BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
STATE OF KUWAIT

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(UNAUDITED)
WITH REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
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Report on Review of Interim consolidated financial information

The Board of Directors
Bayan Investment Company K.S.C. (Closed) and subsidiaries
State of Kuwait

Introduction

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim 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 consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standards 34, "Interim Financial Reporting".

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the books of account. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the period ended September 30, 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 Organization of Banking Business, and its related regulations.

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State of Kuwait
November 5, 2008

BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS OF SEPTEMBER 30, 2008
(All amounts are in Kuwaiti Dinars)

	Note	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
ASSETS				
Cash and cash equivalents	3	**2,674,134**	7,969,985	1,781,034
Investments at fair value through income statement	4	**5,896,114**	58,976,274	67,202,584
Accounts receivable and other debit balances		**1,342,966**	1,188,880	7,165,490
Short term Murabaha	5	**1,000,000**	-	-
Inventories		**214,314**	250,758	136,649
Due from related party	14	**10,474,095**	70,500	-
Investments available for sale	6	**86,241,295**	45,815,292	55,483,512
Investment in associates	7	**23,854,317**	900,000	-
Investment in unconsolidated subsidiaries		**159,249**	159,249	1,868,058
Projects under development	8	**336,101**	41,426,656	1,741,629
Investment properties		**20,300,000**	20,300,000	20,300,000
Fixed assets		**2,026,816**	37,538	31,637
Total assets		**154,519,401**	177,095,132	155,710,593
LIABILITIES AND EQUITY				
Liabilities				
Due to banks	9	**35,179,620**	70,422,200	36,472,586
Bonds		**20,000,000**	20,000,000	20,000,000
Accounts payable and other credit balances		**3,887,261**	3,713,219	1,484,040
Due to a related party	14	**-**	-	1,100,000
Provision for end of service indemnity		**243,065**	207,177	218,875
Total liabilities		**59,309,946**	94,342,596	59,275,501
Equity				
Share capital	10	**39,266,391**	35,696,719	35,696,719
Treasury shares	11	**(6,064,247)**	(3,188,057)	(3,188,057)
Statutory reserve		**11,018,725**	11,018,725	10,241,176
Voluntary reserve		**9,881,197**	9,881,197	9,103,648
Cumulative changes in fair value of investments available for sale		**2,042,689**	9,877,334	17,549,646
Foreign currency translation adjustment		**(79,989)**	(27,336)	(1,190)
Treasury shares reserve		**1,206,317**	836,571	836,571
Retained earnings		**37,888,056**	18,607,059	26,196,579
Equity attributable to shareholders of the Parent Company		**95,159,139**	82,702,212	96,435,092
Minority interest		**50,316**	50,324	-
Total equity		**95,209,455**	82,752,536	96,435,092
Total liabilities and equity		**154,519,401**	177,095,132	155,710,593

The accompanying notes from (1) to (20) form an integral part of the interim consolidated financial information.

