,670**
Wakala payables	**47,175**	**26,678**	**60,433**	**—**	**134,286**
Medium term borrowings	**—**	**—**	**—**	**55,972**	**55,972**
Bonds	**—**	**—**	**—**	**20,000**	**20,000**
Other liabilities	**—**	**9,280**	**20,963**	**754**	**30,997**
	130,749	**95,100**	**140,350**	**76,726**	**442,925**

Maturity profile of assets and liabilities at 31 December 2005:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
Assets					
Cash and cash equivalents	25,545	6,195	—	—	31,740
Trading securities	—	8,862	—	—	8,862
Investments	—	—	3,649	169,571	173,220
Loans and advances	2,337	7,300	32,793	7,873	50,303
Investment in associates	—	—	—	14,578	14,578
Investment in unconsolidated subsidiaries	—	—	—	2,059	2,059
Other assets	639	12,646	3,876	62	17,223
Goodwill	—	—	—	2,003	2,003
Property and equipment	—	—	—	707	707
	28,521	35,003	40,318	196,853	300,695
Liabilities					
Short term borrowings	32,848	21,948	—	—	54,796
Wakala payables	27,239	40,009	20,000	—	87,248
Bonds	—	—	—	20,000	20,000
Other liabilities	6,357	2,306	205	679	9,547
	66,444	64,263	20,205	20,679	171,591

38 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The group is exposed to market risk with respect to its investments.

The group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international equity and bond markets. In addition, the group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

39 Equity price risk

Equity price risk arises from the change in fair values of equity investments. The group manages this risk though diversification of investments in terms of geographical distribution and industry concentration.

40 Fair value of financial instruments

In the opinion of management the fair value of financial instruments approximates their carrying values.

Consolidated Financial Statements

Financial Statements

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS OF
GLOBAL INVESTMENT HOUSE K.S.C. (CLOSED) — Kuwait

We have audited the accompanying consolidated balance sheet of Global Investment House — KSC (Closed) (the parent company) and its subsidiaries (the Group) as at 31 December 2005, and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards applied in the State of Kuwait.

Furthermore, in our opinion proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the parent company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of Commercial Companies Law, as amended, nor of the articles of association have occurred during the year 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 audit we have not become aware of any material violations of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

ANWAR Y. AL-QATAMI, F.C.C.A.
LICENCE NO. 50–A
OF GRANT THORNTON-
ANWAR AL-QATAMI & CO.

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

Kuwait
12 February 2006

Consolidated Statement of Income
Year ended 31 December 2005

	Notes	2005	2004
		KD	KD
Placement and advisory fees		**17,557,142**	10,988,514
Management fees		**8,083,455**	5,215,652
Interest income		**3,323,623**	1,004,391
Murabaha income		**809,511**	58,452
Dividend income		**2,341,966**	441,727
Realised gains from investments carried at fair value through statement of income		**22,672,654**	2,200,822
Unrealised gains from investments carried at fair value through statement of income	5	**23,871,484**	5,828,383
Income from associates		**684,770**	—
Rental income		**15,424**	—
Gain on sale of investment property		**838,793**	3,387,638
Foreign exchange differences		**(114,125)**	75,183
Other income		**13,724**	12,254
INCOME		**80,098,421**	29,213,016
Staff expenses		**6,601,711**	3,759,647
Depreciation		**260,113**	199,019
Other operating expenses		**3,023,870**	1,693,652
Interest expenses		**5,982,724**	1,232,553
Provision charge for credit losses		**633,911**	219,239
EXPENSES		**16,502,329**	7,104,110
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for National Labour Support Tax and Directors' fees		**63,596,092**	22,108,906
Contribution to KFAS		**(571,672)**	(198,980)
Provision for National Labour Support Tax		**(1,411,138)**	(489,976)
Directors' fees		**(150,000)**	(100,000)
NET PROFIT FOR THE YEAR		**61,463,282**	21,319,950
Attributable to:			
Shareholders of the parent company		**61,386,294**	21,319,950
Minority interest		**76,988**	—
NET PROFIT FOR THE YEAR		**61,463,282**	21,319,950
Basic earnings per share	3	**235 Fils**	94 Fils
Diluted earnings per share	3	**230 Fils**	93 Fils

The attached notes 1 to 33 form part of these consolidated financial statements.

Financial Statements

Consolidated Balance Sheet
At 31 December 2005

	Notes	2005	2004
		KD	KD
ASSETS			
Cash and cash equivalents	4	**31,739,588**	7,331,186
Investments carried at fair value through statement of income	5	**176,122,986**	65,711,195
Murabaha investment		**—**	4,600
Loans and advances	6	**50,303,470**	19,241,827
Investment in associates	7	**14,577,700**	795,905
Investment in unconsolidated subsidiaries		**2,058,923**	996,412
Investment properties		**5,959,373**	—
Other assets	8	**17,223,150**	4,630,570
Goodwill	9	**2,003,449**	—
Equipment	10	**706,761**	422,046
TOTAL ASSETS		**300,695,400**	99,133,741
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	11	**27,807,830**	20,809,112
Share premium	11	**21,284,252**	208,767
Share options reserve		**365,452**	—
Statutory reserve	12	**10,900,873**	4,541,264
General reserve		**10,900,873**	4,541,264
Treasury shares	13	**(6,990,552)**	(3,483,689)
Treasury shares reserve		**3,280,312**	1,261,547
Retained earnings		**52,947,373**	20,881,736
		120,496,413	48,760,001
Minority interest		**8,607,552**	—
Total Equity		**129,103,965**	48,760,001
Liabilities			
Borrowings	14	**54,795,990**	4,065,665
Wakala payables	14	**87,248,300**	20,577,928
Bonds	15	**20,000,000**	20,000,000
Other liabilities	16	**9,547,145**	5,730,147
Total liabilities		**171,591,435**	50,373,740
TOTAL EQUITY AND LIABILITIES		**300,695,400**	99,133,741

