Al Madina for Finance and Investment – K.S.C. (Closed)
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
For the nine months ended 30 September 2008
With
Review Report
(Unaudited)

PRICEWATERHOUSECOOPERS

AL-ATEEQI
CERTIFIED
ACCOUNTANTS

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Al Madina for Finance and Investment K.S.C.C
State of Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Al Madina for Finance and Investment– (K.S.C.C.) "Parent Company" and its subsidiaries ("the Group") as of 30 September 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the nine month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as disclosed in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information agree with the books of the Parent Company and to the extent of information made available to us, nothing has come to our attention that causes us to believe that there are contraventions for the Commercial Companies Law of year 1960, as amended or the Parent Company's Articles and memorandum Association during the nine month period ended 30 September 2008 that might have a material effect on the Group's activities or its consolidated financial position.

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

Bader A. Al-Wazzan
Licence No. 62A
PricewaterhouseCoopers

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Licence No. 69A
Independent Member of B.K.R. International

Kuwait
3 November 2008

Al Madina for Finance and Investment – K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Balance Sheet as of 30 September 2008
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 September 2008	31 December 2007 (Audited)	30 September 2007
Assets				
Cash and cash equivalent	3	1,601,712	24,313,623	28,699,444
Investments in Murabaha and Musharka	4	15,446,321	4,529,065	7,328,199
Investments at fair value through profit or loss	5	19,084,852	21,910,445	25,896,829
Finance lease receivables		162,212	3,198,640	4,244,820
Other debit balances	6	65,440,417	43,669,311	47,412,842
Lands and real estates under development	7	15,339,438	33,868,098	-
Investments property		23,470,670	31,577,418	37,529,513
Investments in associates	8	73,628,828	36,321,462	41,943,572
Intangible assets	9	10,929,645	7,947,890	-
Property and equipment	10	5,509,140	270,876	205,606
Total Assets		230,613,235	207,606,828	193,260,825
Liabilities and equity				
Liabilities				
Payables and other credit balances		32,397,654	36,130,186	29,602,009
Murabaha and Wakala payables	11	83,307,808	115,249,331	116,051,311
Employees' end of service indemnity		471,344	179,728	116,047
Total Liabilities		116,176,806	151,559,245	145,769,367
Equity				
Equity attributable to shareholders of the Parent Company				
Share Capital	12	37,780,875	17,422,500	17,422,500
Share premium		30,936,375	36,000	36,000
Treasury Shares	13	(3,287,765)	-	(667,918)
Statutory reserve		3,387,160	3,387,160	1,228,327
Voluntary reserve		3,288,586	3,288,586	1,129,753
Other reserves	14	(678,829)	(113,250)	490,500
Retained earnings		22,498,485	17,946,343	18,761,872
Total equity attributable to shareholders of the Parent Company		93,924,887	41,967,339	38,401,034
Minority interest		20,511,542	14,080,244	9,090,424
Total equity		114,436,429	56,047,583	47,491,458
Total Liabilities and Equity		230,613,235	207,606,828	193,260,825

The accompanying notes from (1) to (22) form an integral part of this interim condensed consolidated financial information.

Khalid Yacoub Al Mutawa
Chairman

Al Madina for Finance and Investment – K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2008
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September 2008	2007	Nine months ended 30 September 2008	2007
Revenues					
(loss) / Profit from investments	15	(869,613)	12,058,170	10,412,453	17,246,269
Group's share of associates' results		2,172,655	979,918	5,059,812	1,568,554
Finance income		-	155,827	-	451,990
Consulting services income		(44,821)	2,178,118	309,399	2,256,001
Lands and real estates income	7	6,315,498	-	6,315,498	2,481,202
Gross operating profit		216,071	-	813,982	-
Other Income		295,792	134,227	1,292,510	149,962
		8,085,582	15,506,260	24,203,654	24,153,978
Expenses and other charges					
Finance charges		1,892,636	1,771,562	5,123,440	4,033,361
General and administrative expenses		795,800	555,416	2,978,749	1,541,151
Provision for doubtful debts		86,766	15,000	97,266	472,972
Depreciation and amortization		44,566	27,940	126,232	65,390
Contribution Kuwait Foundation for		22,759	107,443	81,395	129,778
National Labor Support Tax		69,211	327,858	240,109	449,729
Zakat expense		31,803	-	100,162	-
		2,943,541	2,805,219	8,747,353	6,692,381
Net profit for the period		5,142,041	12,701,041	15,456,301	17,461,597
Net profit attributable to:					
Shareholders of the Parent Company		4,801,744	12,701,041	14,226,926	17,461,597
Minority interest		340,297	-	1,229,375	-
		5,142,041	12,701,041	15,456,301	17,461,597
Basic earning per share (fils)	16	13.23	44.07	55.86	60.59
Diluted earning per share (fils)	16	13.16	-	55.66	-

