

THE BILLION CONCEPT REPRESENTS INVESTMENT
DAR'S ACHIEVEMENT OF SHAREHOLDERS' EQUITY
EXCEEDING US\$ 1,000,000,000 AND TOTAL ASSETS
EXCEEDING KD 1,000,000,000

ANNUAL REPORT 2006

**KD
USD 1,000,000,000**
(A retrospective on Today's Success)

بسم الله الرحمن الرحيم

وَقُلْ اَعْمَلُوا فَسَيَرَى اللّٰهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ

صدق الله العظيم

سورة التوبة (آية 105)

In The Name of Allah, The Most Gracious, The Most Merciful

“AND SAY, WORK AND GOD AND HIS MESSENGER AND BELIEVERS WILL SEE YOUR WORK.”

The Holy Qu’ran, Altawba (105)



HIS HIGHNESS

Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

CROWN PRINCE OF THE STATE OF KUWAIT



HIS HIGHNESS

Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah

AMIR OF THE STATE OF KUWAIT



HIS HIGHNESS

Sheikh Naser Al-Mohammad Al-Ahmad Al-Sabah

PRIME MINISTER OF THE STATE OF KUWAIT

A **1,000,000,000**
SUCCESS STORY
SPANNING TEN YEARS

1996

THE YEAR WAS 1996. ALL THAT WAS IN PLACE WAS A CONSUMER FINANCE BUSINESS OPERATING LOCALLY, WITH EVERYTHING POTENTIALLY TO PLAY FOR. WE NEEDED TO CREATE, TO EXPAND, TO TURN THIS COMPANY INTO ONE THAT GAINED THE RESPECT AND TRUST OF A NATION, AND BEYOND.

2006

TODAY WE CAN REFLECT ON OUR ACHIEVEMENTS LOCALLY, REGIONALLY AND EVEN GLOBALLY. THESE ACHIEVEMENTS HAVE EARNED US NO. 1 STATUS, RECORD PERFORMANCE FIGURES AND, MORE IMPORTANTLY, THE TRUST OF OUR CUSTOMERS AND STAKEHOLDERS. AND AS WE REFLECT ON SUCCESSES PAST AND CURRENT, WE REMAIN BUSY WITH CREATING FURTHER ACHIEVEMENT AND GROWTH IN THE FUTURE.

1,000,000,000

CHAPTER BY CHAPTER

Contents

(The basic contents of this annual report have not significantly changed over ten years, reflecting the consistent structure of the company. However, the chapters within have flourished in their contents, along with the continual increase in our end results.)

08	BOARD OF DIRECTORS
10	SHARI’AH SUPERVISORY BOARD
12	SHARI’AH SUPERVISORY BOARD REPORT
14	CHAIRMAN’S MESSAGE
22	FINANCIAL HIGHLIGHTS
24	BOARD OF DIRECTORS’ REPORT
30	AL DAR... BEYOND BOUNDARIES
34	BANKING SECTOR
40	INVESTMENT & FINANCE SECTOR
50	REAL ESTATE SECTOR
58	INSURANCE SECTOR
62	SERVICES SECTOR
68	CORPORATE RESPONSIBILITY
73	CONSOLIDATED FINANCIAL STATEMENTS

THE DIRECTORS
BEHIND THE
1,000,000,000

Board of Directors

(Since Investment Dar's inception over ten years ago, the Board of Directors has always inspired the team through their vision and foresight, leading the Company into its most successful era to date. After all, an ambition to reach the top must be motivated from the top.)



Adnan A. Al-Musallam
CHAIRMAN & MANAGING DIRECTOR



Omar Suleiman Al-Kazi
VICE CHAIRMAN



Ghanem Al-Shaheen Al-Ghanem
BOARD MEMBER



Adel M. Behbehani
BOARD MEMBER



Adel M. Al-Bader
BOARD MEMBER



Rezam M. Al-Roumi
BOARD MEMBER



Mohammad N. Al-Sayer
BOARD MEMBER

1,000,000,000
COMPLIANT WITH
THE SHARI'AH
SUPERVISORY BOARD

Shari'ah Supervisory Board



SHEIKH
Dr. Ahmad Bazie Al-Yaseen
CHAIRMAN



SHEIKH
Sheikh Dr. Khalid M. Al Mathkour
BOARD MEMBER



SHEIKH
Dr. Ajeel Jasem Al-Nashmi
BOARD MEMBER



SHEIKH
Dr. Mohammad Fawzi Faidullah
BOARD MEMBER



SHEIKH
Dr. Esam Khalaf Al-Enezi
BOARD MEMBER

Shari'ah Supervisory Board Report

We have reviewed the Investment Dar Company's activities as well as its contracts and investment transactions and studied the Shari'ah controller's report during the year ended 31 December 2006. We hereby certify that all Investment Dar Company's activities and transactions were practiced in compliance with the Islamic Shari'ah principles and provisions, and no violations have occurred, to the best of our knowledge.

Sheikh Dr. Ahmad Bazie Al-Yaseen
CHAIRMAN



Sheikh Dr. Khalid M. Al Mathkour
BOARD MEMBER



Sheikh Dr. Ajeel Jasem Al-Nashmi
BOARD MEMBER



Sheikh Dr. Mohammad Fawzi Faidullah
BOARD MEMBER



Sheikh Dr. Esam Khalaf Al-Enezi
BOARD MEMBER



THE CHAIRMAN
REFLECTS ON
ACHIEVING THE FIRST
1,000,000,000

Chairman's Message

(This tenth annual report not only reflects a decade of the Company's pursuance of excellence, it also marks the realization of landmark achievements in performance growth and development. Without the contribution and team spirit of all concerned, from our shareholders through to our clients, such success would not have been attainable.)



IN THE NAME OF ALLAH, THE MERCIFUL, THE COMPASSIONATE. PRAISE
BE TO ALMIGHTY GOD, AND PEACE AND BLESSINGS BE UPON HIS
APOSTLE, MOHAMMAD, HIS FOLK, COMPANIONS, AND FOLLOWERS TO
THE DAY OF JUDGMENT.

DEAR SHAREHOLDERS,

On behalf of myself and my brothers on the Board of Directors, I am honored to welcome you and place in your hands our annual report illustrating the activities and results of your INVESTMENT DAR for the year ending 31 December 2006. I am pleased that we can review together INVESTMENT DAR's most significant accomplishments and successes during last year.

The INVESTMENT DAR 2006 results have come to embody the success story of the INVESTMENT DAR journey and its successful track record over 11 years. We are honored on this occasion to announce that your company has become the largest investment company listed in the GCC and Arab region, with associated projects and assets under management exceeding US\$ 15 billion.

The total shareholders' equity has also exceeded US\$ 1 billion, reinforcing INVESTMENT DAR's presence in the local, regional and global markets.

We all know the difficult conditions and readjustments experienced by the Kuwait Stock Exchange in particular, and the GCC and Arab financial markets in general. However, INVESTMENT DAR, with the grace of Allah first and last and the efforts of loyal INVESTMENT DAR employees in its subsidiaries and affiliates, has achieved remarkable and distinguished returns and net profit.

INVESTMENT DAR achieved an extraordinary performance during 2006. The company realized an exceptional increase in net profit to KD 92.0 million, compared with KD 80.5 million for 2005, a growth rate of 14.3%. The company's share profitability for 2006 was approximately 141.2 fils, compared with 124.6 fils for 2005, for growth of 13.3%.

INVESTMENT DAR operating revenues for 2006 recorded an increase of 34.6% to reach KD 162.6 million as of the end of 2006, compared with KD 120.8 million for 2005.

The company also reinforced its creditworthiness, as INVESTMENT DAR assets increased in value substantially in 2006, with total assets amounting to KD 1,060.8 million, compared with KD 669.6 for 2005, a growth rate of 58.4%. Total shareholders' equity rose to KD 309.1 million, compared with KD 177 million for 2005, a leap of 74.63%.