Faisal Ali Al-Mutawa
Chairman and Managing Director

Adel Essa Al-Yousifi
Vice Chairman

BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2008	2007	**2008**	2007
Revenues					
Investment (loss) income	12	**(2,109,270)**	1,935,773	**3,533,526**	17,724,040
Gain on sale of projects under development	8	**4,734,408**	-	**27,182,322**	-
Management fees		**75,669**	102,428	**3,344,247**	567,948
Consultancy revenue		**207,904**	25,000	**496,014**	116,170
Service income		**76,259**	-	**76,259**	-
Interest income		**5,284**	9,411	**187,556**	47,004
Share of results from an associate		**(127,499)**	-	**(127,499)**	-
Reversal of impairment loss for investment properties		**-**	-	**-**	570,800
Foreign currency exchange (loss) gain		**(118,672)**	(190,117)	**319,928**	(137,118)
Other income		**3,712**	-	**8,972**	-
		2,747,795	1,882,495	**35,021,325**	18,888,844
Expenses and other charges					
Impairment loss for investment available for sale		**(670,651)**	-	**(670,651)**	-
General and administrative expenses		**(758,632)**	(520,855)	**(2,351,847)**	(1,600,862)
Finance charges		**(1,097,877)**	(1,200,264)	**(4,688,860)**	(3,334,781)
Other expenses		**(1,842)**	-	**(3,185)**	-
Contribution to Kuwait Foundation for the Advancement of Science		**(7,574)**	(7,193)	**(19,155)**	(126,654)
National Labour Support tax		**(83,010)**	(4,180)	**(1,031,044)**	(264,877)
Zakat		**27,520**	-	**(24,514)**	-
		(2,592,066)	(1,732,492)	**(8,789,256)**	(5,327,174)
Net profit for the period		**155,729**	150,003	**26,232,069**	13,561,670
Attributable to:					
Shareholders of the parent company		**155,732**	150,003	**26,232,077**	13,561,670
Minority interest		**(3)**	-	**(8)**	-
Net profit for the period		**155,729**	150,003	**26,232,069**	13,561,670
		Fils	Fils	**Fils**	Fils
Earnings per share	13	**0.43**	0.40	**70.79**	36.07

The accompanying notes from (1) to (20) form an integral part of the interim consolidated financial information.

BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(All amounts are in Kuwaiti Dinars)

	Attributable to the parent company's shareholders										
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair value of investments available for sale	Foreign currency translation adjustment	Treasury shares reserve	Retained earnings	Sub-total	Minority interest	Total
Balance as at December 31, 2007	35,696,719	(3,188,057)	11,018,725	9,881,197	9,877,334	(27,336)	836,571	18,607,059	82,702,212	50,324	82,752,536
Changes in fair value of investments available for sale	-	-	-	-	(7,611,648)	-	-	-	(7,611,648)	-	(7,611,648)
Reversal on sale of investments available for sale	-	-	-	-	(222,997)	-	-	-	(222,997)	-	(222,997)
Gain on sale of treasury shares	-	-	-	-	-	-	369,746	-	369,746	-	369,746
Foreign currency translation adjustment	-	-	-	-	-	(52,653)	-	-	(52,653)	-	(52,653)
Net (loss) income recognized directly in equity	-	-	-	-	(7,834,645)	(52,653)	369,746	-	(7,517,552)	-	(7,517,552)
Net profit for the period	-	-	-	-	-	-	-	26,232,077	26,232,077	(8)	26,232,069
Total recognized (loss) income for the period	-	-	-	-	(7,834,645)	(52,653)	369,746	26,232,077	18,714,525	(8)	18,714,517
Bonus shares (2007 – 10%)	3,569,672	-	-	-	-	-	-	(3,569,672)	-	-	-
Cash dividends (2007 – 10%)	-	-	-	-	-	-	-	(3,381,408)	(3,381,408)	-	(3,381,408)
Purchase of treasury shares	-	(3,739,322)	-	-	-	-	-	-	(3,739,322)	-	(3,739,322)
Sale of treasury shares	-	863,132	-	-	-	-	-	-	863,132	-	863,132
Balance as at September 30, 2008	**39,266,391**	**(6,064,247)**	**11,018,725**	**9,881,197**	**2,042,689**	**(79,989)**	**1,206,317**	**37,888,056**	**95,159,139**	**50,316**	**95,209,455**
Balance as at December 31, 2006	35,696,719	(3,241,205)	10,241,176	9,103,648	14,449,817	-	816,922	16,052,120	83,119,197	-	83,119,197
Changes in fair value of investments available for sale	-	-	-	-	4,453,996	-	-	-	4,453,996	-	4,453,996
Reversal on sale of investments available for sale	-	-	-	-	(1,354,167)	-	-	-	(1,354,167)	-	(1,354,167)
Foreign currency translation adjustment	-	-	-	-	-	(1,190)	-	-	(1,190)	-	(1,190)
Gain on sale of treasury shares	-	-	-	-	-	-	19,649	-	19,649	-	19,649
Net income (loss) recognized directly in equity	-	-	-	-	3,099,829	(1,190)	19,649	-	3,118,288	-	3,118,288
Net profit for the period	-	-	-	-	-	-	-	13,561,670	13,561,670	-	13,561,670
Total recognized income (loss) income	-	-	-	-	3,099,829	(1,190)	19,649	13,561,670	16,679,958	-	16,679,958
Cash dividends 2006 (10 fils per share)	-	-	-	-	-	-	-	(3,417,211)	(3,417,211)	-	(3,417,211)
Sale of treasury shares	-	53,148	-	-	-	-	-	-	53,148	-	53,148
Balance as at September 30, 2007	35,696,719	(3,188,057)	10,241,176	9,103,648	17,549,646	(1,190)	836,571	26,196,579	96,435,092	-	96,435,092