Anwar Abdulla Al-Nouri
Chairman

Maha Khaled Al-Ghunaim
Vice Chairman & Managing Director

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
Year Ended 31 December 2005

	Notes	2005	2004
		KD	KD
OPERATING ACTIVITIES			
Net profit for the year		**61,463,282**	21,319,950
Adjustments for:			
Cost of share based payment		**365,452**	—
Depreciation		**260,113**	199,019
Provision charge for credit losses		**633,911**	219,239
Interest and murabaha income		**(4,133,134)**	(1,062,843)
Dividend income		**(2,341,966)**	(441,727)
Interest expenses		**5,982,724**	1,232,553
Income from associates		**(684,770)**	—
Gain on disposal of equipment		**—**	(12,254)
Gain on sale of investment property		**(838,793)**	(3,387,638)
Negative goodwill		**(12,969)**	—
Operating profit before changes in operating assets and liabilities		**60,693,850**	18,066,299
Changes in operating assets and liabilities:			
Investments carried at fair value through statement of income		**(110,146,805)**	(36,630,920)
Murabaha investment		**4,600**	1,095,400
Loans and advances		**(31,695,554)**	(10,961,986)
Other assets		**(12,252,848)**	(1,446,533)
Borrowings		**50,730,325**	(9,427,137)
Other liabilities		**3,594,872**	2,704,337
Cash used in operations		**(39,071,560)**	(36,600,540)
Interest and murabaha income received		**4,133,134**	1,062,843
Dividend income received		**2,341,966**	441,727
Interest paid		**(5,982,724)**	(1,232,553)
Net cash used in operating activities		**(38,579,184)**	(36,328,523)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash		**3,511,561**	—
Investment in associates		**(13,097,025)**	(795,905)
Investment in unconsolidated subsidiaries		**(1,062,511)**	(996,412)
Purchase of equipment		**(516,764)**	(262,534)
Purchase of investment property		**(10,787,565)**	(12,452,500)
Proceeds from disposal of equipment		**—**	24,508
Proceeds from sale of investment property		**8,338,020**	15,840,138
Net cash (used in)/from investing activities		**(13,614,284)**	1,357,295
FINANCING ACTIVITIES			
Proceeds from issue of share capital		**25,993,292**	358,020
Wakala payables		**66,670,372**	20,577,928
Proceeds from issue of bonds		**—**	20,000,000
Purchase of treasury shares		**(27,663,700)**	(14,060,324)
Proceeds from sale of treasury shares		**26,175,602**	11,963,951
Dividends paid to shareholders of the parent company		**(14,520,528)**	(4,430,329)
Dividends paid to minority interest		**(53,168)**	—
Net cash from financing activities		**76,601,870**	34,409,246
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**24,408,402**	(561,982)
Cash and cash equivalents at beginning of the year		**7,331,186**	7,893,168
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	**31,739,588**	7,331,186

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
Year Ended 31 December 2005

	Attributable to the shareholders of the parent company										
	Share Capital	Share Premium	Share Options Reserve	Statutory Reserve	General Reserve	Treasury Shares	Treasury Shares Reserve	Retained Earnings	Sub-total	Minority Interest	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 31 December 2003	15,804,509	113,997	—	2,330,373	2,330,373	(444,200)	318,431	13,397,424	33,850,907	—	33,850,907
Issue of 30% bonus shares	4,741,353	—	—	—	—	—	—	(4,741,353)	—	—	—
Issue of shares under group performance scheme	263,250	94,770	—	—	—	—	—	—	358,020	—	358,020
Dividends paid	—	—	—	—	—	—	—	(4,672,503)	(4,672,503)	—	(4,672,503)
Net profit for the year	—	—	—	—	—	—	—	21,319,950	21,319,950	—	21,319,950
Transfer to reserves	—	—	—	2,210,891	2,210,891	—	—	(4,421,782)	—	—	—
Purchase of treasury shares	—	—	—	—	—	(14,060,324)	—	—	(14,060,324)	—	(14,060,324)
Sale of treasury shares	—	—	—	—	—	11,020,835	943,116	—	11,963,951	—	11,963,951
Balance as at 31 December 2004	20,809,112	208,767	—	4,541,264	4,541,264	(3,483,689)	1,261,547	20,881,736	48,760,001	—	48,760,001
Issue of share capital (Note 11)	4,161,822	20,809,111	—	—	—	—	—	—	24,970,933	—	24,970,933
Issue of 10% bonus shares (Note 11)	2,080,911	—	—	—	—	—	—	(2,080,911)	—	—	—
Issue of shares under group performance schemes (Note 11)	755,985	266,374	—	—	—	—	—	—	1,022,359	—	1,022,359
Cost of share based payment	—	—	365,452	—	—	—	—	—	365,452	—	365,452
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	8,583,732	8,583,732
Dividends paid (Note 17)	—	—	—	—	—	—	—	(14,520,528)	(14,520,528)	—	(14,520,528)
Dividends of subsidiaries	—	—	—	—	—	—	—	—	—	(53,168)	(53,168)
Net profit for the year	—	—	—	—	—	—	—	61,386,294	61,386,294	76,988	61,463,282
Transfer to reserves	—	—	—	6,359,609	6,359,609	—	—	(12,719,218)	—	—	—
Purchase of treasury shares	—	—	—	—	—	(27,663,700)	—	—	(27,663,700)	—	(27,663,700)
Sale of treasury shares	—	—	—	—	—	24,156,837	2,018,765	—	26,175,602	—	26,175,602
Balance as at 31 December 2005	**27,807,830**	**21,284,252**	**365,452**	**10,900,873**	**10,900,873**	**(6,990,552)**	**3,280,312**	**52,947,373**	**120,496,413**	**8,607,552**	**129,103,965**

The attached notes 1 to 33 form part of these consolidated financial statements.