In light of these results, the Board of Directors has recommended the distribution of dividends for the year ended 31 December 2006 as follows: 50% cash dividends and 7.5% bonus shares to shareholders listed in the company's records as of the date of the general assembly meeting, bearing in mind that this recommendation is subject to your approval in this general assembly and the approval of the concerned authorities.

We are proud of our results, which have been the outcome of our reserved policy, accurate and steady methodology, conservative risk management strategy and continuous annual growth in our net profit over the past 10 years. On this occasion, we would like to highlight the effective role which the executive management team has played and the efficient financial and accounting disclosure that has resulted in the utmost transparency.

In accordance with the company's plans for 2006 and our finance policy, we have succeeded in restructuring the finance resources and allocated alternative finance resources by increasing INVESTMENT DAR capital by 20% and issuing a five-year Musharaka Sukuk amounting to US\$ 150 million.

The year 2006 marked a significant step in the company's strategy to expand within the banking sector and acquire more Islamic commercial and investment banks. We have strengthened our investment in this vital sector by increasing INVESTMENT DAR's share in the Islamic Bank of Bahrain to 40%. We are in the process of incorporating INVESTMENT DAR Bank in the Kingdom of Bahrain and we have obtained semi-final approvals required for this project from the Central Bank of Bahrain.

INVESTMENT DAR also continued its well-planned geographic expansion in 2006. It passed confidently through a gateway to globalization in the form of access to the UK markets with its takeover of Grosvenor House Apartments on Park Lane in central London through one of our subsidiaries, Park Lane Properties Limited. This is expected to realize an annual return of 20%. Meanwhile, we have reinforced our presence in our main regional markets, including the Kingdom of Saudi Arabia, United Arab Emirates, Kingdom of Bahrain and Arab Republic of Egypt.

INVESTMENT DAR's success in the financial and investment sector during 2006 is represented by the completion of the announcement process of the Saudi Joint Venture, with a capital of SR 600 million, and the commencement of the company's operational stage.

On the local level, our companies Al Dar Asset Management (ADAM), Al Madar Finance & Investment Co. and Wared Finance & Leasing Co. have achieved eye-opening performance and significant profit from their inception.

In real estate, Investment Dar owns several properties and lands in strategic locations in Kuwait city and provinces and major shares in real estate companies, namely Oqyana Real Estate Company, Manazel Holding Company, Khabary Holding Company, Al Dar National Real Estate Company and Al Bilad Real Estate Company of Bahrain.

In reviewing our significant achievements for 2006, we do not forget Investment Dar and its subsidiaries' compliance with Islamic Shari'ah rules

and regulations, as well as Sharia'h Board recommendations, resolutions and instructions.

I assure you of the board's determination to continue to support our subsidiaries and affiliates. We will maintain our commitment to success and development of our finance and Musharaka portfolio with several announced projects, and we plan to benefit from the positive environment for the region as a result of the increase in local and international interest rates.

In conclusion, I would like to express my sincere and utmost gratitude, thanks and appreciation to His Highness the Amir of Kuwait Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, His Highness The Crown Prince and His Highness the Prime Minister and the wise government for their kind patronage and constant encouragement to Islamic financial institutions.

I would also like to express my gratitude to all the members of the Sharia'h Supervisory Board, and to thank my fellow board members, executive management and all of Investment Dar's employees for the valuable efforts they have made to realize the company's goals and objectives and place it in this leading position.



Adnan A. Al-Musallam
CHAIRMAN & MANAGING DIRECTOR

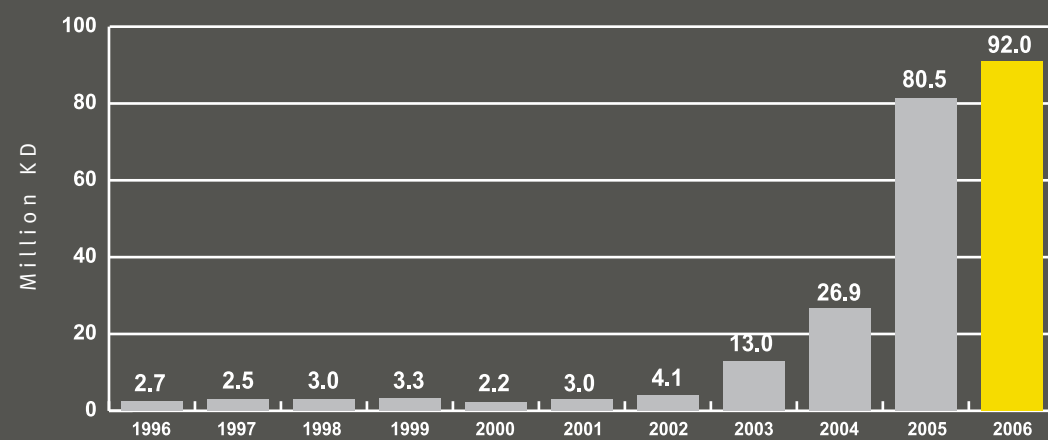
1996
NET PROFIT
KD 2,651,436

2006
NET PROFIT
KD 92,006,998

FINANCIAL
HIGHLIGHTS

92.0
MILLION
NET PROFIT

NET PROFITS (1996 - 2006)

EARNINGS PER
SHARE (EPS)**141.2**

FILS

TOTAL
SHAREHOLDERS'
EQUITY**309,140,126**

KD

TOTAL ASSETS

1,060,779,232

KD

THE BOARD OF
DIRECTORS'
1,000,000,000
VISION IS REALIZED

Board of Directors' Report

(This time last year we confirmed our status of being amongst the largest financial companies in the region. One year forward and we're proud to say that we've surpassed this by becoming the largest listed investment company in the GCC and the Arab world. This achievement coincides with our tenth Annual Report, in which we will show the various contributory factors.)

INVESTMENT DAR IN 2006: A WEALTH OF RESULTS

The year 2006 has been the jewel in the crown of success, progress and leadership which Investment Dar has built in its remarkable journey since its foundation. The exceptional results of 2006 have only reinforced Investment Dar's position and presence in local, regional and global markets, and there is no stopping in sight.

Last year's success was no matter of luck or accident; it was the natural outcome of Investment Dar's stable vision and its prudent strategy, adopted and carried through with consistency right from the beginning. Success was also the inevitable result of the hard work of Investment Dar employees and their passion, loyalty and dedication. As a tribute to all those who contributed to these accomplishments, we are pleased to announce some of Investment Dar's achievements during 2006.

HAPPY ENDING: OUTSTANDING OPERATIONAL PROFIT

For more than 11 years, Investment Dar has been a success story, and that story continued in 2006 with remarkable operational results. Net profit for 2006 grew significantly, by 14.3%, to KD 92.0 million, compared with KD 80.5 million for 2005. The company's share profitability for 2006 reached 141.2 fils, compared with 124.6 fils in 2005, a jump of 13.3%. Investment Dar's creditworthiness was firmly reinforced as company assets increased by a remarkable 58.42%, reaching KD 1,060.8, compared to KD 669.6 for 2005.

Shareholders' equity skyrocketed by 74.63% to KD 309.1, compared with KD 177 million for 2005, while 2006 revenues jumped 34.6% to KD 162.6 million, compared with 120.8 million for 2005. In light of this performance, the board of directors recommends the following distributions for the year ended December 31, 2006: 50% cash dividends and 7.5% as bonus shares, subject to the approval of the general assembly and concerned authorities.

ON THE RISE: DISTINCTIVE RETURNS

Investment Dar continued to outdo itself in 2006 by realizing a 37.85% return on equity and a 10.63% return on assets, the highest ratio yet for the company in the investment sector, despite the notable increase in assets by 58.42% and a growth in equity of 74.63%.