The accompanying notes from (1) to (22) form an integral part of this interim condensed consolidated financial information

Al Madina for Finance and Investment – K.S.C. (Closed)
And its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2008
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Shareholders of the Parent Company								Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 14)	Retained earnings	Total equity attributable to shareholders of the Parent Company		
Balance as of 1 January 2007	15,150,000	36,000	-	1,228,327	1,129,753	310,120	7,225,664	25,079,864	-	25,079,864
Group's share in losses resulting from sale of associate's treasury shares	-	-	-	-	-	-	(621,509)	(621,509)	-	(621,509)
loss recognized directly in equity	-	-	-	-	-	-	(621,509)	(621,509)	-	(621,509)
Net profit for the period	-	-	-	-	-	-	17,461,597	17,461,597	-	17,461,597
Total profit for the period recognized in equity							16,840,088	16,840,088	-	16,840,088
Employees' stock option Plan	-	-	-	-	-	189,000	-	189,000	-	189,000
Bonus shares dividends	2,272,500	-	-	-	-	-	(2,272,500)	-	-	-
Cash Dividends	-	-	-	-	-	-	(3,030,000)	(3,030,000)	-	(3,030,000)
Purchase of treasury shares	-	-	(1,032,918)	-	-	-	-	(1,032,918)	-	(1,032,918)
Sale of treasury shares	-	-	365,000	-	-	(8,620)	(1,380)	355,000	-	355,000
Consolidation of a subsidiary	-	-	-	-	-	-	-	-	9,090,424	9,090,424
Balance as of 30 September 2007	17,422,500	36,000	(667,918)	1,228,327	1,129,753	490,500	18,761,872	38,401,034	9,090,424	47,491,458
Balance as of 1 January 2008	17,422,500	36,000	-	3,387,160	3,288,586	(113,250)	17,946,343	41,967,339	14,080,244	56,047,583
Foreign currency translation reserve	-	-	-	-	-	(565,579)	-	(565,579)	-	(565,579)
Profit recognized directly in equity	-	-	-	-	-	(565,579)	-	(565,579)	-	(565,579)
Net profit for the period	-	-	-	-	-	-	14,226,926	14,226,926	1,229,375	15,456,301
Total profit for the period recognized in equity	-	-	-	-	-	(565,579)	14,226,926	13,661,347	1,229,375	14,890,722
Paid up capital according to employees' stock option plan	150,000	148,500	-	-	-	-	-	298,500	-	298,500
Capital increase	17,572,500	30,751,875	-	-	-	-	-	48,324,375	-	48,324,375
Bonus shares dividends (Note 19)	2,635,875	-	-	-	-	-	(2,635,875)	-	-	-
Cash dividends (Note 19)	-	-	-	-	-	-	(7,029,000)	(7,029,000)	-	(7,029,000)
Purchase of treasury shares	-	-	(6,090,550)	-	-	-	-	(6,090,550)	-	(6,090,550)
Sale of treasury shares	-	-	2,802,785	-	-	-	(9,909)	2,792,876	-	2,792,876
Minority share in capital increase of a subsidiary	-	-	-	-	-	-	-	-	3,645,466	3,645,466
Purchase of subsidiaries	-	-	-	-	-	-	-	-	(3,085,500)	(3,085,500)
Sale of subsidiaries	-	-	-	-	-	-	-	-	4,641,957	4,641,957
Balance as of 30 September 2008	37,780,875	30,936,375	(3,287,765)	3,387,160	3,288,586	(678,829)	22,498,485	93,924,887	20,511,542	114,436,429

