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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2009
(UNAUDITED)
WITH REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2009
(UNAUDITED)
WITH REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

	Pages
Report on review of interim consolidated financial information	
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of income (unaudited)	3
Interim condensed consolidated statement of comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim consolidated financial information (unaudited)	7–14

AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

Member of The International Group of Accounting Firms

P.O. Box 27387 Safat
13134 – State of Kuwait
Telephone: (965) 22423415
Facsimile : (965) 22423417

Albazie & Co.

Member of RSM International

Public Accountants

Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait
T + 965 22410010
T + 965 22961000
F + 965 22412761
www.albazie.com

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 statement of financial position of Bayan Investment Company K.S.C. (Closed) (the Parent Company) and subsidiaries (the Group) as of June 30, 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". 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 June 30, 2009 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.

Ali Owaid Rukheyes
Licence No. 72-A
Member of the International Group
of Accounting Firms

Dr. Shuaib A. Shuaib
Licence No. 33-A
Albazie & Co.
Member of RSM International.

State of Kuwait

August 11, 2009

BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2009
(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
ASSETS				
Cash and cash equivalents	3	**11,543,948**	3,002,208	11,479,542
Investments at fair value through income statement	4	**4,621,251**	5,561,140	57,627,809
Accounts receivable and other debit balances	5	**3,003,740**	877,401	2,789,306
Inventories		**465,196**	350,435	288,325
Due from related parties	14	**1,559,421**	10,870,531	1,211,047
Investments available for sale	6	**62,895,211**	59,894,656	44,403,570
Investment in associates	7	**19,816,559**	23,816,769	26,673,087
Investment in unconsolidated subsidiaries		**167,029**	159,249	159,249
Property under development	7	**89,475**	477,386	456,693
Investment properties		**14,199,850**	18,368,433	20,300,000
Fixed assets		**2,425,422**	2,007,998	1,685,811
Total assets		**120,787,102**	125,386,206	167,074,439
LIABILITIES AND EQUITY				
Liabilities:				
Due to banks	8	**33,534,601**	39,199,700	40,908,755
Accounts payable and other credit balances		**2,858,088**	3,211,813	3,524,311
Murabaha payable		**804,279**	715,350	479,240
Bonds	21	**20,000,000**	20,000,000	20,000,000
Provision for end of service indemnity		**370,271**	375,896	246,685
Total liabilities		**57,567,239**	63,502,759	65,158,991
Equity:				
Share capital	9	**39,266,391**	39,266,391	39,266,391
Treasury shares	10	**(7,712,469)**	(8,019,773)	(5,346,002)
Statutory reserve		**12,166,782**	12,166,782	11,018,725
Voluntary reserve		**11,029,254**	11,029,254	9,881,197
Cumulative changes in fair value		**(8,120,481)**	(14,362,700)	8,262,872
Foreign currency translation adjustments		**158,627**	(1,103)	(49,088)
Treasury shares reserve		**1,024,735**	1,201,791	1,098,710
Retained earnings		**15,352,149**	20,547,289	37,732,324
Equity attributable to shareholders of the Parent Company		**63,164,988**	61,827,931	101,865,129
Non-controlling interests		**54,875**	55,516	50,319
Total equity		**63,219,863**	61,883,447	101,915,448
Total liabilities and equity		**120,787,102**	125,386,206	167,074,439