The accompanying notes from (1) to (20) form an integral part of the interim consolidated financial information.

BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended September 30, 2008	2007
Cash flows from operating activities			
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and Zakat		**27,306,782**	13,953,201
Adjustments:			
Gain on sale of project under development		**(27,182,322)**	-
Investment income		**(3,533,526)**	(17,724,040)
Interest income		**(187,556)**	(47,004)
Share of result from an associate		**127,499**	-
Impairment loss for investment available for sale		**670,651**	-
Reversal of impairment loss for investment properties		**-**	(570,800)
Provision for end of service indemnity		**40,960**	57,728
Finance charges		**4,688,860**	3,334,781
Foreign currency exchange (gain) / loss		**(319,928)**	137,118
		1,611,420	(859,016)
Changes in operating assets and liabilities:			
Paid for purchase of investments at fair value through income statement		**(39,209,262)**	(38,693,101)
Proceeds from sale of investment at fair value through income statement		**41,195,681**	42,205,273
Accounts receivable and other debit balances		**(154,086)**	(4,740,405)
Due from a related party		**(10,403,595)**	-
Inventories		**36,444**	(136,649)
Accounts payable and other credit balances		**(374,966)**	(388,091)
Due to a related party		**-**	1,100,000
Cash used in operating activities		**(7,298,364)**	(1,511,989)
Payment of end of service indemnity		**(5,072)**	(14,765)
Net cash used in operating activities		**(7,303,436)**	(1,526,754)
Cash flows from investing activities			
Paid for purchase of investments available for sale		**(3,198,533)**	(2,610,325)
Proceeds from sale of investments available for sale		**4,636,936**	5,102,858
Investment in unconsolidated subsidiaries		**-**	(612,209)
Investments in associates		**(39,265,621)**	-
Proceeds from sale of projects under development		**87,122,569**	-
Paid for projects under development		**(2,718,540)**	(601,849)
Paid for purchase of fixed assets		**(1,989,278)**	4,189
Paid for purchase of short term Murabaha		**(1,000,000)**	-
Dividends received		**4,181,792**	3,988,037
Interest received		**187,556**	47,004
Net cash generated from investing activities		**47,956,881**	5,317,705
Cash flows from financing activities			
Due to banks		**(35,242,580)**	2,247,783
Purchase of treasury shares		**(3,739,322)**	-
Proceeds from sale of treasury shares		**1,232,878**	72,797
Dividends paid		**(3,631,075)**	(3,311,649)
Payment of finance charges		**(4,964,898)**	(3,589,767)
Net cash used in financing activities		**(46,344,997)**	(4,580,836)
Net decrease in cash and cash equivalents		**(5,691,552)**	(789,885)
Effect of foreign currency on cash and cash equivalents		**395,701**	(76,108)
Cash and cash equivalents from newly consolidated subsidiaries		**-**	784,537
Cash and cash equivalents at beginning of period		**7,969,985**	1,862,490
Cash and cash equivalents at end of period	3	**2,674,134**	1,781,034

The accompanying notes from (1) to (20) form an integral part of the interim consolidated financial information.