Notes To The Consolidated Financial Statements
At 31 December 2005

1 INCORPORATION AND ACTIVITIES

The consolidated financial statements of Global Investment House K.S.C. (Closed) and its Subsidiaries (the group) for the year ended 31 December 2005 were authorised for issue in accordance with a resolution of the directors on 12 February 2006.

Global Investment House K.S.C. (Closed), the parent company, is a closed shareholding company incorporated on 16 June 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company's shares are listed on Kuwait Stock Exchange. The parent company is regulated by the Central Bank of Kuwait as an investment company. Details of subsidiary companies are set out in note 23.

The group is principally engaged in the provision of investment services. Its registered office is at Souk Al Safat, Abdulla Mubarak Street, Kuwait City.

The group primarily operates in the Gulf Cooperation Council countries.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments carried at fair value through statement of income, investment properties and derivatives.

The consolidated financial statements have been presented in Kuwaiti dinars which is the functional currency of the parent company.

In 2003 and 2004, International Accounting Standards Board (IASB) issued a series of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS). The new IFRS and revised IAS became effective for annual periods beginning 1 January 2005. All new IFRS and revised IAS have been adopted by the group during the year, except for IAS 39 and IAS 32 which were early adopted in prior year, but have either no or insignificant impact on the financial position or results of operations of the group except for IFRS 2 "Share-based Payment". The main impact of IFRS 2 on the group is disclosed below.

The accounting policies, with the exception of adoption of IFRS described below, are consistent with those used in the previous year.

Adoption of IFRS 2 "Share-Based Payment"

IFRS 2 "Share-Based Payment" requires an expense to be recognised where the group buys goods or services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The main impact of IFRS 2 on the group is disclosed in Note 24.

The effect of the revised policy has decreased consolidated current period profits by KD365,452 (2004: Nil) due to an increase in the employee benefits expense with a corresponding increase in equity.

The effect of the revised policy due to the adoption of IFRS 2 on basic and diluted earnings per share is as follows:

- For the year ended 31 December 2005, a decrease in basic earnings per share by 1 fils (31 December 2004: Nil impact);

- For the year ended 31 December 2005, a decrease in diluted earnings per share by 1 fils (31 December 2004: Nil impact).

Basis of consolidation

Subsidiaries are those enterprises controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries, other than those that are acquired with a view to disposal in the near future, are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiary are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the net identifiable assets of the acquired subsidiary or associate as at the date of the acquisition. Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Any excess, at the date of acquisition, of the Group's share in the fair value of the net identifiable assets acquired over the cost of the acquisition is recognised as negative goodwill.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the consolidated statement of income.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Fee income

Placement and advisory fees are recognized when securities are sold or when specific advisory services are rendered. Management fees relating to portfolios, fund management and custody services are recognized when earned. Other fees receivable are recognized when earned.

Interest income

Interest income considered an integral part of the effective yield of a loan, is recognized using the effective yield method. The recognition of interest income is suspended when loans become impaired, such as when overdue by more than 90 days. Notional interest is recognized on impaired loans and other financial assets based on the rate used to discount future cash flows to their net present value.

Murabaha income

Murabaha income is recognized on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

Share-based payment transactions

Employees (including directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the market value of the parent company's shares at each reporting date and the date of final settlement to the exercise price with any change in intrinsic value recognised in the statement of income.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees exercise their rights. The cumulative expense recognised for equity-settled transactions at each reporting date until the exercise date reflects the extent to which the exercise period has expired and the number of awards that, in the opinion of the directors at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of the outstanding options is reflected as additional share dilution in the computation of the earnings per share (see note 3).

Gain on sale of investment property

Gain on sale of investment property is recognised when the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Investments carried at fair value through statement of income

All investments are initially recognised at fair value. After initial recognition, investments are re-measured at fair value. Unrealised gains and losses are included in the consolidated statement of income.

Fair values

For securities traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected discounted cash flows.

The determination of fair value is done for each investment individually.

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the date of the consolidated financial statements. The use of estimates is principally limited to the determination of fair values of unquoted securities, investment properties, and impairment provision for financial assets.

Murabaha investment

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. As the credit risk of the transaction is attributable to a financial institution, the amount due has been classified as a murabaha investment. Murabaha investment is stated at cost less provision for impairment, if any.

Impairment and uncollectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset, or group of similar assets, may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the statement of income. For assets carried at amortised cost, future anticipated cash flows are discounted at the financial instrument's original effective interest rate. For assets carried at fair value, impairment is the difference between cost and fair value.

In addition, in accordance with the Central Bank of Kuwait instructions, a minimum general provision of 2% on all credit facilities net of certain restricted categories of collateral, and not subject to specific provision, is provided.

The provision for impairment of loans and advances also covers losses where there is objective evidence that probable losses are present in components of the loans and advances portfolio at the balance sheet date. These have been estimated based on historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognised either when the group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Loans and advances

Loans and advances are stated at cost net of interest suspended and provisions for impairment and credit losses.

Investment in associates

The group's investments in associates are accounted for under the equity method of accounting. These are entities in which the company has between 20% to 50% of the voting power or over which it exercises significant influence. Investments in associates are carried in the balance sheet at cost, plus post-acquisition changes in the group's shares of net assets of the associate, less any impairment in value. The consolidated statement of income reflects the company's share of the results of its associates.

Investment properties

Investment properties are initially recorded at cost being its purchase price and any directly attributable acquisition costs. After initial recognition, investment properties are remeasured at fair value. Unrealised gain or loss arising from a change in the fair value of investment properties are reported in the consolidated statement of income for the year in which it arises.

The carrying amounts are reviewed at each balance sheet date on an individual basis by reference to their fair value to assess whether they are recorded in excess of their recoverable amount. Provisions for impairment losses, if any, are made where carrying values exceed the recoverable amount.