The accompanying notes from (1) to (22) 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 JUNE 30, 2009
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2009	2008	**2009**	2008
Revenues:					
Net investment income	11	**2,257,875**	7,302,582	**1,944,458**	5,642,796
Gain on sale of property under development	7	**5,087,190**	22,447,914	**5,087,190**	22,447,914
Management fees		**28,101**	3,209,748	**69,232**	3,268,578
Net sales revenue		**204,534**	75,005	**410,250**	151,742
Interest income		**15,126**	64,317	**49,532**	182,272
Share of results from an associate	14	**(8,612)**	-	**(164,290)**	-
Other income		**5,487**	218,365	**10,690**	141,628
Foreign exchange gain (loss)		**119,952**	12,315	**(245,944)**	438,600
		7,709,653	33,330,246	**7,161,118**	32,273,530
Expenses and other charges:					
Impairment loss on investments available for sale		**(300,103)**	-	**(644,980)**	-
Impairment loss on investment properties		**(580,383)**	-	**(4,168,583)**	-
Impairment loss on investment in an associate	14	**(900,000)**	-	**(900,000)**	-
Related party receivable balance written off	14	**-**	-	**(515,000)**	-
General and administrative expenses		**(521,927)**	(1,281,103)	**(960,708)**	(1,593,215)
Finance charges		**(719,343)**	(1,759,220)	**(1,597,801)**	(3,590,983)
Other expenses		**(11,619)**	(796)	**(21,715)**	(1,343)
		(3,033,375)	(3,041,119)	**(8,808,787)**	(5,185,541)
Profit (loss) for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		**4,676,278**	30,289,127	**(1,647,669)**	27,087,989
Contribution to KFAS	12	**-**	(11,581)	**-**	(11,581)
NLST	12	**-**	(948,034)	**-**	(948,034)
Zakat	12	**-**	(52,034)	**-**	(52,034)
Net profit (loss) for the period		**4,676,278**	29,277,478	**(1,647,669)**	26,076,340
Attributable to:					
Shareholders of the Parent Company		**4,676,282**	29,277,478	**(1,647,689)**	26,076,345
Non-controlling interests		**(4)**	-	**20**	(5)
Net profit (loss) for the period		**4,676,278**	29,277,478	**(1,647,669)**	26,076,340
		Fils	Fils	**Fils**	Fils
Earnings (loss) per share attributable to shareholders of the Parent Company	13	**13.18**	79.23	**(4.65)**	69.97

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

BAYAN INVESTMENT COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2009
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	**2009**	2008
Net profit (loss) for the period	**4,676,278**	29,277,478	**(1,647,669)**	26,076,340
Other comprehensive income (loss):				
Investments available for sale:				
Changes in fair value of investments available for sale	**15,200,843**	(1,924,795)	**5,720,677**	(1,626,817)
Reversal due to sale of investments available for sale	**213,619**	(168,020)	**520,881**	12,355
	15,414,462	(2,092,815)	**6,241,558**	(1,614,462)
Exchange differences on translating foreign operations	**(25,979)**	15,069	**66,846**	(21,752)
Share of other comprehensive income of an associate	**26,312**	-	**92,884**	-
Other comprehensive income (loss) for the period	**15,414,795**	(2,077,746)	**6,401,288**	(1,636,214)
Total comprehensive income for the period	**20,091,073**	27,199,732	**4,753,619**	24,440,126
Attributable to:				
Shareholders of the Parent Company	**20,091,738**	27,199,732	**4,754,260**	24,440,131
Non-controlling interests	**(665)**	-	**(641)**	(5)
Total comprehensive income for the period	**20,091,073**	27,199,732	**4,753,619**	24,440,126

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

	Attributable to the shareholders of the Parent Company										
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation adjustments	Treasury shares reserve	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at December 31, 2008	39,266,391	(8,019,773)	12,166,782	11,029,254	(14,362,700)	(1,103)	1,201,791	20,547,289	61,827,931	55,516	61,883,447
Cash dividends (2008 – 10 fils) (Note 17)	-	-	-	-	-	-	-	(3,547,451)	(3,547,451)	-	(3,547,451)
Purchase of treasury shares	-	(299,569)	-	-	-	-	-	-	(299,569)	-	(299,569)
Sale of treasury shares	-	606,873	-	-	-	-	(177,056)	-	429,817	-	429,817
Total comprehensive income (loss) for the period	-	-	-	-	6,242,219	159,730	-	(1,647,689)	4,754,260	(641)	4,753,619
Balance as at June 30, 2009	**39,266,391**	**(7,712,469)**	**12,166,782**	**11,029,254**	**(8,120,481)**	**158,627**	**1,024,735**	**15,352,149**	**63,164,988**	**54,875**	**63,219,863**
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
Bonus shares (2007 – 10%) (Note 17)	3,569,672	-	-	-	-	-	-	(3,569,672)	-	-	-
Cash dividends (2007 – 10 fils) (Note 17)	-	-	-	-	-	-	-	(3,381,408)	(3,381,408)	-	(3,381,408)
Purchase of treasury shares	-	(2,235,091)	-	-	-	-	-	-	(2,235,091)	-	(2,235,091)
Sale of treasury shares	-	77,146	-	-	-	-	262,139	-	339,285	-	339,285
Total comprehensive (loss) income for the period	-	-	-	-	(1,614,462)	(21,752)	-	26,076,345	24,440,131	(5)	24,440,126
Balance as at June 30, 2008	39,266,391	(5,346,002)	11,018,725	9,881,197	8,262,872	(49,088)	1,098,710	37,732,324	101,865,129	50,319	101,915,448