STAYING SOLID: PRUDENT STRATEGY

While 2006 saw shaky times for the Gulf and Arab markets in general, and the Kuwait stock exchange in particular, Investment Dar remained on solid ground through its reserved, steady and accurate policy. We are proud of the resulting superlative returns and sound net profit. The company can boast remarkable strength in its balance sheet, high-quality investments, excellent provisions hedging, a reserved risk strategy and a steady and stable revenues base that does not benefit from price increases or suffer from price declines, but always bases its rewards on its operational profit.

It all comes down to the bottom line, which is that Investment Dar has achieved steady annual net profit over the past 11 years. Behind this brawn are the brains of a stable and efficient management team as well as a high level of accounting and financial disclosure, providing maximum transparency.

Investment Dar's continued development is based on a one-two punch: the first is geographical expansion and access to new markets worldwide, while the second is the continued investment diversification by sector.

The harvest that Investment Dar is in a position to reap at this stage of the strategic plan is a higher market share, and that valuable harvest will come through global and regional expansion in high-return diversified projects. This reaching out is complemented with more coverage in all financial sectors, including banking, finance, real estate, insurance and services such as logistics, project management and collection. All these different, growing fronts come together to create a dynamic outlook for the current year.

In 2006, Investment Dar made moves to access and expand in several significant economic sectors, as well as to create investment opportunities to support continued growth in its operating profits. Investment Dar finance resources were restructured and lower-cost finance resources were identified in cooperation with global, regional and local finance institutions.

Investment Dar has also been a top mover and shaker in the Islamic finance sector. The company has always been a pioneer in its creativity and development initiatives, and we will continue this trend of innovation by introducing new products and promising investment opportunities.

MAKING THE MOST: FINANCE RESOURCES RESTRUCTURE

Not content to sit on its laurels, Investment Dar is proactive about working on even more success. Restructuring existing finance resources and identification of others are integral to the 2006 plan and finance policy, part of our effort to:

1. Lower high-cost finance resources
2. Continuously improve margins from finance resources
3. Steadily increase the KD discount rate.

As part of its provisional plan for 2006 to identify better finance resources, Investment Dar has taken two major steps:

1. CAPITAL INCREASE

As the saying goes, it takes money to make money, and Investment Dar's two-tier 20% capital increase in the gross amount of KD 101.4 million aims to acquire the financial resources to nurture the company's future expansion plans. These resources allow us to continue in our deliberate course of purchasing thoroughly researched companies and banks, as well as ensuring steady and continued operational revenues.

None of this could have been achieved without the confidence and understanding of Investment Dar's shareholders. Shareholders' eagerness to fully subscribe in the capital increase in record time, despite the conditions of the Kuwait stock exchange and other GCC and Arab countries last year, is a significant show of shareholders' trust and continued support and ratification of the board's resolutions. It also tells us that Investment Dar is on exactly the right course concerning its precautionary investment policy that has been the backbone of the company's performance, operating profit and the profits of its subsidiaries.

2. MUSHARAKA SUKUK ISSUE

Investment Dar keeps coming up with innovative Islamic finance tools and services, and in 2006, this included the issue of a five-year credit Musharaka Sukuk amounting to US\$ 150 million. This is a sequel to the massive and unprecedented success achieved by Investment Dar with the issue of a Musharaka Sukuk last year. It was significantly oversubscribed, with subscription increasing from US\$ 50 million to US\$ 100 million.

Investment Dar has adopted the Sukuk issue process to support the restructuring of its finance resources in cooperation with foreign banks. Investment Dar's goals have been fully achieved with extensive subscription in the Sukuks by major global investment and finance institutions in the Gulf, Southeast Asia and Europe.

The Musharaka Sukuk grants holders or issuers the right of sale and purchase after the first three years. The Sukuk is entitled to a return of 1.25% plus Libor, payable every 6 months during the first three years, in addition to a return of 1.75% over the six-month Libor for the fourth and fifth years.

Having achieved remarkable success in global markets, the Musharaka Sukuk was listed on the Dubai International Foreign Exchange (DIFX), the leading exchange in managing Islamic finance products and attracting companies from all over the Middle East. The Dubai exchange has become the leader among global stock markets in terms of total listed Sukuks value. With this listing, Investment Dar became the first Kuwaiti Islamic financial company to list a Sukuk applying international standards on DIFX.

Al Dar... Beyond Boundaries

- REAL ESTATE SECTOR
- INVESTMENT & FINANCE SECTOR
- BANKING SECTOR
- INSURANCE SECTOR
- SERVICE SECTOR

AS A COMPANY OPERATING ONLY LOCALLY IN 1996, GROWTH STRATEGIES HAVE BY NECESSITY EVOLVED OVER THE ENSUING DECADE, INCLUDING THE EXPLORATION OF GEOGRAPHIC EXPANSION. THE REALIZATION OF THIS HAS EXTENDED OUR OPERATIONS INTO SEVERAL REGIONAL MARKETS, AND OVER THIS PAST YEAR WE HAVE PAVED THE WAY INTO THE GLOBAL MARKET.

BLAZING NEW TRAILS: GEOGRAPHIC EXPANSION AND GLOBALIZATION

Investment Dar thinks of the world as its oyster and it aims to harvest as many pearls as possible through geographic expansion. With its track record of growth, it makes sense for Investment Dar to extend its reach globally, beyond local and regional activities. An example of this effort is Investment Dar's takeover of Grosvenor House Apartments on Park Lane in central London via its subsidiary, Park Lane Properties Limited. This real estate is expected to yield annual returns of approximately 20% per year.

As Sharia'h compliance is always a top priority for Investment Dar, the company has ensured that the financing of the Grosvenor House Apartments project is based on acceptable Sharia'h-compliant tools such as Ijara sukuks or Istisnaa development finance.

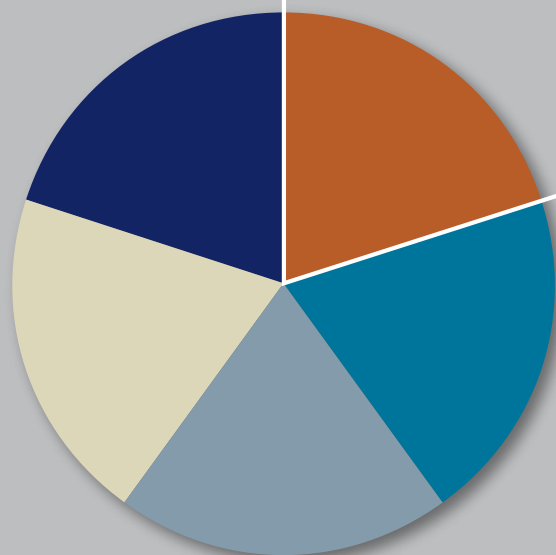
The Investment Dar also made its presence well felt in the Arab world, with 2006 investments and projects in countries including the United Arab Emirates, Kingdom of Saudi Arabia, Kingdom of Bahrain, and Arab Republic of Egypt. This geographic expansion will continue to cover other Arab countries, Southeast Asia and Europe through partnerships, joint ventures or other alliances.

The Investment Dar knows that one of the cornerstones of risk management is diversity. The variety of the company's assets portfolio and non-concentration of its revenue resources on the Kuwaiti market ensures that any economic catastrophe in one geographic location will not pose a threat to the company as a whole.