Equipment

Equipment are recorded at cost less accumulated depreciation and impairment losses. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts assets are written down to their recoverable amount.

Depreciation

Depreciation is provided on all equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. The estimated useful lives of assets are between 3 to 5 years.

Money market borrowings

All money market borrowings are carried at cost less amounts repaid.

Wakala payables

Wakala payables are stated at amortised cost.

Bonds

Bonds are carried on the balance sheet at their principal amount, net of directly related costs of issuing the bonds to the extent that such costs have not been amortised. These costs are amortised through the consolidated statement of income over the life of the bonds using the effective interest rate method.

Interest is charged as an expense as it accrues, with unpaid amounts included in other liabilities.

Repurchase and resale agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (repos) are retained in the financial statements as 'investments carried at fair value through consolidated statement of income'. The counterparty liability for amounts received under these agreements is included in 'other liabilities'. The difference between sale and repurchase price is treated as interest expense using the effective yield method. Investments purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in other assets. The difference between purchase and resale price is treated as interest income using the effective yield method.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Treasury shares

The parent company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is non distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. 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.

Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the group and accordingly are not included in these consolidated financial statements.

Foreign currencies

With the exception of forward contracts, transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

Forward foreign exchange contracts

Forward foreign exchange contracts outstanding at the year end are translated at the forward rate current at the balance sheet date with any resultant gains or losses being taken to the consolidated statement of income.

3 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net profit for the period attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

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

	2005	2004
Net profit for the year attributable to the shareholders of the parent company (KD)	**61,386,294**	21,319,950
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares)	**261,383,765**	226,146,334
Effect of dilution from weighted average number of share options outstanding	**5,043,864**	3,018,188
Adjusted weighted average number of ordinary shares for diluted earnings per share	**266,427,629**	229,164,522
Basic earnings per share	**235 Fils**	94 Fils
Diluted earnings per share	**230 Fils**	93 Fils

The denominators for the purpose of calculating both basic and diluted earnings per share have been adjusted to reflect the bonus issue in June 2005 (Note 11).

4 CASH AND CASH EQUIVALENTS

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

	2005	2004
	KD	KD
Bank balances and cash	**25,545,169**	1,749,051
Investment in money market instruments	**6,194,419**	5,582,135
	31,739,588	7,331,186

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2005 KD	2004 KD
Held for trading:		
Quoted securities and managed funds	**8,862,139**	3,591,179
Designated on initial recognition:		
Unquoted debt securities	**33,000**	233,937
Unquoted equity securities	**92,224,566**	46,957,057
Quoted securities and managed funds	**75,003,281**	14,929,022
	167,260,847	62,120,016
	176,122,986	65,711,195

Investments designated on initial recognition include investments amounting to KD91,460,142 (2004: KD46,957,057) whose fair values are determined using valuation techniques that are not based on observable market prices or rates.

Unrealised gains from investments carried at fair value through income statement include unrealised gains of KD1,162,195 (2004: KD3,394,342) resulting from fair value estimated using valuation techniques that are not based on observable market prices or rates.

6 LOANS AND ADVANCES

Loans and advances are classified as receivables originated by the group.

	2005 KD	2004 KD
Commercial business	**11,977,280**	3,813,116
Private individuals	**39,352,791**	15,821,401
	51,330,071	19,634,517
Less: Provision for credit losses	**(1,026,601)**	(392,690)
	50,303,470	19,241,827

Loans are granted to GCC companies and individuals and are secured against investments in the funds and securities held in fiduciary portfolios on behalf of the borrowers.

The policy of the group for calculation of the provision for credit losses for loans and advances complies in all material respects with the specific and general provision requirements of Central Bank of Kuwait. In this respect the Central Bank of Kuwait requires a general provision of at least 2% on all credit facilities not subject to specific provision.

7 INVESTMENT IN ASSOCIATE

Details of associates are set out below

Name	Country of Incorporation	Voting Capital Held %	Purpose
National Int'l Holding — KSC (Closed) (quoted)	Kuwait	26	Investment services
Adel Falah Rashidi — WLL (unquoted)	Kuwait	21	Contracting services

	2005 KD	2004 KD
Aggregate share of associates' balance sheet:		
Current assets	**2,454,398**	446,266
Non-current assets	**10,357,844**	695,620
Current liabilities	**(894,436)**	(217,310)
Non-current liabilities	**(73,631)**	(42,463)
Net assets	**11,844,175**	882,113
Aggregate share of associates' revenue and profit:		
Revenue	**2,225,086**	77,953
Profit	**633,909**	57,367
Aggregate carrying amount of the associates	**14,577,700**	795,905
Aggregate fair value of quoted associates	**14,782,402**	—

8 OTHER ASSETS

	2005 KD	2004 KD
Accrued income	**6,099,814**	2,397,392
Deposits, prepayments and other receivables	**8,255,737**	576,598
Amount due from related parties (Note 18)	**2,860,698**	1,654,013
Positive fair value of forward foreign exchange contracts (Note 21)	**6,901**	2,567
	17,223,150	4,630,570

9 ACQUISITION OF SUBSIDIARIES

9.1 During the year the group acquired 62.88% of the share capital of Real Estate Development Company JSC, a real estate investment company in Jordan. Details of the net assets acquired are as follows:

	KD	KD
Purchase consideration		15,193,453
Fair value of net assets	**20,977,348**	
Share of fair value of net assets acquired		(13,190,004)
Goodwill		2,003,449

	KD
Purchase consideration settled in cash	15,193,453
Cash and cash equivalents in subsidiary acquired	(18,033,165)
Cash inflow on acquisition	2,839,712

9.2 During the year, the group acquired 65% of the share capital of Shurooq Investment Services Company SAOG, an investment services company in Oman. Details of the net assets acquired are as follows:

	KD	KD
Purchase consideration		987,414
Fair value of net assets	**1,539,051**	
Share of net fair value of assets acquired		1,000,383
Negative goodwill		(12,969)