The accompanying notes from (1) to (22) 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 JUNE 30, 2009
(All amounts are in Kuwaiti Dinars)

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Cash flows from operating activities:			
(Loss) profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		**(1,647,669)**	27,087,989
Adjustments:			
Net investment income		**(1,944,458)**	(5,642,796)
Gain on sale of property under development		**(5,087,190)**	(22,447,914)
Interest income		**(49,532)**	(182,272)
Share of results from an associate		**164,290**	-
Impairment loss on investments available for sale		**644,980**	-
Impairment loss on investment properties		**4,168,583**	-
Impairment loss on investment in an associate		**900,000**	-
Related party receivable balance written off		**515,000**	-
Depreciation		**36,832**	30,397
Provision for end of service indemnity		**27,402**	42,148
Finance charges		**1,597,801**	3,590,983
		(673,961)	2,478,535
Changes in operating assets and liabilities:			
Investment at fair value through income statement		**1,515,951**	2,084,907
Accounts receivable and other debit balances		**(630,151)**	(5,360,436)
Inventories		**(114,761)**	(37,567)
Due from related parties		**8,796,110**	(188,768)
Accounts payable and other credit balances		**(305,862)**	(1,218,521)
Murabaha payable		**88,929**	479,240
Cash generated from (used in) operations		**8,676,255**	(1,762,610)
Paid for board of directors' remuneration		**(70,000)**	(72,000)
Paid for end of service indemnity		**(33,027)**	(2,640)
Net cash generated from (used in) operating activities		**8,573,228**	(1,837,250)
Cash flows from investing activities:			
Purchase of investments available for sale		**(1,954,581)**	(2,697,067)
Proceeds from sale of investments available for sale		**4,144,494**	3,246,641
Investment in associates		**-**	(39,138,121)
Investment in an unconsolidated subsidiary		**(7,780)**	-
Proceeds from property under development		**8,116,000**	79,591,142
Purchase of fixed assets		**(66,351)**	(1,678,670)
Dividends received		**191,079**	4,154,040
Interest received		**49,291**	182,272
Net cash generated from investing activities		**10,472,152**	43,660,237
Cash flows from financing activities:			
Due to banks-paid		**(5,665,099)**	(29,513,445)
Purchase of treasury shares		**(299,569)**	(2,235,091)
Proceeds from sale of treasury shares		**429,817**	339,285
Dividends paid		**(3,258,958)**	(3,359,298)
Finance charges paid		**(1,776,677)**	(3,523,129)
Net cash used in financing activities		**(10,570,486)**	(38,291,678)
Foreign currency translation adjustments		**66,846**	(21,752)
Net increase in cash and cash equivalents		**8,541,740**	3,509,557
Cash and cash equivalents at beginning of the period		**3,002,208**	7,969,985
Cash and cash equivalents at end of the period	3	**11,543,948**	11,479,542

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

1. Incorporation and activities

Bayan Investment Company (the Parent Company) is a closed Kuwaiti shareholding company incorporated by agreement No. 1491/Vol 1 dated July 21, 1997 and the latest amendment on June 2, 2008. 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 Souad Commercial Building, Fahad Al-Salem St., Area 12, Building No. 21, P.O. Box No. 104 Al Dasma 35151, State of Kuwait.

These interim consolidated financial information were approved for issue by the Board of Directors on August 11, 2009.

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, 2008 except for the changes due to implementation of certain amendments to the following International Financial Reporting Standards:

IAS 1 "Presentation of Financial Statements" (Revised)

Effective January 1, 2009, the Group has applied IAS 1 (Revised), which has impacted the presentation of financial statements to enhance the usefulness of the information presented. The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. The revised IAS 1 has introduced a new statement of comprehensive income, wherein all changes in equity arising from transactions other than with owners in their capacity as owners should be presented. Accordingly only changes in equity arising from transactions with owners in their capacity as owners are permitted to be presented in the statement of changes in equity.