BANKING SECTOR

Prudence increases
the bottom line to
1,000,000,000



WHAT BETTER SECTOR TO 'BANK ON' THAN BANKING?
BANKING IS VITAL FOR INVESTMENT DAR, AND IT PLANS
TO KEEP MOVING DEEPER INTO THIS TERRITORY BY ADDING
COMMERCIAL AND INVESTMENT ISLAMIC BANKS TO ITS
SIGNIFICANT INVESTMENT LIST BASED ON AN INTEGRATED
WORK FRAME. THE LARGER GOAL, AS ALWAYS, IS TO
CREATE INVESTMENT OPPORTUNITIES THAT SUPPORT
STEADY GROWTH IN OPERATING PROFIT. INVESTMENT DAR
HAS REINFORCED ITS INVESTMENTS IN THIS KEY SECTOR
DURING 2006 AS FOLLOWS:



BAHRAIN ISLAMIC BANK

Investment Dar upped its investment in Bahrain Islamic Bank and reaped the rewards: its share in Bahrain Islamic Bank increased from 25.9% in 2005 to 40% in 2006, and the bank realized an outstanding profit of BD 13.1, a sizeable increase of 77% compared with 2005. It's all part of Investment Dar's strategy to diversify its operational revenues and expand its regional reach. Bahrain Islamic Bank, the first Islamic bank to be established in Bahrain, with 27 years of experience and an impressive geographic territory, is a particularly distinguished feather in Investment Dar's cap.

Investment Dar's long-term interim strategy is to direct the customers of Investment Dar and its subsidiaries to Bahrain Islamic Bank, which would require expanding its branches, providing new job opportunities at the regional level in turn.

Bahrain Islamic Bank is not only an asset to Investment Dar; it is an asset to the community. The bank has assumed a national role in community service since its inception, establishing a loan fund to finance interest-free loans for marriage, house renovation, education and medical treatment.





INVESTMENT DAR BANK

Investment Dar is rounding out its banking investments in Bahrain through the establishment of Investment Dar Bank B.S.C (Closed), focusing on the investment side of banking to complement Bahrain Islamic Bank's commercial banking activities.

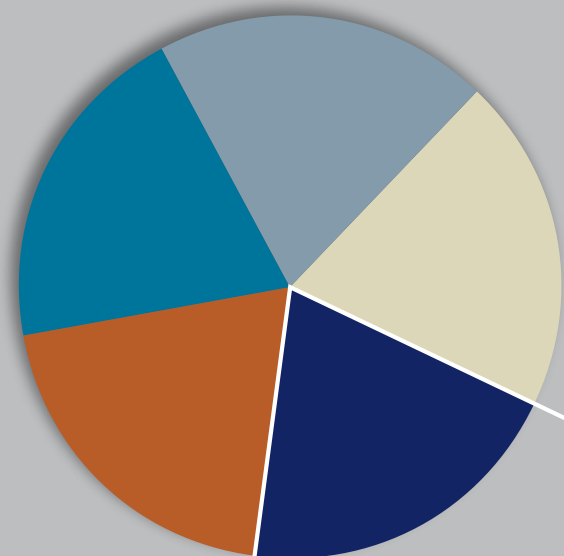
Semi-final approvals have been obtained from the Central Bank of Bahrain. The bank's paid-up capital amounts to US\$ 200 million, while the total capital is US\$ 1 billion. Investment Dar Bank is an Islamic bank operating in accordance with Islamic rules and regulations, and work is in progress for setting up the necessary procedures to operate the bank in Bahrain.

The main objectives of Investment Dar Bank include:

- Operating as an investment consultant for its accounts and for third-party accounts.
- Providing investment consultancy services to individual investors as well as commercial, financial and government institutions.
- Arranging corporate finance and carrying out merger transactions and other trade finance transactions for its accounts or for the account of others.
- Providing financial consultation on corporate finance, mergers, ownership, restructured finance, management and general affairs of companies.

Investment Dar Bank in Bahrain is an investment bank focusing on investment transactions, with an integrated plan to bring retail services to international levels.





INVESTMENT & FINANCE SECTOR

Business Acumen
Results in

1,000,000,000

2006 REPRESENTS GREAT ACHIEVEMENTS AND REWARDING OPPORTUNITIES FOR INVESTMENT DAR IN THE INVESTMENT AND FINANCE SECTORS IN LIGHT OF THE FAVORABLE AND POSITIVE COMMERCIAL CLIMATE IN KUWAIT AND THE REGION. THE STRONG GROWTH AND WIDE RANGE OF INVESTMENT OPPORTUNITIES IN KUWAIT AND THE REGION HAVE GREATLY CONTRIBUTED TO THIS MAJOR SUCCESS. INVESTMENT DAR'S WELL POSITIONED OPERATIONS HAVE BEEN STRENGTHENED IN THIS VITAL SECTOR LOCALLY, REGIONALLY AND INTERNATIONALLY. THIS HAS BEEN ACHIEVED THROUGH INVESTMENT DAR'S COMPREHENSIVE PORTFOLIO OF INTEGRATED SERVICES AND PRODUCTS, AND THROUGH ITS NETWORK OF ASSOCIATE AND SUBSIDIARY COMPANIES THAT PROVIDE CLIENTS AND INVESTORS AT ALL LEVELS, AS WELL AS CORPORATE INSTITUTIONS, WITH SERVICES THAT MEET THEIR EXPECTATIONS.

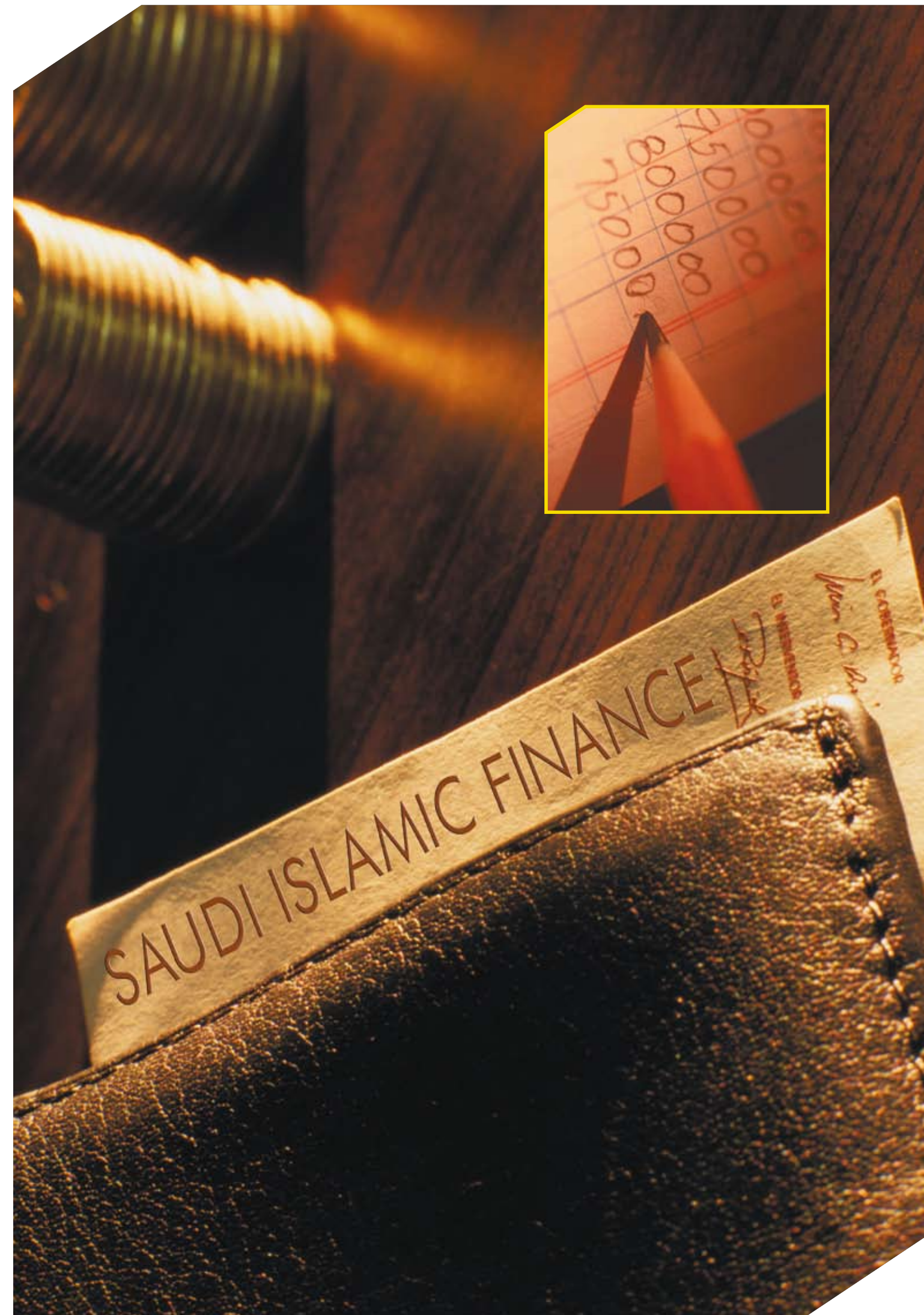
INVESTMENT DAR'S INNOVATIVE INVESTMENT AND FINANCIAL SOLUTIONS, ALL IN COMPLIANCE WITH ISLAMIC SHARI'AH PRINCIPLES INCLUDE: CONSUMER FINANCE, REAL ESTATE FINANCE, COMMERCIAL FINANCE, INVESTMENT FUNDS ESTABLISHMENT AND MANAGEMENT, INITIAL PUBLIC OFFERINGS (IPO'S), ISLAMIC SUKUK, CONSULTANCY AND RESEARCH AND INVESTMENT PORTFOLIO MANAGEMENT. ALL THESE SERVICES AND MORE ARE OFFERED THROUGH INVESTMENT DAR'S GROUP OF COMPANIES OPERATING WITHIN THE INVESTMENT & FINANCE SECTOR WHICH WILL BE POINTED OUT WITHIN THE PAGES OF THIS REPORT.