The accompanying notes from (1) to (22) form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2008
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Nine months ended 30 September	
	2008	**2007**
Cash flows from operating activities		
Net profit for the period	15,456,301	17,461,597
Adjustments:		
Depreciation and amortization	323,822	65,390
Provision for doubtful debts	97,266	472,972
Investments income	(10,412,453)	(17,246,269)
Group's share of associates' results	(5,059,812)	(1,568,554)
Lands and real estates income	(6,315,498)	(2,481,202)
Finance charges	5,123,440	4,033,361
Cost of employees' stock option plan	-	189,000
Employees' end of service's indemnity	291,616	72,386
Operating(Loss)/ profit before changing in the working capital	(495,318)	998,681
Investments at fair value through profit or loss	6,665,470	1,338,855
Finance lease receivables	2,939,163	(56,616)
Other debit balances	3,949,013	(22,340,335)
Payables and other credit balances	(7,080,452)	24,684,333
Net cash generated from operating activities	5,977,876	4,624,918
Cash flows from investing activities		
Investments in Murabaha and Musharka	(10,622,474)	5,294,087
Dividends received	760,420	147,218
Cash resulted from consolidation of a subsidiary	-	800,745
Payment for purchase of investments in associates	(83,558,746)	(24,757,072)
Proceeds from sale of investments in associates	58,223,651	-
Payment for purchase of investments in subsidiaries	(10,507,871)	(15,000,000)
Proceeds from sale of investments in a subsidiary	10,558,850	-
Payment for purchase of investment properties	(540,730)	(22,079,730)
Proceeds from sale of investment properties	-	8,605,965
Payment for purchase of lands under development	(8,564,793)	-
Proceeds from sale of lands under development	14,406,279	-
Payment for purchase of property and equipment	(5,562,089)	(138,242)
Net cash used in investing activities	(35,407,503)	(47,127,029)
Cash flows from financing activities		
Murabaha and Wakala payables	(31,309,305)	73,346,329
Payment from finance cost	(5,755,657)	(2,342,116)
Proceeds from capital increase	48,622,875	-
Purchase of treasury shares	(6,090,550)	(1,032,918)
Sale of treasury shares	2,792,876	355,000
Cash dividends paid	(6,744,446)	(2,984,225)
Change in minority interest	5,201,923	-
Net cash generated from financing activities	6,717,716	67,342,070
Net (decrease) / increase in cash and cash equivalent	(22,711,911)	24,839,959
Cash and cash equivalent at the beginning of the period	24,313,623	3,859,485
Cash and cash equivalent at the end of the period	1,601,712	28,699,444

The accompanying notes from (1) to (22) form an integral part of this interim condensed consolidated financial information

1. Incorporation of the Group

Al Madina for Finance and Investment is a Closed Kuwaiti Shareholding Company ("The Parent Company") established in Kuwait in 1980, and has been registered as an investment company with the Central Bank of Kuwait on 27 April 2005. The shares of the Parent Company were listed on Kuwait Stock Exchange in 24 April 2006.

The Parent Company's headquarter office is domiciled at Al Soor Street - Mirqab – Jasim Al Asfour Tower.

The principle activities of the Group are representing in all operations of investment, finance and management of movable and unmovable funds and rights, leasing and selling of real estates to customers and trading of lands and real estates. The activities of the Parent Company and its subsidiaries are carried out in accordance with Noble Islamic Share'a principles.

This Interim Condensed Consolidated Financial Information includes the financial statements of the Parent Company and the following subsidiaries (the Group):

Company Name	Legal form	Country of incorporation	Ownership as at	
			30 September 2008	31 December 2007
Al Madina for Real Estate Development	K.S.C.C.	Kuwait	90%	100%
Al Madina Educational Company	W.L.L.	Kuwait	100%	100%
Al Sary National Holding Company	K.S.C.H.	Kuwait	100%	100%
Rehab Al Madina Real Estate Company	K.S.C.C	Kuwait	100%	100%
Real Capital Company	B.S.C.C.	Bahrain	100%	100%
Kuwaiti National Investment Company	K.S.C.H.	Kuwait	100%	100%
Sarh Al Madina Real Estate Company	K.S.C.H.	Kuwait	50.68%	49.68%
Hits Telecom Holding Co. (Formerly Al-Nibras)	K.S.C.H.	Kuwait	75%	100%
Stone for Drilling Services Company	E.S.C.	Egypt	100%	-

Financial information of the subsidiaries used in the consolidation are management accounts. The total assets of such subsidiaries are amounted to KD 97,798,246 as of 30 September 2008 and their net profits are amounted to KD 7,029,955 for the nine months then ended for the same date. Except the Interim Condensed Consolidated Information for Hits Telecom Holding Company for the period ended 31 August 2008 which has been reviewed by independent auditors.