IFRS 8 "Operating Segments"

Effective January 1, 2009, the Group has applied IFRS 8, which requires disclosure of information to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Accordingly, operating segments should be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

IAS 23 "Borrowing Costs" (Revised)

Effective January 1, 2009, the Group has applied IAS 23 (Revised), which requires an entity to capitalize borrowing costs attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset and removing an option of expensing these borrowing costs in the consolidated statement of income.

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 June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2008.

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

	Country of incorporation	Percentage of Holding		
		June 30, 2009	(Audited) December 31, 2008	June 30, 2008
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 Noor Skills for Consulting and Training Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Al Noor Method for Projects Management Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Al Noor 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%
Al Roudatain for Petroleum and Electricity Services 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%	100%
Al Ohadayah Project Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Al Sanabil Real Estate Co. (W.L.L.) (Previously Al Thonayah Project Co. (W.L.L.))	Kuwait	**100%**	100%	100%
Al Robayah Project Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Al Sodasyah Project Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Bayan Tech. Co. (W.L.L.)	Kuwait	**100%**	100%	100%
Babel Holding Co. (K.S.C.C.)	Kuwait	**95.9%**	95.9%	95.9%

3. Cash and cash equivalents

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Cash on hand and at banks	**10,613,236**	2,249,750	10,887,586
Cash with financial institutions	**200,712**	240,639	91,956
Short term deposit	**730,000**	511,819	500,000
	11,543,948	3,002,208	11,479,542

The effective interest rate on short term deposit was 1.5% per annum (December 31, 2008: 5% per annum, June 30, 2008: 5.25% per annum).

4. Investments at fair value through income statement

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Quoted securities	**3,102,555**	4,166,471	54,533,458
Investment portfolios	**1,388,627**	1,141,072	2,417,228
Futures portfolio	**130,069**	253,597	677,123
	4,621,251	5,561,140	57,627,809

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

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Held for trading	**3,102,555**	4,166,471	54,533,458
Designated at fair value	**1,518,696**	1,394,669	3,094,351
	4,621,251	5,561,140	57,627,809

5. Accounts receivable and other debit balances

Accounts receivable and other debit balances include KD 1,495,947 relating to dividend and proceeds from disposal of an investment in a portfolio, which was received by the Parent Company subsequent to the date of the statement of financial position.

6. Investments available for sale

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Quoted securities	**41,155,841**	36,448,814	14,569,982
Unquoted securities	**14,148,086**	15,201,175	20,575,223
Portfolios	**5,275,490**	5,614,693	5,788,796
Funds	**2,315,794**	2,629,974	3,469,569
	62,895,211	59,894,656	44,403,570

It was not possible to reliably measure the fair value of unquoted securities due to non availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses amounting to KD 5,583,801 (December 31, 2008 – KD 5,583,801, June 30, 2008 – Nil).

7. Property under development

During the year 2008, Bunyan Real Estate Company K.S.C.C. (subsidiary) sold its property under development with a carrying value of KD 43,756,442 to Dar Al Dhabi Real Estate Co. K.S.C.C. (wholly owned subsidiary of Dar Al Dhabi Holding Co. K.S.C.C. - Associate) for a total amount of AED 1,735,815,559 equivalent to KD 119,667,915. During the years 2008 and 2009, Bunyan Real Estate Company K.S.C.C received AED 1,319,608,759 equivalent to KD 87,122,569 resulting in a gain of KD 43,366,127 for the year ended December 31, 2008. The remaining amount of AED 416,206,800 equivalent to KD 32,545,346 is being received in four installments during the years 2009 and 2010 and would be accounted as gain on receipt of this amount. The first installment of AED 104,051,700 equivalent to KD 8,116,000 was received in the second quarter of the year 2009 and accordingly, a gain of KD 5,087,190 was recorded in the interim condensed consolidated statement of income. The remaining amount of KD 3,028,810 was eliminated against the investment in the associate.

8. Due to banks

The average effective interest rate for loans and overdraft facilities was 4.99% per annum (December 31, 2008 – 6.35% per annum, June 30, 2008 – 8.33% per annum).

The Group has pledged investment properties and a portion of invetsment in an associate, which is owned by a subsidiary, as collateral against a loan granted by a local bank.

9. Share capital

Authorized capital consists of 399,803,251 shares (December 31, 2008: 399,803,251 shares, June 30, 2008: 399,803,251 shares) of 100 fils each.