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At 31 December 2005

	KD
Purchase consideration settled in cash	987,414
Cash and cash equivalents in subsidiary acquired	(1,659,263)
Cash inflow on acquisition	671,849

10 EQUIPMENT

	Furniture and fixtures	Office equipment and computers	Total
	KD	KD	KD
Balance at 1 January 2005, net of accumulated depreciation	263,220	158,826	422,046
Arising on acquisition of subsidiaries	17,820	10,244	28,064
Additions	225,650	291,114	516,764
Depreciation for the year	(128,427)	(131,686)	(260,113)
Balance at 31 December 2005, net of accumulated depreciation	378,263	328,498	**706,761**
Equipment			
At cost	1,106,689	1,092,731	2,199,420
Accumulated deprecation	(728,426)	(764,233)	(1,492,659)
Net carrying amount at 31 December 2005	378,263	328,498	**706,761**

11 SHARE CAPITAL AND SHARE PREMIUM

	Authorised		Issued and fully paid	
	2005	2004	2005	2004
	KD	KD	KD	KD
Shares of KD 0.100 each	**27,807,830**	20,809,112	**27,807,830**	20,809,112

The annual general meeting of the shareholders held on 13 March 2005 approved an increase in the authorised capital from KD20,809,112 to KD27,807,830 by issue of 20,809,112 (2004 : 47,413,530) bonus shares and 7,559,847 (2004 : 2,632,500) shares under the group's performance bonus scheme and share option scheme. The shareholders also approved the increase of 20% of paid up capital totalling to 41,618,223 shares (2004: Nil) at 600 fils, including a share premium of 500 fils. During the year, 7,559,847 shares under group's performance bonus scheme and share option scheme and 41,618,223 shares under the 20% share capital increase were issued and fully paid. The excess over the nominal value of shares issued has been credited to share premium.

Subsequent to the balance sheet date, the directors have proposed an increase of 50% of paid up capital at 600 fils including a share premium of 500 fils, which is subject to the approval of the shareholders at the annual general meeting.

Share premium is not available for distribution.

12 STATUTORY RESERVE

In accordance with the Commercial Companies Law and the parent company's Articles of Association, 10% of the net profit for the year has been transferred to statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

13 TREASURY SHARES

As at 31 December 2005 the parent company held 2,935,237 (2004: 3,907,500) of its own shares at a carrying amount of KD6,990,552 (2004: KD3,483,689), equivalent to 1.055% of the total issued share capital at that date (2004: 1.9%). The market value of these shares at the balance sheet date was KD7,925,140 (2004: KD3,868,425).

14 BORROWING AND WAKALA PAYABLES

Borrowings are due to local financial institutions and are repayable within 12 months from the date of borrowings and are unsecured. The average effective interest ranges between 3.85% and 6.4% (2004: 2.9% and 4%).

Wakala payables represent wakala contracts with local financial institutions maturing within 6 months from the balance sheet date. The average effective cost attributable to these contracts ranges between 5.0% to 6.5.% per annum (2004 : 3% to 5%).

15 BONDS

On 23 June 2004, the company issued unsecured bonds in the principal amount of KD20,000,000 composed of bonds in two series as follows:

	2005	2004
	KD	KD
Fixed rate bonds due on 23 June 2009 (bearing fixed interest at the rate of 5% per annum payable semi-annually)	**8,000,000**	8,000,000
Floating rate bonds due on 23 June 2009 (bearing interest at the rate of 1% per annum over the six-month KIBOR in effect on the rate fixing date payable semi-annually)	**12,000,000**	12,000,000
	20,000,000	20,000,000

The company has the option of early redemption on all bonds (together) at any time after two years from the date of issue at face value plus accrued interest.

16 OTHER LIABILITIES

	2005	2004
	KD	KD
Accrued expenses	**5,986,267**	1,799,360
Amounts due under repurchase agreement	**—**	2,150,916
Other payables	**3,560,878**	1,779,871
	9,547,145	5,730,147

17 PROPOSED DIVIDENDS

Subsequent to the balance sheet date, the directors have proposed a cash dividend of 70 Fils per share and bonus shares of 100% of paid up share capital which is subject to the approval of the shareholders at the annual general meeting.

During 2005, cash dividends of 70 Fils (2004: 30 Fils) per share totalling KD14,520,528 (2004: KD4,672,503) and bonus shares of 10% (2004: 30%) of paid up capital for the year ended 31 December 2004 were approved at the annual general meeting on 13 March 2005 and were paid in 2005 following that approval.

18 RELATED PARTY TRANSACTIONS

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) entered into by the group in the ordinary course of business.

	2005	2004
	KD	KD
Transactions included in the balance sheet:		
Loans to directors and senior management	**2,380,353**	1,002,143
Amounts due from related parties (Note 8)	**2,860,698**	1,654,013
Borrowings	**100,000**	2,000,000
Wakala payables	**61,748,300**	3,385,285
Transactions included in the statement of income:		
Interest income	**118,343**	47,601
Interest expense	**804,126**	45,940
Key management compensation		
Salaries and other short term benefits	**1,659,737**	405,324
Cost of share based payment	**365,452**	—
Terminal benefits	**353,265**	84,744

Information in relation to share options granted prior to 7 November 2002 has been disclosed in note 24.

19 SEGMENTAL INFORMATION

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

- Proprietary investment management comprises of investing of company funds in securities, lending to corporate and individual customers and managing the company's liquidity requirements.

- Investment management and advisory services comprise of discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

The group primarily operates in one geographical region GCC (Kuwait and the other GCC countries) and accordingly does not have a secondary segment.