During the period, the Parent Company sold 10% from its shares at Al Madina for Real Estate Company and Sarh Al Madina Real Estate Company to one of its associates with a sale price of KD 4,773,747, resulted in profit amounted to KD 821,586. An amount of KD 252,109 has been eliminated during the preparation of the interim condensed consolidated financial information as per the requirements of the International Financial Reporting Standards. Also the Parent Company has acquired, during the period, 11% of Sarh Al Madina Real Estate Company's shares from a related party which resulted of goodwill of KD 709,762.

During the period, the legal form for Twenty Four Seven for Central Markets Company has been amended to be Kuwaiti Holding Company and its capital increased from KD 100,000 to KD 5,000,000. In addition, the Company name has been changed to be "Al Sary National Holding Company". Till date procedures for capital increase are not yet done by the company.

During the period, the Group has finalized the establishment procedures of Stone for Drilling Services Company E.S.C.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors meeting held on 3 November 2008.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34), applicable to Interim Financial Reporting.

Interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards as adopted in the State of Kuwait for financial institutions that are under supervision of Central Bank of Kuwait.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the Interim condensed consolidated financial information.

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

The Interim Condensed Consolidated Financial Information have been prepared in accordance with the same accounting principles and methods of calculation used in the latest annual financial statements in accordance with the International Financial Reporting Standards as adopted in the State of Kuwait.

3. Cash and cash equivalent

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Cash at banks and financial institutions	1,399,554	20,233,492	16,699,679
Cash at Kuwait Clearing Company	199,420	4,079,439	11,999,073
Cash on hand	2,738	692	692
Ending balance of the period/ year	1,601,712	24,313,623	28,699,444

4. Investments in Murabaha

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Short term Murabaha in Kuwaiti Dinars	3,976,807	4,529,065	7,328,199
Average rate of return on Murabaha (%)	6.75	6.75	6.75
Short term Musharka in Kuwaiti Dinars	11,469,514	-	-

4.1 Investments in Murabaha include an amount of KD 3,436,908 granted to related parties as of 30 September 2008 (KD 3,668,075 as of 31 December 2007 and KD 3,074,630 as of 30 September 2007).

4.2 Musharka contracts are signed with an associate.

5. Investments at fair value through profit or loss

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Held for trading investments	3,108,297	4,530,030	8,997,841
Investments designated at fair value through profit or loss at inception	15,976,555	17,380,415	16,898,988
	19,084,852	21,910,445	25,896,829
Investments in local shares – quoted	3,108,297	4,530,030	8,997,841
Investments in local shares – unquoted	5,774,638	3,644,371	3,697,385
Investments in foreign shares – unquoted	3,556,567	3,670,297	4,337,394
Investments in local funds – unquoted	4,795,350	8,215,747	7,013,709
Investments in foreign funds – unquoted	1,850,000	1,850,000	1,850,500
	19,084,852	21,910,445	25,896,829

5.1 Valuation of investments in unquoted shares is carried out according to the estimated operations and based on the available information in terms of the financial position, results of operation of investee companies, and the expected future profits of these companies, Recent arm's length market transactions on the shares with other parties in investee companies or similar companies are taken into consideration. The unrealized gain from the evaluation of such shares amounted to KD 1,961,867 during the nine months ended 30 September 2008 (Nil - 30 September 2007).