1. Incorporation and activities

Bayan Investment Company (the Parent Company) is a closed shareholding company incorporated by agreement No. 1491/Vol 1 dated July 21, 1997 and the latest amendment on April 6, 2005. The Parent Company's commercial registration number is 70718 dated August 30, 1997 and is registered as an investment Company with the Central Bank of Kuwait.

The principal activity of the Parent Company is to provide investment and portfolio management activities for its own account and for clients and investment in real estate.

The Parent Company's registered office is at Souad Commercial Building, P.O. Box No. 104 Al Dasma 35151,Fahad Al-Salem St., Area 12, Building No. 21, State of Kuwait.

These interim consolidated financial information were approved for issue by the Board of Directors on November 5, 2008.

2. Basis of presentation

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2007 except for the changes due to implementation of certain amendments to revised IAS 39: Financial Instruments – Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.

IAS 39: Financial Instruments – Recognition and Measurement

Effective July 1, 2008, Group has implemented certain amendments to revised IAS 39: Financial Instruments – Recognition and Measurement. The Group has identified the deterioration of the global financial markets and the consequent impact on the financial markets of the Middle East region as a rare situation resulting in the implementation of these amendments.

This has resulted in the reclassification of investments held for trading amounting to KD 49,747,536 to investments available for sale as per revised IAS 39. Unrealized gain from these investments recognized in the consolidated income statement till the date of reclassification amounted to KD 1,590,979. Unrealized loss on these investments that would have been recognized in the consolidated income statement if these financial assets had not been reclassified amounted to KD 5,111,581.

IFRS 7 Financial Instruments: Disclosures

Implementation of the amendments to revised IAS 39: Financial Instruments – Recognition and Measurement has resulted in additional disclosures in the accompanying consolidated financial statements. The interim consolidated financial information do not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2007.

The interim consolidated financial information include the financial information of Bayan Investment Company K.S.C. (closed) and the following subsidiaries:

		Percentage of Holding		
	Country of incorporation	**September 30, 2008**	December 31, 2007 (Audited)	September 30, 2007
Arkan Holding Company (K.S.C.C.) and its subsidiaries:	Kuwait	**100%**	100%	100%
Arkan International for Construction Materials Co. (K.S.C.C.)	Kuwait	**100%**	100%	100%
Arkan Industrial and Mining Co. (E.S.C.)	Egypt	**100%**	100%	100%
Al-Noor Holding Company (K.S.C.C) and its subsidiaries:	Kuwait	**100%**	100%	100%
Al Nour Skills for Consulting and Training Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Al Nour Method for Projects Management Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Al Nour Search for Consulting and Market Studies (W.L.L.)	Kuwait	**100%**	100%	100%
Bunyan Real Estate Company (K.S.C.C.)	Kuwait	**100%**	100%	100%
Sout Al-Ghad for Advertising Co. (W.L.L)	Kuwait	**100%**	100%	100%
Dar Al Dhabi Holding Co. (K.S.C.C.) (previously Al Petra Holding Co. (K.S.C.C.))	Kuwait	**37.319%**	100%	100%
Al Roudatain Co. (K.S.C.C.)	Kuwait	**100%**	100%	100%
Al Safwa International Consulting Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Al Derah Al-Oula Co. (W.L.L.)	Kuwait	**100%**	100%	-
Al Ohadayah Project Co. (W.L.L.)	Kuwait	**100%**	100%	-
Al Sanabil Real Estate Co. (W.L.L.) (Previously Al Thonayah Project Co. (W.L.L.))	Kuwait	**100%**	100%	-
Al Robayah Project Co. (W.L.L.)	Kuwait	**100%**	100%	-
Al Sodasyah Project Co. (W.L.L.)	Kuwait	**100%**	100%	-
Bayan Tech. Co. (W.L.L.)	Kuwait	**100%**	100%	-
Dar Al Dhabi Real Estate Co. (K.S.C.C.)	Kuwait	**-**	100%	-
Babel Holding Co. (K.S.C.C.)	Kuwait	**95.9%**	95.9%	-