	Proprietary investment management	Investment management and advisory services	Total
	KD	KD	KD
31 December 2005			
Segment income	**54,437,824**	**25,660,597**	**80,098,421**
Segment profit	**43,222,236**	**20,373,856**	**63,596,092**
Unallocated expenses			**(2,132,810)**
Net profit for the year			**61,463,282**
31 December 2004			
Segment income	13,008,850	16,204,166	29,213,016
Segment profit	9,845,318	12,263,588	22,108,906
Unallocated expenses			(788,956)
Net profit for the year			21,319,950

	Proprietary investment management	Investment management and advisory services	Total
	KD	KD	KD
31 December 2005			
Total assets	**300,695,400**	**9,010,884**	**309,706,284**
Total liabilities	**(180,602,319)**	**—**	**(180,602,319)**
Net assets	**120,093,081**	**9,010,884**	**129,103,965**
Capital expenditure	**516,764**	**—**	**516,764**
Depreciation	**260,113**	**—**	**260,113**
31 December 2004			
Total assets	99,133,741	2,166,078	101,299,819
Total liabilities	(52,539,818)	—	(52,539,818)
Net assets	46,593,923	2,166,078	48,760,001
Capital expenditure	262,534	—	262,534
Depreciation	194,796	4,223	199,019

20 FIDUCIARY ACCOUNTS

The group manages portfolios on behalf of others, mutual funds, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the group's balance sheet. Assets under management at 31 December 2005 amounted to KD 1,831,122,749 (2004: KD1,036,862,545).

21 DERIVATIVE FINANCIAL INSTRUMENTS

	2005 Notional amounts	2004 Notional amounts	2005 Positive fair value	2004 Negative fair value
	KD	KD	KD	KD
Forward foreign exchange contracts	**7,888,800**	6,771,064	**6,901**	2,567

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

Forward foreign exchange contracts primarily comprise contracts both with clients and offsetting contracts with bank counter parties to cover the exposure to the group arising therefrom. The net currency exposure to the group is disclosed in Note 28.

22 COMMITMENTS

At 31 December 2005, the group had commitment to invest in venture capital funds and securities amounting to KD4,793,802 (2004: KD20,745,124), after deducting commitments by the group's clients.

23 SUBSIDIARY COMPANIES

Details of significant subsidiary companies are set out below:

Name	Country of incorporation	Voting capital held %	Purpose
Safi Financial Services — KSC (Closed)	Kuwait	100	Financial Brokerage Co,
Al Muthana Holding — KSC (Closed) (Previously Third Economic Consultancy Co — WLL)	Kuwait	100	Economic Consultancy
Safa Al Dawalia Company — WLL	Kuwait	100	Economic Consultancy
Hanadi International General Trading & Contracting Co. — WLL	Kuwait	100	General Trading & Contracting

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At 31 December 2005

Name	Country of incorporation	Voting capital held %	Purpose
Kuwait International Labour Recruitment Company —WLL	Kuwait	100	Labour Recruitment
Lial for Super Market Company — WLL	Kuwait	100	Investment Activities
National Company for Educational Development — WLL	Kuwait	100	Educational Services
Gulf Real Estate Fund Company — WLL	Kuwait	100	Investment Activities
United Burgan Consultancy — KSC (Closed)	Kuwait	100	Investment Activities
Eighth Project Management Company — WLL	Kuwait	100	Consultancy Project Management
Tenth Project Management Company — WLL	Kuwait	100	Consultancy Project Management
Eleventh Project Management Company — WLL	Kuwait	100	Consultancy Project Management
Thirteenth Project Management Company — WLL	Kuwait	100	Consultancy Project Management
Fourteenth Project Management Company — WLL	Kuwait	100	Consultancy Project Management
Second Computer Consultancy — KSC (Closed)	Kuwait	100	Computer Consultancy
Second Economic Consultancy Company — WLL	Kuwait	100	Economic consultancy services
Third Marketing Consultancy Company — WLL	Kuwait	100	Marketing Consultancy
Fourth Marketing Consultancy Company — WLL	Kuwait	100	Marketing Consultancy
Fifth Economic Consultancy Company — WLL	Kuwait	100	Economic Consultancy
Sixth Economic Consultancy Company — WLL	Kuwait	100	Economic Consultancy
Kazma Holding Company — KSC (Closed) (Previously Second Marketing Consultancy Company — WLL)	Kuwait	79	Marketing Consultancy
Global Investment House — BSC (Closed)	Bahrain	100	Investment Activities
Global Investment House — JSC (Closed)	Jordan	100	Investment Activities
Real Est. Development Co. Company — JSC	Jordan	62.88	Real Estate Investment activities
Shurooq Investment Services Company — SAOG	Oman	65	Investment Activities
Shurooq Securities Company — LLC	Oman	50	Brokerage activities

During the year, due to increase in share capital subscribed by outside shareholders, following companies are no longer subsidiaries:

- First Qatar Real Estate Development Company — KSC (Closed) [Previously Al Shamiya Holding Company — KSC (Closed)]
- Nawadi for Real Estate — KSC (Closed) (previously Al Thuraya International Holding Company — KSC (Closed))
- First Bahrain Real Estate Development Company — KSC (Closed) [previously Al Buraq Al Khalij Holding Company — KSC (Closed)]
- Kuwait Business Town — KSC (Closed) [Previously Second Administration Consultancy Company — WLL]

24 PROFIT-SHARING SCHEMES

The parent company operates two profit-sharing schemes to reward the performance of its employees, namely a performance bonus scheme (PBS) and a share option scheme (SOS). Both schemes are in operation for a period of 10 years, with the first year being the fiscal year ended 31 December 1999. The total capital increase to meet the requirements of the schemes should not exceed 15% of the parent company's share capital at the end of 2009.

The PBS covers all employees who are entitled to receive a portion of their annual bonus in shares to be issued by the company. The SOS covers senior executives who are granted an option to subscribe for shares allotted to them at the commencement of each year of a three-year period, at the end of which the employee may exercise the option. The subscription price for the shares allotted under both the schemes is the book value per share at the beginning of each year.