5.2 The fair value of the investments in funds is determined based on last available reports for the net unit value.

6. Other debit balances

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Receivable on sale of real estates and investments	31,765,461	21,280,154	11,843,807
Advance payments for purchasing of investments	22,374,466	-	15,000,000
Accounts receivable	479,550	-	-
Due from related parties	7,792,804	16,142,685	9,887,715
Commissions and accrued dividends	455,549	3,443,578	2,474,413
Advance payments for purchasing of investments property	-	-	5,994,856
Prepaid expenses	287,271	685,122	1,002,746
Staff receivables	140,349	152,953	143,524
Other debit balances	2,144,967	1,964,819	1,065,781
	65,440,417	43,669,311	47,412,842

6.1 Receivables on sale of real estates represent amounts receivables on sale of properties and are secured against properties sold. The ownership of the properties will be transferred on settlement of amounts receivables; this balance is related to two subsidiaries.

6.2 During the period, the Group signed a contract for purchase of investments subject to the condition that the seller will market such investments. An amount of KD 14,780,376 (equivalent to AED 204,624,000) was paid till 30 September 2008 from the deal price. According to contract terms, the Group has the right to cancel the deal and retrieve all amounts paid in case the seller does not honour its part of the contract.

6.3 During the period, the Group signed an agreement with certain restated parties in order to settle some of the amounts due from and due to those related parties.

7. Lands and real estates under development

7.1 During the period, one of the subsidiaries has reclassified properties with an amount of KD 6,717,445 from investments property to lands and real estates under development.

7.2 During the period, real estate developed were sold and recorded for KD 19,775,433 as the work are in the final process and KD 11,556,316 was received. The remaining amount has been shown under receivable on sale of real estates and investments (see note 6).Profit resulting from the transaction amounting to KD 4,486,069 has been recorded in the statement of income for the period.

7.3 During the period, local real estates were sold for KD 17,700,000 resulting in profit of KD 1,829,429. An amount of KD 17,500,000 is receivable on the balance sheet date and is included in receivable on sale of real estates and investments. Subsequent to the balance sheet date, the total amount has been collected.

8. Investments in associates

	Ownership %	30 September 2008	Ownership %	31 December 2007	Ownership %	30 September 2007
Ekttitab Holding Company K.S.C.C.	32.03	39,064,724	26.77	22,458,747	33	28,805,706
Safat Global Company K.S.C.C.	-	-	15.99	1,699,783	17.87	1,471,184
Estratigia for Investment Company K.S.C.C	23.8	7,754,912	-	-	-	-
Hits Africa Company	68	24,898,760	50	10,252,500	50	10,856,250
First Jallia Bank - Kinia	31	1,910,432	31	1,910,432	20	810,432
		73,628,828		36,321,462		41,943,572

8.1 During the period, the parent company traded in shares of Ettikab Holding Company which resulted in gain of KD 4,489,589. The Group's share in Ettikab Holding increased to 32.03% as of the balance sheet date. The Group is carrying out necessary studies to identify the amount of goodwill from the ownership increase. The investment balance includes goodwill amounting to KD 3,282,366 as of 30 September 2008 (31 December 2007: KD 3,282,366; 30 September 2007: KD 3,282,366).

8.2 During the period ended 30 September 2008, the Group paid its share in the capital increase of Hits Africa Company and Group's share increased to 50% as of 30 September 2008.The Group sold its share in Hits Africa Company to Hits Telecom Holding Company which is one of the Group's subsidiaries. And the resulting gain of KD 11,593,549 has been eliminated during the preparation of the interim consolidated financial information.

During the period, Hits Telecom Company has acquired an additional share of 10% in Hits Africa Shares from one of the related parties, in addition to the subscription in share of 8% from the capital increase. Preparation of the necessary studies is currently in progress to identify the goodwill from the increase in ownership percentage. Although the ownership percentage reached 68%, the Group does not exercise control over the company and has been treated as an associate.

8.3 During the period, the Group lost its significant influence in Safat Global Company (formerly Gulf Horizon Holding Company) KSCC. Also the Group trade on this shares. Which lead to the decrease of the Group share to 14.76%. As such the investment has been reclassified to investments at fair value through profit or loss.

8.4 The Group has recorded its share of associates' results based on the latest financial statements available as of 30 June 2008.

8.5 During the period, the Group had acquired shares in Estratigia for Investment KSCC for an amount of KD 7,754,912. An amount of KD 3,977,707 was paid by the parent Company and the remaining balance of KD 3,977,707 is shown under payables and other credit balances. The Company has pledged investments amounting to KD 9,635,465 as collateral against the liability. The company is in the process of preparing the necessary studies for the price allocation to the fair value of the assets and liabilities in order to identify the Good will, the provisional Goodwill calculated amounted to KD 3,270,856.