3. Cash and cash equivalents

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Cash on hand and at banks	**2,556,851**	7,880,706	1,355,535
Cash with financial institutions	**117,283**	89,279	425,499
	2,674,134	7,969,985	1,781,034

4. Investments at fair value through income statement

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Quoted securities	**3,541,927**	54,925,996	64,397,423
Portfolios	**1,908,564**	2,835,263	2,625,210
Future portfolio	**445,623**	1,215,015	179,951
	5,896,114	58,976,274	67,202,584

The carrying assets of the above investments are classified as follows:

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Held for trading	**3,541,927**	54,925,996	64,397,423
Designated at fair value	**2,354,187**	4,050,278	2,805,161
Balance at the end of the period / year	**5,896,114**	58,976,274	67,202,584

The movement during the period / year is as follows:

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Balance at the beginning of the period / year	**58,976,274**	59,518,195	59,518,195
Additions	**39,209,262**	51,019,681	38,693,101
Disposals	**(41,352,585)**	(51,959,906)	(39,829,465)
Reclassified to investment available for sale (Note 6)	**(49,747,536)**	-	-
Change in fair value	**(1,113,528)**	504,873	8,881,763
Foreign currency translation	**(75,773)**	(106,569)	(61,010)
Balance at the end of the period / year	**5,896,114**	58,976,274	67,202,584

5. Short term Murabaha

The Group had signed a Murabaha contract amounting to KD 1,000,000 on September 24, 2008 with an Islamic investment company. This contract matures on October 29, 2008.

6. Investment available for sale

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Quoted securities	**57,389,159**	15,939,125	24,654,874
Quoted funds	**5,190,684**	9,802,379	6,097,628
Unquoted securities	**23,661,452**	20,073,788	24,731,010
	86,241,295	45,815,292	55,483,512

Quoted securities available for sale includes investments reclassified from investments held for trading amounting to KD 49,747,536.

The movement during the period / year is as follows:

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Balance at the beginning of the period / year	**45,815,292**	52,397,784	52,397,784
Additions	**3,198,533**	5,492,168	2,610,325
Disposals	**(4,014,770)**	(7,502,177)	(3,978,593)
Reclassified from investments held for trading (Note 4)	**49,747,536**	-	-
Changes in fair value	**(7,834,645)**	(4,572,483)	4,453,996
Impairment loss for investment available for sale	**(670,651)**	-	-
Balance at the end of the period / year	**86,241,295**	45,815,292	55,483,512

7. Investment in associates

	Country of incorporation	Ownership percentage	**September 30, 2008**	December 31, 2007 (Audited)
Future Voice Media Production (W.L.L.)	Kuwait	45%	**900,000**	900,000
Dar Al Dhabi Holding Co. (K.S.C.C.)	Kuwait	37.319%	**22,954,316**	-
Idea Marketing Co. Adel Abdul Aziz Almukhaizim and Partners W.L.L.	Kuwait	51%	**1**	-
			23,854,317	900,000

The Group had not accounted share of results from its associates Future Voice Media Production (W.L.L.), Dar Al Dhabi Holding Co. (K.S.C.C.) since they have not yet commenced operations.

Investment in Idea Marketing Co. - Adel Abdul Aziz Almukhaizim and Partners W.L.L. is classified as investment in associate even though the percentage of holding is 51% since the company had no control on the managerial and financial policies and decisions of the invested company as mentioned in the Article of Association of Idea Marketing Co. - Adel Abdul Aziz Almukhaizim and Partners W.L.L.