الشركة السعودية المشتركة
SAUDI COMBINED COMPANY

SAUDI COMBINED COMPANY

Investment Dar keeps pushing its boundaries geographically as well as in its performance. As part of these efforts, the company recently began the operational phase of the Saudi Combined Company, with a capital of SR 600 million (KD 50 million). Moving into Saudi Arabia is a promising venture, considering the healthy investment environment there due to several recent initiatives to solicit Gulf and global funds.

The company's goal is, first and foremost, to secure rewarding returns for its shareholders through investment strategies in diversified sectors. Seeking out strategic commercial and investment opportunities through regional alliances and partnerships will be an important mission, and attracting highly professional and responsible technical and executive expertise will also be a high priority.



AL DAR ASSET MANAGEMENT CO. (ADAM)

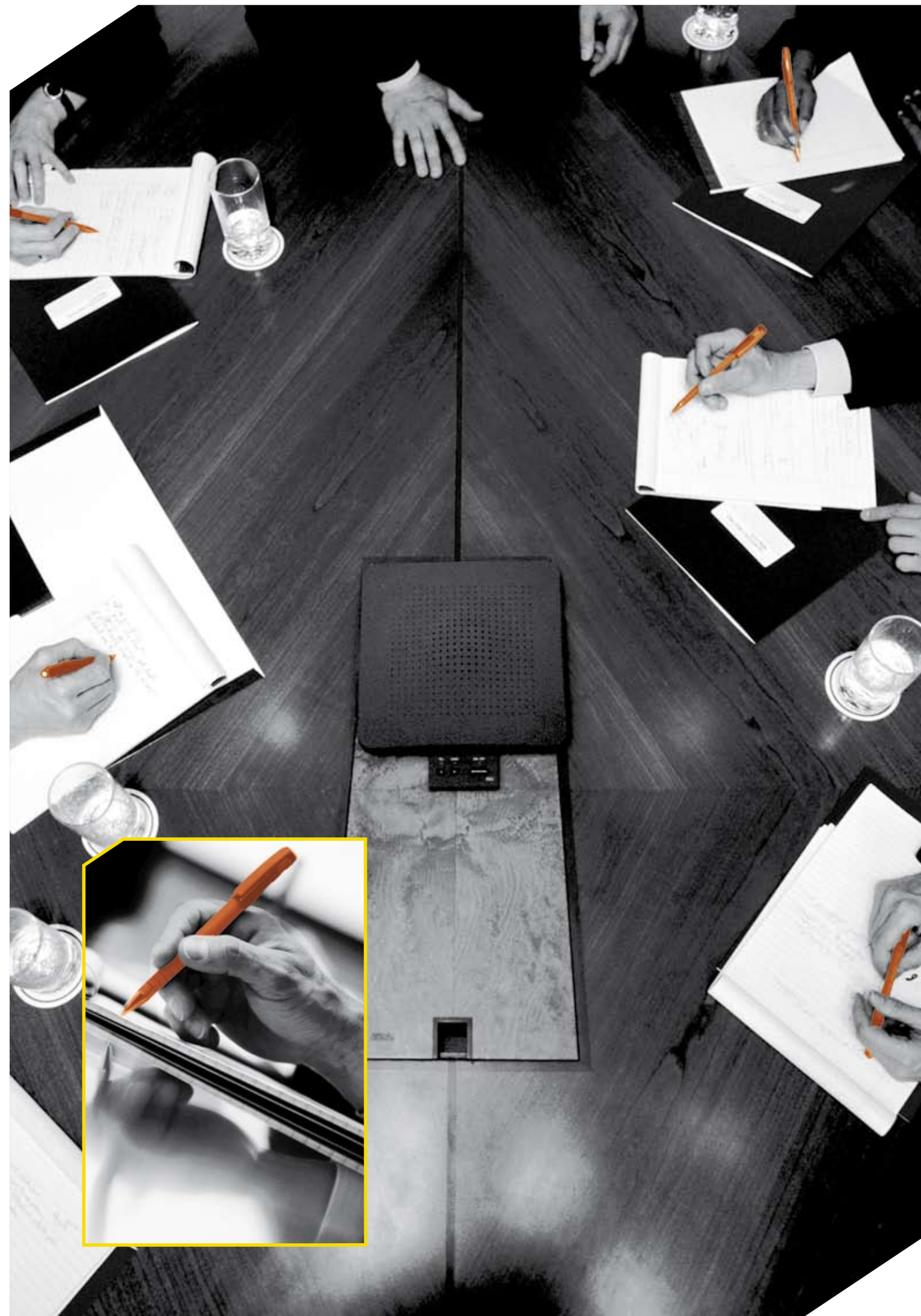
Investment Dar's geographic outreach has not led us to neglect our business at home. On the local level, our companies in the investment and finance sectors have achieved eye-opening success and exceptional profits from the beginning. Among these companies is Al Dar Asset Management Company, which was incorporated in 2004 with a capital of KD 20 million, presently KD 38 million. Today, ADAM shines as a leading investment and financial company, managing sizable assets for select institutional and individual investors. ADAM has established its reputation and customers' confidence through its outstanding performance in diversified investment funds, i.e. real estate fund, financial fund, investment fund and fund of funds.





AL MADAR FINANCE & INVESTMENT CO.

Al Madar Finance & Investment Company, with a capital of KD 22.3 million following the capital increase approved by the board last year, establishes and manages investment funds, including financial index establishment, personal wealth management and structuring, financial brokerage services and other Sharia'h-compliant services. Its Shuwiekh real estate fund has been a real boon for its investors, with returns of more than 30% since inception.