9. Intangible assets

The balance of intangible assets is represented in the goodwill amounted to KD 10,138,674 as of 30 September 2008 resulted from the acquisition of Hits Telecom Holding Company (formerly Al Nibras Holding) and goodwill amounted to KD 790,971 as of 30 September 2008 resulted from the acquisition of Sarh Al Madina Real Estate Company.

The goodwill was calculated initially till allocate the purchase cost over the fair value of the acquired assets and liabilities.

10. Property and equipment

Additions on property and equipment includes rig amounted to KD 5,228,117 as of 30 September 2008, which operates in Arab Republic of Egypt.

11. Murabaha and Wakala payables

- Murabaha and Wakala payables are due within one year and capable to renewal.
- The average effective cost rate is 7 - 9.57% as of 30 September 2008 (7 - 9.75%: 31 December 2007 and 6.25 - 10%: 30 September 2007).
- A part of investments in associates and investments at fair value through profit and loss amounted to KD 45,696,986, part of lands and real estates under development and part of investment properties amounted to KD 2,196,330 and also Murabaha and investments owned to related parties as of 30 September 2008 are pledged against Murabaha and Wakala payables.

12. Share capital

	Shares	Value
Paid up capital at the beginning of the period	174,225,000	17,422,500
Employees stock option plan	1,500,000	150,000
Capital increase	175,725,000	17,572,500
Bonus shares (Note 19)	26,358,750	2,635,875
Paid up capital at the end of the period	377,808,750	37,780,875

The Parent Company's shareholders approved in there General Assembly meeting held on 13 May 2008 the following:

- Share capital increase of the Parent Company's with 100% through issuing 175,725,000 shares to the registered shareholders according to the Company's registers as at the date of General Assembly meeting with an amount of 275 fils per share (100 fils nominal value of 175 fils share premium).
- Increasing the Share capital of the Parent Company by issuing 1,500,000 share of 240 fils per share according to employees' stock option plan (note 20).

During the period ended 30 September 2008, the Board of Directors of the parent company has recalled the capital increase and fully collected it with the share premium. This increase was recorded in commercial register on 29 May 2008.

13. Treasury shares

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Number of shares (share)	8,470,000	-	2,700,000
Shareholding percentage (%)	2.24	-	1.55
Market value	2,371,600	-	2,106,000

14. Other Reserves

	Gain from sale of treasury shares	Employee's stock option reserve	Foreign currency translation reserve	Total
Balance as of 1 January 2007	8,620	301,500	-	310,120
Employees' stock option plan	-	189,000	-	189,000
Sale of treasury shares	(8,620)	-	-	(8,620)
Balance as of 30 September 2007	-	490,500	-	490,500
Balance as of 1 January 2008	-	490,500	(603,750)	(113,250)
Foreign currency translation reserve	-	-	(565,579)	(565,579)
Balance as of 30 September 2008	-	490,500	(1,169,329)	(678,829)

15. (Loss)/ profit on investments

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Profits from sale of investments at fair value through profit or loss	109,569	(119,200)	298,255	858,195
Change in fair value of investments at fair value through profit or loss	(957,797)	(98,200)	1,524,195	1,219,268
Dividends	113,499	63,978	203,421	147,218
Gain from partial disposal of investments in Subsidiaries	684,738	2,160,368	3,602,210	2,160,368
Gain from trading in shares of associates (Note 8)	(904,865)	9,922,812	4,489,589	12,151,449
Murabaha income	85,243	128,412	294,783	709,771
	(869,613)	12,058,170	10,412,453	17,246,269

During the period, the Group has traded on Hits Telecom Company shares "formerly Al Nibras Holding" (owned subsidiary company) which resulted in profit amounted to KD 3,032,734 for the period ended 30 September 2008).