During the nine month period ended September 30, 2008, Dar Al Dhabi Holding Co. (K.S.C.C.), previously wholly owned subsidiary of Bayan Investment Company K.S.C. (Closed) increased its share capital from KD 1,000,000 to KD 100,000,000 and the parent company subscribed for KD 39,138,121 and the other shareholders subscribed for the remaining portion of the share capital. Accordingly, the investment in Dar Al Dhabi Holding Co. (K.S.C.C.) had been accounted as an associate.

8. Projects under development

During the period ended September 30, 2008, Bunyan Real Estate Company (K.S.C.C.), subsidiary of Bayan Investment Company K.S.C. (Closed) sold part of project under development to Dar Al Dhabi Real Estate Co. (K.S.C.C.), associate, amounting to KD 87,122,569 resulting in a gain of KD 43,366,127. The Group had recognized KD 27,182,322 after the elimination of KD 16,183,805 being 37.319% of the gain representing the percentage of investment in associate.

9. Due to banks

The average effective interest rate for loans and facilities was 7.94% per annum for the period ended September 30, 2008 (December 31, 2007 – 8.50%, September 30, 2007 – 8.55%).

The Group has pledged investment properties as collateral against loans granted by a local bank.

10. Share capital

Authorized, issued and paid up capital consists of 392,663,910 (December 31, 2007: 356,967,188, September 30, 2007: 356,967,188) shares of 100 fils each.

11. Treasury shares

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Number of shares	**26,038,793**	14,996,123	14,996,123
Percentage to issued shares	**6.63%**	4.20%	4.20%
Market value (KD)	**6,457,621**	4,068,402	4,948,721
Cost (KD)	**6,064,247**	3,188,057	3,188,057

12. Investment (loss) income

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	**2008**	2007
Dividend income	**27,752**	166,694	**4,181,792**	3,988,037
Realized gain (loss) on sale of investments at fair value through income statement	**61,414**	(376,254)	**(156,904)**	2,375,808
Unrealized (loss) gain from changes in fair value of investments at fair value through income statement	**(2,068,288)**	1,375,651	**(1,113,528)**	8,881,763
(Loss) gain on sale of investments available for sale	**(130,148)**	769,682	**622,166**	2,478,432
	(2,109,270)	1,935,773	**3,533,526**	17,724,040

13. Earnings per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	**2008**	2007
Net profit for the period	**155,732**	150,003	**26,232,077**	13,561,670
	Shares	Shares	**Shares**	Shares
Number of outstanding shares at beginning of period	**356,967,188**	356,967,188	**356,967,188**	356,967,188
Bonus shares	**35,696,719**	35,696,719	**35,696,719**	35,696,719
Less: Weighted average number of treasury shares	**(26,201,514)**	(16,560,599)	**(22,089,703)**	(16,699,921)
Weighted average number of outstanding shares	**366,462,393**	376,103,308	**370,574,204**	375,963,986
	Fils	Fils	**Fils**	Fils
Earnings per share	**0.43**	0.40	**70.79**	36.07

Earnings per share reported for the nine and three months ended September 30, 2007 were 39.68 and 0.44 fils respectively before retroactive adjustment relating to the issue of bonus shares (Note 17).

14. Related party transactions

The Group has entered into various transactions with related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management.

Related party balances consist of the following:

	Key management personnel	Associates	Entities under common control	Major shareholders	Other related parties	**September 30, 2008**	December 31, 2007	September 30, 2007
Balance included in the consolidated balance sheet								
Accounts receivable	-	-	455,000	-	50,286	**505,286**	400,000	-
Due from related parties	-	10,474,095	-	-	-	**10,474,095**	70,500	-
Due to related party	-	-	-	-	-	**-**	-	1,100,000