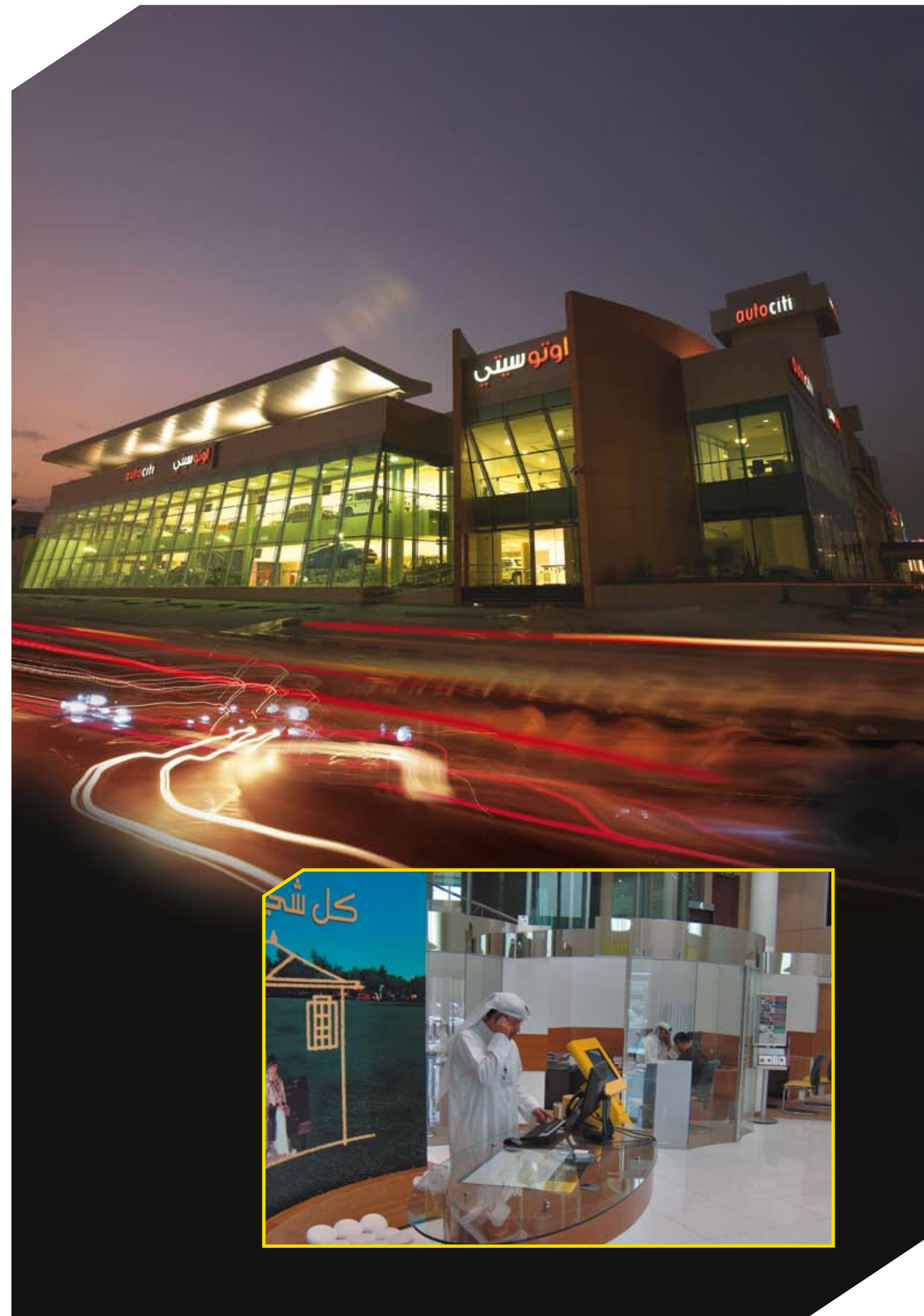


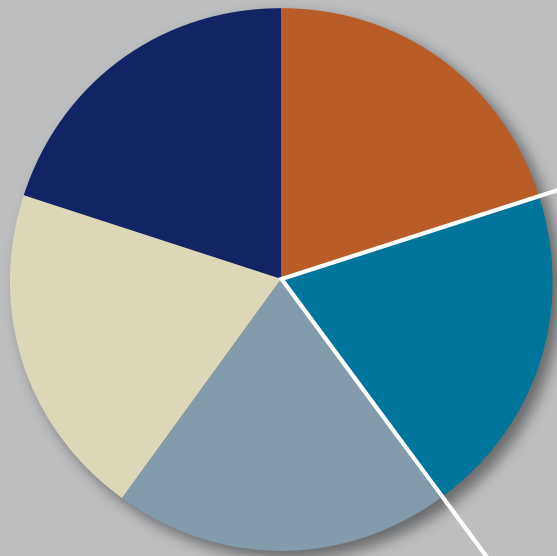


WARED FINANCE & LEASING CO.

Innovation and identity were the words of the year for WARED FINANCE & LEASING CO. Its new vision for retail services included a work plan to fulfil customers' finance, real estate, insurance and investment needs through a single window system. Wared launched several campaigns in the Kuwait market last year to highlight the integration of its concepts, logo, products, systems and various departments to reflect its new methodology. The new identity was reflected in the branches themselves, as some were renovated and others opened with an innovative design to communicate the company's vision to its unique customer base, which numbers more than 90,000 nationwide.

In search of service improvement and product diversity, WARED established several companies, including Drive, Wared's car rental company. With the idea that bigger is indeed better, WARED also built AUTOCITI, the largest multi-story car dealership in Kuwait, with an area of 5000 square meters. AUTOCITI is expected to start serving potential car buyers by 2007.





**REAL ESTATE
SECTOR**

Selective
Investments
build up to
1,000,000,000

INVESTMENT DAR IS RUNNING IN FRONT WHEN IT COMES TO REAL ESTATE DEVELOPMENT. THE COMPANY HAS BECOME A STRATEGIC PARTNER IN THE REGIONAL REAL ESTATE SECTOR THROUGH COLLABORATION WITH SEVERAL REAL ESTATE DEVELOPMENT COMPANIES IN KUWAIT AND THE GCC. IN ADDITION TO PROPERTIES AND LAND OWNED BY THE COMPANY IN VARIOUS STRATEGIC LOCATIONS IN KUWAIT CITY AND ITS SUBURBS, INVESTMENT DAR OWNS SIGNIFICANT SHARES IN MAJOR REAL ESTATE COMPANIES AS FOLLOWS:



OQYANA REAL ESTATE CO.

Considered one of the leading real estate development companies in the region, the high-profile Oqyana Real Estate Company KSCC targets direct and indirect investments in promising real estate opportunities within and outside GCC countries. In an exciting development, the company realized net profits of more than KD 35 million in 2006, thus qualifying for listing in Kuwait Stock Exchange, probably in 2007 after fulfilling the new listing requirements.

The company made its name with the Oqyana World First Project, which represents the Australia part of the World Islands project in Dubai, the first of its kind worldwide. The company purchased the Australia and New Zealand areas of the World Islands, covering 1,869,021 square meters, including 20 artificial islands with 417,288 square meters.