16. Earning per share for the Parent Company's Shareholders

Basic earning per share:

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

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Net profit for the period attributable to shareholders of the Parent Company	4,801,744	12,701,041	14,226,926	17,461,597
Weighted average number of issued and outstanding shares during the period (share)	362,864,783	288,181,076	254,687,028	288,181,076
Earning per share (fils)	13.23	44.07	55.86	60.59

Earning per share for the comparative period have been recalculated taking into consideration the issued bonus shares that have been approved by the shareholders (Note 19) the capital increase that issued to the employees during the period ended 30 September 2008 (Note 20.1) and also for the shareholders (Note 12).

Diluted earnings per share:

	Three months ended 30 September 2008	Nine months ended 30 September 2008
Net profit for the period	4,801,744	14,226,926
Weighted average number of issued outstanding shares taking into consideration the shares that may be issued according to employees stock option plan (share)	364,786,592	255,614,272
Diluted earning per share (fils)	13.16	55.66

Diluted earnings per share for the comparative period have been recalculated taking into consideration the bonus shares that will be issued for employees according to the approval of the General Assembly of the shareholders on capital increase (Note 20.2).

17. Related parties' transactions

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

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Transactions				
Murabaha Income	54,575	141,390	195,547	188,481
Senior and executive management remunerations	38,741	75,000	158,726	345,787

	30 September 2008	31 December 2007	30 September 2007
Balances			
Investment at fair value through profit or loss	-	1,218,134	-
Other debit balances	7,792,804	16,142,685	9,887,715
Payables and other credit balances	9,914,163	9,871,500	9,194,325
Investments in Murabaha and Musharaka	14,906,422	3,668,075	3,144,735

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 29,534,175 as of 30 September 2008 (KD 29,784,945 as of 31 December 2007 and KD 48,923,865 as of 30 September 2007) which is recognized off consolidated balance sheet items.

All related parties transactions are subject to the approval of the General Assembly of the shareholders.

18. Segment distribution

The Group carries out the majority of its activities in the State of Kuwait through three major segments:

- Financing segment: represented in financing consumers and companies with all of their miscellaneous needs according to contracts complying with Noble Islamic Share'a principles.
- Real estate segment: represents in selling lands and properties for trading or after development in cash or under Istisna'a contracts.
- Investment segment: represents in management of real estate portfolios and investment funds on behalf of third parties and management of the Group's investments.

Analysis of the financial information according to segments for the nine months period ended 30 September is as follows:

	Finance		Real Estate		Investment		Unallocated items		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Segment revenues	-	451,990	6,315,498	2,481,202	16,595,646	21,070,824	1,292,510	149,962	24,203,654	24,153,978
Segment expenses	-	(472,972)	-	-	(5,123,438)	(4,033,361)	(3,623,915)	(2,186,048)	(8,747,353)	(6,692,381)
Segment results	-	(20,982)	6,315,498	2,481,202	11,472,208	17,037,463	(2,331,405)	(2,036,086)	15,456,301	17,461,597
Segment assets	162,212	4,244,820	70,575,569	37,529,513	141,464,112	66,233,342	18,411,342	85,253,150	230,613,235	193,260,825
Segment liabilities	-	-	12,367,464	4,532,748	83,307,808	116,051,311	20,501,534	25,185,308	116,176,806	145,769,367

19. Dividends

The General Assembly meeting for the Parent Company held on 13 May 2008 approved the financial statements for the year ended 31 December 2007, and cash dividends of 40% for the year ended 31 December 2007 (20% - 2006), and dividends of bonus shares 15% from the paid up capital (15 share for each 100 share) for the year ended 31 December 2007 (15% - 2006).

20. Cost of employees' stock option plan

20.1 A full subscription for the 1,500,000 shares as per the employees' stock option plan approved from the General Assembly meeting of the Parent Company dated 29 April 2007.

20.2 In accordance with the resolution of the General Assembly of the Parent Company Shareholders held on 13 May 2008, approved the increase of the Parent Company's share capital by an amount of KD 150,000 by issuing 1,500,000 shares for the employees of the Parent Company under the proposed employees' stock option plan, currently, the determination and completeness of program implantation conditions, in terms of the methods of shares issuance, the program duration, and the allocation conditions of the employees' who has the privilege to use the program.

21. Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the balance sheet of the Group. The net assets of these portfolios amounted to KD 51,328,000 as of 30 September 2008 (KD 55,973,000 as of 31 December 2007 and KD 77,173,000 as of 30 September 2007).

22. Comparative figures

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