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Authorized capital	**39,980,325**	39,980,325	39,980,325
Issued and paid up capital	**(39,266,391)**	(39,266,391)	(39,266,391)
Unpaid capital	**713,934**	713,934	713,934

10. Treasury shares

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Number of shares	**36,858,793**	37,218,793	23,868,793
Percentage to issued shares	**9.39%**	9.48%	6.08%
Market value (KD)	**5,233,949**	4,987,318	8,473,422
Cost (KD)	**7,712,469**	8,019,773	5,346,002

11. Net Investment income

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	**2009**	2008
Dividend income	**55,251**	2,443,454	**558,935**	4,154,040
Unrealized gain on investments at fair value through income statement	**840,395**	5,091,557	**438,419**	954,760
Realized gain (loss) from investments at fair value through income statement	**296,126**	(358,221)	**225,123**	(218,318)
Realized gain from investments available for sale	**1,066,103**	125,792	**721,981**	752,314
	2,257,875	7,302,582	**1,944,458**	5,642,796

12. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat

For the period ended June 30, 2009, contribution to KFAS, NLST and Zakat have not been calculated since there was no profit on which KFAS, NLST and Zakat could be calculated.

13. Earnings (loss) per share

Earnings (loss) per share is computed by dividing the net profit (loss) for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the period:

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	**2009**	2008
Net profit (loss) for the period attributable to shareholders of the Parent Company	**4,676,282**	29,277,478	**(1,647,689)**	26,076,345
	Shares	Shares	**Shares**	Shares
Number of issued and fully paid-up shares	**392,663,910**	392,663,910	**392,663,910**	392,663,910
Less: Weighted average number of treasury shares	**(37,963,739)**	(23,115,763)	**(38,241,980)**	(20,011,205)
Weighted average number of shares outstanding	**354,700,171**	369,548,147	**354,421,930**	372,652,705
	Fils	Fils	**Fils**	Fils
Earnings (loss) per share attributable to shareholders of the Parent Company	**13.18**	79.23	**(4.65)**	69.97

14. Related party balances and 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. Significant related party balances and transactions consist of the following:

	Associates	Other related parties	**June 30, 2009**	(Audited) December 31, 2008	June 30, 2008
Balances included in the consolidated statement of financial position:					
Due from related parties	1,552,331	7,090	**1,559,421**	10,870,531	1,211,047
Investments available for sale	-	2,315,794	**2,315,794**	2,459,973	3,228,569
Accounts payables and other credit balances	-	-	**-**	245,000	-

Transactions included in the consolidated statement of income:	Three months ended June 30,		Six months ended June 30,	
	2009	2008	**2009**	2008
Gain on sale of property under development	**5,087,190**	22,447,914	**5,087,190**	22,447,914
Management fees	**17,526**	36,391	**46,622**	34,735
Share of results from an associate	**(8,612)**	-	**(164,290)**	-
Impairment loss on investment in an associate	**(900,000)**	-	**(900,000)**	-
Related party receivable balance written off	**-**	-	**(515,000)**	-

	Three months ended June 30,		Six months ended June 30,	
Key management compensation:	**2009**	2008	**2009**	2008
Salaries and other short term benefits	**72,472**	47,350	**136,308**	89,813
Terminal benefits	**10,327**	26,266	**16,430**	29,364
	82,799	73,616	**152,738**	119,177

15. Capital commitments and contingent liabilities

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Capital commitments	**889,831**	1,454,845	1,520,960
Letters of credit	**52,356**	111,388	178,369
Letters of guarantee	**1,847,034**	14,932,343	4,109,833
	2,789,221	16,498,576	5,809,162

16. Geographical distribution of assets and liabilities

	Assets			Liabilities		
	June 30, 2009	(Audited) December 31, 2008	June 30, 2008	**June 30, 2009**	(Audited) December 31, 2008	June 30, 2008
Kuwait	**107,694,010**	112,938,436	153,762,095	**49,210,485**	54,633,807	54,135,973
GCC countries	**5,420,359**	5,520,673	5,415,498	**7,186,250**	6,908,750	6,630,000
United States of America	**656,204**	1,224,816	3,623,849	**-**	-	-
Europe	**2,497,950**	2,317,957	1,657,891	**-**	-	-
Others	**4,518,579**	3,384,324	2,615,106	**1,170,504**	1,960,202	4,393,018
	120,787,102	125,386,206	167,074,439	**57,567,239**	63,502,759	65,158,991

17. General Assembly

The Shareholders' Annual General Assembly held on May 5, 2009 approved the distribution of cash dividends of 10 fils per share for the year ended December 31, 2008.