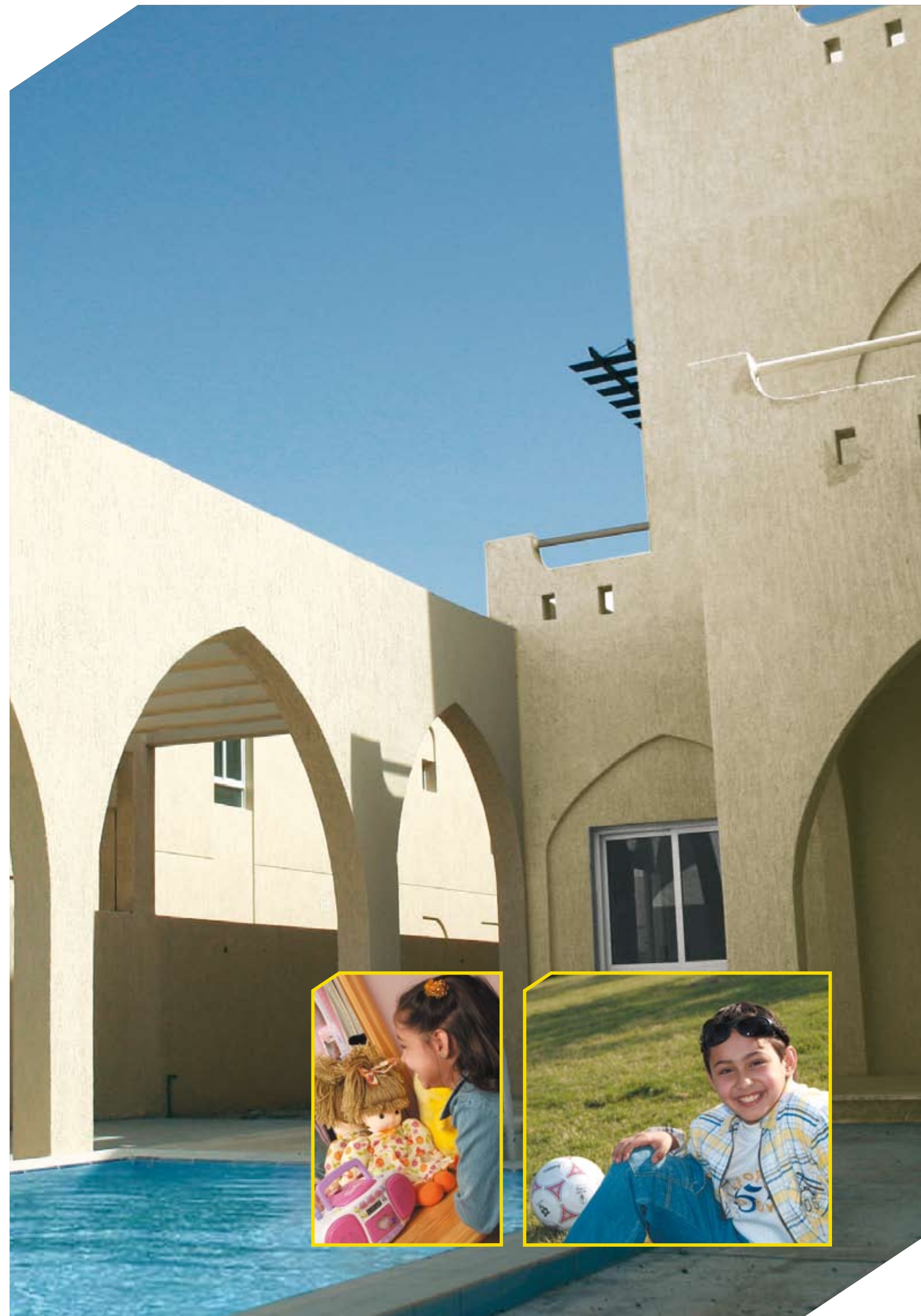


MANAZEL HOLDING CO.

Manazel's success has come fast and furious since the founding of the Manazel Housing project in 2000, based from the beginning on unique products, innovative solutions and creative ideas. The tangible accomplishments that have resulted led to the incorporation of Manazel Holding Co. with a capital KD 65 million. In the short time since its capital restructure, Manazel Holding has picked up the pace even more with the realization of several goals that it had set upon announcing the company for private placement.

Manazel has soared beyond its regional scope with its first housing project outside Kuwait. This major project in Egypt covers 1 million square meters in new areas of Cairo. Sale of the project units is expected to begin in the fourth quarter of 2007. Looking for a further hold in Egypt, Manazel is currently seeking new land in west Cairo for another giant project in order to capitalize on exploding demand. Meanwhile, the company is negotiating with other partners on the construction of similar projects in Saudi Arabia and Oman.

Manazel Holding is also moving ahead on the finance front, having received recent approval for listing on the Kuwait stock exchange.



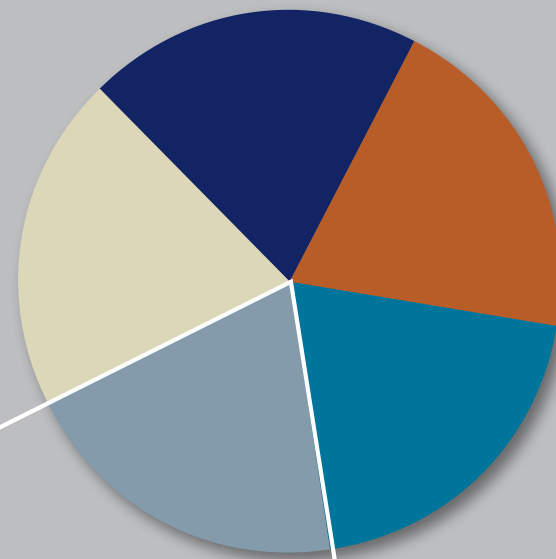


KHABARY HOLDING CO.

Khabary Holding Company, with a capital of KD 50 million, has been nothing less than a star since its birth, continuing to come up with remarkable profits for its shareholders. Khabary Holding's claim to fame is its first project, 'Khabary Fahaheel Future City.' This ambitious, large-scale project covers 250,000 square meters and will be home to an integrated, modern city. More than just housing projects, this city will be custom built from the ground up, including roads, business and educational buildings, shopping malls, parks, safe passages and services for residents, including specialized medical clinics annexed to a modern hospital. One example of the foresight with which Khabary Fahaheel has been planned is the addition of underground parking lots covering 15,000 square meters to address any potential traffic problems.

Khabary is hungry for more starring roles, and it is currently diversifying by undertaking other real estate projects inside and outside Kuwait. This strategy is expected to be reflected in the company financial statements for 2007.





INSURANCE SECTOR

Innovative
Products claim

1,000,000,000

THE TAKAFUL INSURANCE SECTOR HAS BECOME A SOLID FORCE TO BE RECKONED WITH ON THE LOCAL AND INTERNATIONAL LEVELS, JOINING IN THE GROWTH OF THE ISLAMIC FINANCE INDUSTRY AND ITS RELIANCE ON THE INTRODUCTION OF INNOVATIVE SHARI'AH COMPLIANT PRODUCTS. THE TAKAFUL INSURANCE MARKET WITNESSED EXPONENTIAL DEVELOPMENT WITH AN ANNUAL GROWTH RATIO OF 20%, WHILE THE NUMBER OF TAKAFUL INSURANCE COMPANIES IN KUWAIT INCREASED CONSIDERABLY DURING THE PAST 5 YEARS. THIS ENCOURAGED INVESTMENT DAR TO PENETRATE THE TAKAFUL INSURANCE SECTOR WITH A MISSION TO PROVIDE INSURANCE SERVICES TO ITS CLIENTS AND DIVERSIFY ITS OPERATIONAL INCOME.



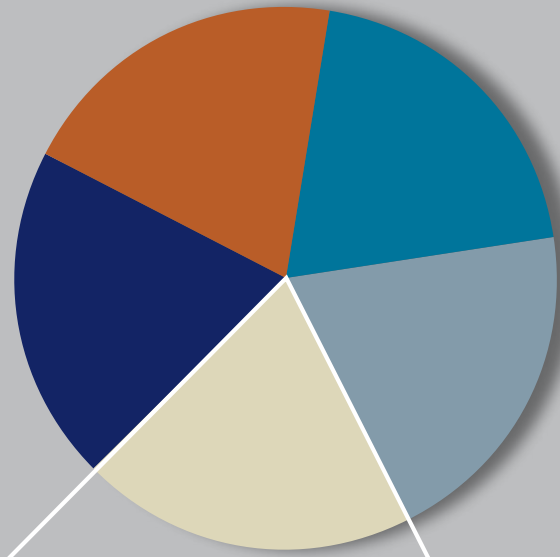
WETHAQ TAKAFUL INSURANCE CO.

Looking for a bigger piece of this promising pie, Investment Dar increased its share in WETHAQ TAKAFUL INSURANCE COMPANY to 67.4% in 2006, compared with 40.7% for 2005.