	2005		2004	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding at the beginning of the year	**6,747,978**	**0.136**	6,503,107	0.134
Granted during the year	**8,808,346**	**0.148**	2,877,371	0.140
Forfeited during the year	**—**	**—**	—	—
Exercised during the year	**(7,559,847)**	**0.138**	(2,632,500)	0.136
Expired during the year	**—**	**—**	—	—
Outstanding at the end of the year	**7,996,477**	**0.148**	6,747,978	0.136
Exercisable at the end of the year	**2,978,876**	**0.148**	1,063,920	0.142

The weighted average share price at the date of exercise of share options exercised during the year (which were all vested at 31 December 2004) was KD0.142. The options outstanding at 31 December 2005 had a weighted average exercise price of KD0.148 and a weighted average remaining contractual life of one year.

The fair value of share options granted during the year is KD21,590,488 (2004 : KD2,877,371) for which an expense of KD365,452 was recognised in the consolidated statement of income.

During the year 1,063,920 shares (2004 : 2,632,500 shares) were exercised under the PBS at a price of KD0.142 per share (2004 : KD0.136). Also during the year 6,495,927 options were exercised under SOS at KD0.135 per share (2004 : Nil).

At 31 December 2005, options outstanding under the SOS amounted to 5,017,601 shares (2004 : 5,684,058) exercisable after 30 June 2008. Included within this outstanding balance are options of 5,017,601 shares that have not been expensed in accordance with IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

Share options outstanding at the end of the year have the following exercise prices:

Expiry Date	**Exercise price**	**2005**	**2004**
	KD	**No.**	**No.**
1 January 2005	0.142	**—**	1,063,920
30 June 2005	0.136	**—**	5,684,058
1 January 2006	0.148	**2,978,876**	—
30 June 2008	0.148	**5,017,601**	—
		7,996,477	6,747,978

25 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis.

Notes To The Consolidated Financial Statements — (Continued)
At 31 December 2005

The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of lending activities. It also obtains security when appropriate.

Information on other significant concentrations of credit risk is set out in Note 26.

26 CONCENTRATION OF ASSETS

The distribution of assets by geographic region and industry sector was as follows:

	GCC	Asia	Europe	U.S.A.	Total
	KD	KD	KD	KD	KD
At 31 December 2005					
Geographic region:					
Cash and cash equivalents	13,888,397	12,335,945	9,732	5,505,514	31,739,588
Investments carried at fair value through statement of income	146,075,610	25,576,960	915,081	3,555,335	176,122,986
Loans and advances	50,303,470	—	—	—	50,303,470
Investment in associates	14,577,700	—	—	—	14,577,700
Investment in unconsolidated subsidiaries	—	2,058,923	—	—	2,058,923
Investment Properties	—	5,959,373	—	—	5,959,373
Other assets	15,386,271	530,013	114,272	1,192,594	17,223,150
Goodwill	—	2,003,449	—	—	2,003,449
Equipment	673,244	33,517	—	—	706,761
	240,904,692	48,498,180	1,039,085	10,253,443	300,695,400
Industry sector:					
Trading and manufacturing	798,800	1,191,666	149,132	34,888	2,174,486
Banks and financial institutions	60,202,722	20,118,074	9,732	6,584,485	86,915,013
Real estate	55,250,730	12,716,337	—	935,728	68,902,795
Others	124,652,440	14,472,103	880,221	2,698,342	142,703,106
	240,904,692	48,498,180	1,039,085	10,253,443	300,695,400
At 31 December 2004					
Geographic region:					
Cash and cash equivalents	7,082,547	113,539	33,230	101,870	7,331,186
Investments carried at fair value through statement of income	62,459,403	965,603	1,062,398	1,223,791	65,711,195
Murabaha investment	4,600	—	—	—	4,600
Loans and advances	19,241,827	—	—	—	19,241,827
Investment in associates	—	795,905	—	—	795,905
Investment in unconsolidated subsidiaries	—	996,412	—	—	996,412
Other assets	4,485,322	—	145,248	—	4,630,570
Equipment	422,046		—	—	422,046
	93,695,745	2,871,459	1,240,876	1,325,661	99,133,741
Industry sector:					
Trading and manufacturing	—	1,393,911	176,413	102,634	1,672,958
Banks and financial institutions	30,955,032	908,634	33,230	101,870	31,998,766
Real estate	13,161,836	—	—	472,152	13,633,988
Others	49,578,877	568,914	1,031,233	649,005	51,828,029
	93,695,745	2,871,459	1,240,876	1,325,661	99,133,741

27 INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The group is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. The Board has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The group's interest rate sensitivity position based on earlier of contractual repricing arrangements and maturity at 31 December 2005 was as follows:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing items	Total	Effective interest rate %
	KD	KD	KD	KD	KD	KD	
Cash and cash equivalents	—	6,194,419	—	—	25,545,169	31,739,588	4.45-5.25
Investments carried at fair value through statement of income	—	—	3,649,076	—	172,473,910	176,122,986	4.5-7.5
Loans and advances	2,337,010	7,300,582	32,792,606	7,873,272	—	50,303,470	4.35-9.25
Investment in associates	—	—	—	—	14,577,700	14,577,700	—
Investment in unconsolidated subsidiaries	—	—	—	—	2,058,923	2,058,923	—
Investment properties	—	—	—	—	5,959,373	5,959,373	—
Other assets	—	—	224,320	—	16,998,830	17,223,150	6.50
Goodwill	—	—	—	—	2,003,449	2,003,449	—
Equipment	—	—	—	—	706,761	706,761	—
Total assets	2,337,010	13,495,001	36,666,002	7,873,272	240,324,115	300,695,400	
Borrowings	32,847,690	21,948,300	—	—	—	54,795,990	3.85-6.40
Wakala payables	27,239,320	40,008,980	20,000,000	—	—	87,248,300	5-6.50
Bonds	—	—	—	20,000,000	—	20,000,000	
Other liabilities	—	—	1,727,063	—	7,820,082	9,547,145	3.85-6.50
Total liabilities	60,087,010	61,957,280	21,727,063	20,000,000	7,820,082	171,591,435	