The Shareholders' Annual General Assembly held on April 20, 2008 approved the distribution of cash dividends of 10 fils per share, 10 bonus shares for every 100 shares and 2% capital increase as Employee Stock Option Plan (ESOP) for the year ended December 31, 2007.

18. Fiduciary Assets

	June 30, 2009	(Audited) December 31, 2008	June 30, 2008
Customers' portfolios	**21,298,828**	21,639,706	43,706,890
Investment funds	**7,342,184**	7,288,612	12,027,317
	28,641,012	28,928,318	55,734,207

19. Maturity profile of assets and liabilities

The maturity profile of the Group's assets and liabilities as of June 30, 2009 was as follows:

Assets	Up to 1 month	1 - 3 months	3 - 12 Months	1 - 5 years	Over 5 years	Total
Cash and cash equivalents	11,543,948	-	-	-	-	11,543,948
Investments at fair value through income statement	4,621,251	-	-	-	-	4,621,251
Accounts receivable and other debit balances	-	-	3,003,740	-	-	3,003,740
Inventories	-	-	465,196	-	-	465,196
Due from related parties	-	-	1,559,421	-	-	1,559,421
Investments available for sale	-	-	41,155,841	21,739,370	-	62,895,211
Investment in associates	-	-	-	19,816,559	-	19,816,559
Investment in unconsolidated subsidiaries	-	-	-	167,029	-	167,029
Projects under development	-	-	-	-	89,475	89,475
Investment properties	-	-	-	-	14,199,850	14,199,850
Fixed assets	-	-	-	-	2,425,422	2,425,422
	16,165,199	-	46,184,198	41,722,958	16,714,747	120,787,102
Liabilities:						
Due to banks	334,588	3,013,763	23,000,000	7,186,250	-	33,534,601
Accounts payable and other credit balances	-	-	2,858,088	-	-	2,858,088
Murabaha payable	-	-	399,580	404,699	-	804,279
Bonds	-	-	20,000,000	-	-	20,000,000
Provision for end of service indemnity	-	-	-	-	370,271	370,271
	334,588	3,013,763	46,257,668	7,590,949	370,271	57,567,239

The analysis of Group's capital commitments and contingent liabilities as of June 30, 2009 by remaining contractual maturities was as follows:

Capital commitments & contingent liabilities	3 – 12 months	1 - 5 Years	Total
Capital commitments	75,000	814,831	889,831
Letters of credit	-	52,356	52,356
Letters of guarantee	-	1,847,034	1,847,034
	75,000	2,714,221	2,789,221

20. Reclassification of financial assets

On October 13, 2008 the IASB permitted reclassification of some financial instruments from one category to another in particular situations (Amendments to IAS 39 and IFRS 7).

The Parent Company elected to apply the amendment effective July 1, 2008 and reclassified certain investments held for trading to available for sale investments. The details of reclassification are as follows:

Particulars	June 30, 2009	(Audited) December 31, 2008
Amount reclassified from investments held for trading to available for sale investments on July 1, 2008.	-	49,747,536
Fair value of investments reclassified from investments held for trading to available for sale at the date of the statement of financial position	**37,230,649**	32,807,302
Unrealized gain on investments reclassified from investments held for trading to available for sale that have been already recognized in the consolidated statement of income till June 30, 2008	-	1,590,979
Unrealized gain (loss) on investments reclassified from investments held for trading to available for sale that would have been recognized in the consolidated statement of income if these financial assets had not been reclassified	**5,816,547**	(12,440,353)
Unrealized loss on investments reclassified from investments held for trading to available for sale recognized in the consolidated statement of changes in equity for the period from July 1, 2008 till the date of the statement of financial position	**(6,271,890)**	(12,447,890)
Impairment loss	**(194,727)**	(4,222,131)

21. Subsequent event

Subsequent to the date of the statement of financial position, the Parent Company exercised the right to redeem part of the bonds and redeemed 50% of the bonds amounting to KD 10,000,000 before their maturity date.

22. Comparative figures

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