WETHAQ TAKAFUL INSURANCE COMPANY – Kuwaiti Shareholding Company believes in the noble goal of fulfilling insurance needs through Shari'ah compliant instruments. These emphasize consolidation and cooperation, while taking on the important task of mitigating risk for individuals and society at large. WETHAQ TAKAFUL INSURANCE was incorporated by a group of distinctive companies in 2000 with a capital of approximately KD 11 million.

During 1996, WETHAQ TAKAFUL INSURANCE COMPANY achieved an increase in the total insurance policies issued which amounted to 51,523 policies with a notable increase of 7,701 policies compared to 2005 and an increase of 18% in all policy types (Excluding government health insurance policies).





SERVICES SECTOR

Diverse Operations
reap

1,000,000,000

INVESTMENT DAR HAS RECOGNIZED THE SIGNIFICANCE OF THE SERVICES SECTOR IN LIGHT OF THE ECONOMIC AND COMMERCIAL IMPROVEMENT, AND THE REWARDING OPPORTUNITIES WITNESSED IN KUWAIT AND THE REGION. THEREFORE, INVESTMENT DAR HAS MADE A CONSIDERABLE INVESTMENT IN THIS VITAL SECTOR THROUGH COMPANIES WORKING IN VARIOUS ACTIVITIES, INCLUDING LOGISTICS, CREDIT RATING AND COLLECTION, RESEARCH AND CONSULTANCY, PROJECT MANAGEMENT AND COMMUNICATIONS SERVICES.



REHAL LOGISTICS CO.

Rehal Logistics Company – a Kuwaiti Shareholding Company – specialized in investment in the Logistics sector including land, air and sea transportation. Investment Dar realized the importance of this vital sector and its promising opportunities due to the growth witnessed in Kuwaiti and the region, and successfully acquired a substantial share in Rehal Logistics Company.

The purchase of Rehal Logistics is a step towards achieving one of Investment Dar's main strategic goals aiming to diversify its operations, income source and an opportunity to access the world of logistics services including land, sea, and air transportation and other essential services.

Rehal Logistics owns high quality assets through its ownership in many associate and subsidiary companies, such as its stake in Load Air, Starline and Gulf Craft Inc. a leading manufacturer of boats and yachts.

Rehal Logistics also owns Rehal International, a company that specializes in offering innovative transportation services that meets the demanding needs of its clients. Rehal International employs a significant fleet of trucks to meet a variety of transportation and logistics needs. This fleet is considered to be the main fleet transporting oil from Kuwait to several regional countries.





CREDIT RATING & COLLECTION CO. (CRC)

Credit Rating & Collection Company K.S.C (Closed) (CRC) was established in 1998 with a capital of KD 15 million. The company was listed in the Kuwait Stock Exchange Market in mid 2005 to become the first credit rating company listed in the Kuwait Stock Exchange Market. The main objectives for which the company was established are as follows:

- Collection and purchase of commercial debts.
- Develop, use and introduce collection and purchase means of customers and third party debts.
- Collect, provide and update financial information and credit rating.
- Invest available surplus in financial portfolios.

The most significant achievements of Credit Rating & Collection Company (CRC) during the year 2006 comprise the opening of 7 branches for the company, distributed all over Kuwait governorates to better serve customers. On the regional level CRC has signed in 2006 the memorandum of association of Qudra Credit Rating Company in UAE jointly with Qudra Holding Group, with a capital UAD 60 million. It has also signed a memorandum of understanding with Bayan Holding Company for the incorporation of Bayan Credit Rating Company at Kingdom of Saudi Arabia with a capital SR 100 million. Meanwhile the company has initiated discussions and negotiations with several parties to incorporate similar companies in Bahrain and Egypt to fulfill the vision of the board of directors to the shareholders in this respect.

Credit Rating & Collection Company (CRC) aims to achieve its goals and to be the leading supplier of various financial services in support of various market sectors. This diversification and balancing among various income categories will be the corner stone of the company's success on the long run and shall enable the company to lay the basics for a continuous profit realization process in the near future.



1,000,000,000

STRENGTHENS OUR
COMMITMENT TO
SUCCESS, EXPANSION
AND SOCIETY

Corporate Responsibility

GIVING BACK: UNIQUE SOCIAL ROLE

IT IS EASY TO TALK ABOUT ‘GIVING BACK TO THE COMMUNITY’, BUT AT INVESTMENT DAR, WE PUT OUR MONEY WHERE OUR MOUTH IS. SINCE THE DAWN OF THE COMPANY, THE BOARD OF DIRECTORS HAS SUPPORTED SOCIAL, CULTURAL AND SPORTING INSTITUTIONS IN AN EXPRESSION OF OUR PATRIOTISM. INVESTMENT DAR ENCOURAGES WORK PROCESSES, INNOVATION AND PRODUCTIVITY AT ALL LEVELS, SUPPORTING THE DIFFERENT PARTS OF SOCIETY THAT ARE THE BEDROCK OF OUR COUNTRY.

BASED ON OUR STRONG BELIEF IN OUR ISLAMIC TEACHINGS, WE CARRY OUT OUR SOCIAL ROLE BY HELPING THE NEEDY AND ENCOURAGING SOCIAL UNITY THROUGH PAYMENT OF ZAKAT FUNDS TO SUPPORT CHARITY WORKS, SOCIAL AND HUMANITARIAN ACTIVITIES. IN 2006, INVESTMENT DAR ALSO REACHED OUT TO LEBANON, DONATING US\$ 1 MILLION TO THE LEBANESE PEOPLE TO AID HOMELESS AND AFFLICTED FAMILIES DURING THE ISRAELI AGGRESSION AGAINST LEBANON.

A MATTER OF FAITH: SHARIA'H COMMITMENT

Investment Dar is not just an investment company; it is an Islamic investment company, and from the beginning, its senior management has been eager to follow the Sharia'h board in implementing Islamic principles.

Compliance with Sharia'h rules and regulations is entwined into the core of the way we do business. That core value has led the way for Investment Dar to transform itself from a company with KD 15.8 million in capital to one of top 10 companies listed on the Kuwait Stock exchange. The company holds an enviable position as one of the major investment companies in the wealthy GCC countries, where shareholders equity amounted to KD 309.1 million and total assets amounted to 1,060.8 million as of the end of 2006.

A TEAM EFFORT: SUCCESS AND APPRECIATION

In 2006, Investment Dar has done more than just make money; it has also been honored for the way it does business, including outstanding ratings. Its leading position among finance and investment companies in the Gulf speaks for itself. Investment Dar has become the big player among such companies in the Kuwait and GCC stock exchanges, according to several specialized studies. Investment Dar is also listed in Dow Jones Arabia Titan 50 Index. The company was also honored with the 2006 Gulf Economic Award given by German consultant Gerhard Schroeder.

Investment Dar has worked hard to earn its leading position, hammering home its ability to honor commitments on a timely basis, provide value-added investment opportunities and qualitative high level and global expansion. These achievements would not have been possible without the grace of God Almighty and the exemplary performance, loyalty and dedication of all of our employees in the group companies.

UPWARDS AND ONWARDS: FUTURE HORIZONS

Investment Dar is proud of the steady upwards climb its group companies have achieved, and the company is only gathering more steam to keep pushing upwards and onwards on the track of success.

Looking forward, the company plans to have all sources of profit distributed to the various Dar sectors, including investment, real estate, finance, services and other promising sectors. Its ever-increasing reach, especially in services and industrial business, promises to lead to even more revenue for Investment Dar and its group companies.

Investment Dar plans to keep extending that reach into investments and projects in the GCC countries and the Arab region, while focusing on Saudi Arabia and access to Southeast Asia and European markets through planned companies and alliances.

Investment Dar promises to continue its role as a strong engine for its associates in evaluating their activities, providing consultancy services, listing them in regional stock markets and reinforcing and supporting their positions in these markets. Investment Dar is not only committed to success; it has proven that it knows how to achieve it and it plans to keep doing so with innovation and integrity.