Notes To The Consolidated Financial Statements — (Continued)
At 31 December 2005

The company's interest sensitivity position based on earlier of contractual repricing arrangements and maturity at 31 December 2004 was as follows:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing items	Total	Effective interest rate %
	KD	KD	KD	KD	KD	KD	
Cash and cash equivalents	—	5,582,135	—	—	1,749,051	7,331,186	2-5
Investments carried at fair value through statement of income	—	—	2,787,085	—	62,924,110	65,711,195	2-7
Murabaha investment	—	4,600	—	—	—	4,600	5.25
Loans and advances	7,075,174	976,611	8,819,759	2,370,283	—	19,241,827	4-6.25
Investment in associates	—	—	—	—	795,905	795,905	—
Investment in unconsolidated subsidiaries	—	—	—	—	996,412	996,412	—
Other assets	—	—	84,314	—	4,546,256	4,630,570	5.25
Equipment	—	—	—	—	422,046	422,046	—
Total assets	7,075,174	6,563,346	11,691,158	2,370,283	71,433,780	99,133,741	
Borrowings	590,190	1,475,475	2,000,000	—	—	4,065,665	2.9-4
Wakala payables	10,327,928	250,000	10,000,000	—	—	20,577,928	3-5
Bonds	—	—	—	20,000,000	—	20,000,000	3.2-5
Other liabilities	—	—	216,301	—	5,513,846	5,730,147	2.9-5
Total liabilities	10,918,118	1,725,475	12,216,301	20,000,000	5,513,846	50,373,740	

28 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the group does not hedge foreign currency exposure. The group had the following significant net long exposures denominated in foreign currencies at 31 December 2005:

	2005 KD Equivalent	2004 KD Equivalent
US Dollar	**7,314,630**	8,428,752
Japanese Yen	**42,623**	72,623
Sterling Pound	**6,954**	1,857
Euro	**227,018**	49,055
Bahraini Dinars	**7,523,890**	3,309,467
Qatari Riyals	**3,087,772**	794,812
Jordanian Dinars	**33,927,692**	668,934
Other	**31,708,381**	6,591,214
Total	**83,838,960**	19,916,714

29 LIQUIDITY RISK

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarises the maturity profile of the group's assets and liabilities. Except for investments carried at fair value through statement of income, the maturities of assets and liabilities have been determined on the basis of the remaining period from the balance sheet date to the contractual maturity date. The maturity profile for investments carried at fair value through statement of income is determined based on management's estimate of liquidation of those investments.

Notes To The Consolidated Financial Statements — (Continued)
At 31 December 2005

Maturity profile of assets and liabilities at 31 December 2005:

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
	KD	KD	KD	KD	KD
ASSETS					
Cash and cash equivalents	25,545,169	6,194,419	—	—	31,739,588
Investments carried at fair value through statement of income	—	8,862,139	3,649,076	163,611,771	176,122,986
Murabaha investment	—	—	—	—	—
Loans and advances	2,337,010	7,300,582	32,792,606	7,873,272	50,303,470
Investment in associates	—	—	—	14,577,700	14,577,700
Investment in unconsolidated subsidiaries	—	—	—	2,058,923	2,058,923
Investment Property	—	—	—	5,959,373	5,959,373
Other assets	639,231	12,646,383	3,875,462	62,074	17,223,150
Goodwill	—	—	—	2,003,449	2,003,449
Equipment	—	—	—	706,761	706,761
	28,521,410	35,003,523	40,317,144	196,853,323	300,695,400
LIABILITIES					
Borrowings	32,847,690	21,948,300	—	—	54,795,990
Wakala payables	27,239,320	40,008,980	20,000,000	—	87,248,300
Bonds	—	—	—	20,000,000	20,000,000
Other liabilities	6,356,879	2,305,516	204,931	679,819	9,547,145
	66,443,889	64,262,796	20,204,931	20,679,819	171,591,435

Maturity profile of assets and liabilities at 31 December 2004:

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
	KD	KD	KD	KD	KD
ASSETS					
Cash and cash equivalents	1,749,051	5,582,135	—	—	7,331,186
Investments carried at fair value through statement of income	—	7,562,391	2,787,085	55,361,719	65,711,195
Murabaha investment	—	4,600	—	—	4,600
Loans and advances	7,075,174	976,611	8,819,759	2,370,283	19,241,827
Investment in associates	—	—	—	795,905	795,905
Investment in unconsolidated subsidiaries	—	—	—	996,412	996,412
Other assets	365,808	4,264,762	—	—	4,630,570
Equipment	—	—	—	422,046	422,046
	9,190,033	18,390,499	11,606,844	59,946,365	99,133,741
LIABILITIES					
Borrowings	590,190	1,475,475	2,000,000	—	4,065,665
Wakala payables	10,327,928	250,000	10,000,000	—	20,577,928
Bonds	—	—	—	20,000,000	20,000,000
Other liabilities	3,942,619	788,956	650,490	348,082	5,730,147
	14,860,737	2,514,431	12,650,490	20,348,082	50,373,740

30 MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The group is exposed to market risk with respect to its investments.

The group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international equity and bond markets. In addition, the group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

31 EQUITY PRICE RISK

Equity price risk arises from the change in fair values of equity investments. The group manages this risk though diversification of investments in terms of geographical distribution and industry concentration.

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

In the opinion of management the fair value of financial instruments approximates their carrying values.

33 COMPARATIVE AMOUNTS

Certain corresponding figures for 2004, have been reclassified in order to conform with the presentation for the current year. Such reclassifications do not affect previously reported net profit or shareholders' equity.

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