						For the period ended September 30,	
Transactions included in the consolidated income statement						**2008**	2007
Gain on sale of project under development	-	27,182,322	-	-	-	**27,182,322**	-
Service income	-	76,259	-	-	-	**76,259**	-
Management fees income	-	-	-	-	125,021	**125,021**	102,447

	Three months ended September 30,		Nine months ended September 30,	
Key management compensation:	**2008**	2007	**2008**	2007
Salaries and other short term benefits	**60,597**	34,949	**150,410**	132,352
Terminal benefits	**3,897**	3,964	**33,261**	12,101
	64,494	38,913	**183,671**	144,453

15. Contingent liabilities and commitments

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Uncalled capital of investments	**713,876**	1,707,015	1,709,034
Letters of guarantee	**4,109,833**	4,663,333	4,763,333
	4,823,709	6,370,348	6,472,367

16. Geographical distribution of assets and liabilities

	Assets			Liabilities		
	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007	**September 30, 2008**	December 31, 2007 (Audited)	September 30, 2007
Kuwait	**141,068,028**	122,309,583	135,857,782	**52,642,446**	87,507,596	59,275,501
Gulf	**5,445,416**	46,957,402	13,456,170	**6,667,500**	6,835,000	-
United States of America	**2,913,798**	2,786,446	2,756,085	-	-	-
Europe	**2,264,168**	2,784,083	1,450,368	-	-	-
Africa	**2,827,991**	2,257,618	2,190,188	-	-	-
	154,519,401	177,095,132	155,710,593	**59,309,946**	94,342,596	59,275,501

17. General Assembly

The shareholders' General Assembly held on April 20, 2008 approved the distribution of cash dividends of 10 fils per share and 10 bonus shares for every 100 shares held for the year ended December 31, 2007.

The Shareholders' General Assembly held on April 24, 2007 approved the distribution of cash dividends of 10 fils per share for the year ended December 31, 2006.

18. Fiduciary Assets

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Customers' portfolios	**31,071,610**	34,202,300	26,914,586
Investment funds	**9,370,036**	11,834,892	6,818,752
	40,441,646	46,037,192	33,733,338

19. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

Liquidity risk management process
The Group's liquidity management process, as carried out within the Group includes:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities as of September 30, 2008 was as follows:

Assets	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Cash and cash equivalents	2,674,134	-	-	-	-	2,674,134
Investments at fair value through income statement	5,896,114	-	-	-	-	5,896,114
Accounts receivable and other debit balances	-	-	1,342,966	-	-	1,342,966
Short term Murabaha	1,000,000	-	-	-	-	1,000,000
Inventories	-	-	214,314	-	-	214,314
Due from related party	-	-	1,813,011	8,661,084	-	10,474,095
Investments available for sale	-	-	-	86,241,295	-	86,241,295
Investment in an associate	-	-	-	23,854,317	-	23,854,317
Investment in unconsolidated subsidiaries	-	-	-	159,249	-	159,249
Projects under development	-	-	-	-	336,101	336,101
Investment properties	-	-	-	-	20,300,000	20,300,000
Fixed assets	-	-	-	-	2,026,816	2,026,816
	9,570,248	-	3,370,291	118,915,945	22,662,917	154,519,401
Liabilities:						
Due to banks	2,134,681	2,377,439	3,000,000	27,667,500	-	35,179,620
Bonds	-	-	-	20,000,000	-	20,000,000
Accounts payable and other credit balances	-	1,422,183	2,465,078	-	-	3,887,261
Provision for end of service indemnity	-	-	-	-	243,065	243,065
	2,134,681	3,799,622	5,465,078	47,667,500	243,065	59,309,946

Analysis of Group's contingent liabilities and commitments by remaining contractual maturities:

September 30, 2008

Contingent Liabilities & Commitments	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Uncalled capital for investments	-	-	-	713,876	-	713,876
Letters of guarantee	-	-	-	4,109,833	-	4,109,833

20. Comparative figures

Certain of the prior periods amounts have been reclassified to conform with the current period presentation.