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

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

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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 statement of financial position of Bayan Investment Company K.S.C. (Closed) (the Parent Company) and subsidiaries (the Group) as of September 30, 2009 and the related interim condensed consolidated statements of income, comprehensive 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 the basis of presentation set out in Note 2.

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the Parent Company's 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, 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.

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State of Kuwait
November 10, 2009

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

	Note	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
ASSETS				
Cash and cash equivalents	3	**3,154,910**	3,002,208	2,674,134
Investments at fair value through income statement	4	**4,842,470**	5,561,140	5,896,114
Accounts receivable and other debit balances		**1,076,738**	877,401	204,419
Loan to an associate	5	**2,970,000**	-	-
Short term Murabaha		**-**	-	1,000,000
Inventories		**627,265**	350,435	214,314
Due from related parties	15	**442,453**	10,870,531	11,612,642
Investments available for sale	6	**67,568,375**	59,894,656	86,241,295
Investment in associates	7	**19,473,582**	23,816,769	23,854,317
Investment in unconsolidated subsidiaries		**167,029**	159,249	159,249
Property under development		**160,444**	477,386	336,101
Investment properties		**12,942,417**	18,368,433	20,300,000
Fixed assets		**2,422,056**	2,007,998	2,026,816
Total assets		**115,847,739**	125,386,206	154,519,401
LIABILITIES AND EQUITY				
Liabilities:				
Due to banks	8	**36,114,262**	39,199,700	35,179,620
Accounts payable and other credit balances		**2,287,948**	3,211,813	3,189,189
Due to a related party	15	**111,629**	-	-
Murabaha payable		**814,992**	715,350	698,072
Bonds	9	**10,000,000**	20,000,000	20,000,000
Provision for end of service indemnity		**378,721**	375,896	243,065
Total liabilities		**49,707,552**	63,502,759	59,309,946
Equity:				
Share capital	10	**39,266,391**	39,266,391	39,266,391
Treasury shares	11	**(7,777,184)**	(8,019,773)	(6,064,247)
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		**(2,341,966)**	(14,362,700)	2,042,689
Foreign currency translation adjustments		**(75,018)**	(1,103)	(79,989)
Treasury shares reserve		**1,024,735**	1,201,791	1,206,317
Retained earnings		**12,792,265**	20,547,289	37,888,056
Equity attributable to shareholders of the Parent Company		**66,085,259**	61,827,931	95,159,139
Non-controlling interests		**54,928**	55,516	50,316
Total equity		**66,140,187**	61,883,447	95,209,455
Total liabilities and equity		**115,847,739**	125,386,206	154,519,401

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 SEPTEMBER 30, 2009
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Revenues:					
Net investment income (loss)	12	**470,819**	(2,185,043)	**2,415,277**	3,457,753
Gain on sale of property under development	7	**-**	4,734,408	**5,087,195**	27,182,322
Management fees		**33,764**	75,669	**102,996**	3,344,247
Net sales revenue		**162,355**	206,923	**572,605**	358,665
Service income	15	**-**	76,259	**-**	76,259
Interest income		**31,940**	5,284	**81,472**	187,556
Share of results from an associate	15	**(59,562)**	(127,499)	**(223,852)**	(127,499)
Other income		**4,236**	4,693	**14,921**	146,321
Foreign exchange (loss) gain		**(5,217)**	(42,899)	**(251,161)**	395,701
		638,335	2,747,795	**7,799,453**	35,021,325
Expenses and other charges:					
Impairment loss on investments available for sale		**(385,250)**	(670,651)	**(1,030,230)**	(670,651)
Impairment loss on investment properties		**(1,257,433)**	-	**(5,426,016)**	-
Impairment loss on investment in an associate	15	**-**	-	**(900,000)**	-
Provision for loan to an associate	5, 15	**(30,000)**	-	**(30,000)**	-
Provision for doubtful debts	15	**(393,531)**	-	**(393,531)**	-
Related party receivable balance written off	15	**-**	-	**(515,000)**	-
General and administrative expenses		**(419,490)**	(758,632)	**(1,380,198)**	(2,351,847)
Finance charges		**(711,858)**	(1,097,877)	**(2,309,659)**	(4,688,860)
Other expenses		**(657)**	(1,842)	**(22,372)**	(3,185)
		(3,198,219)	(2,529,002)	**(12,007,006)**	(7,714,543)
(Loss) profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		**(2,559,884)**	218,793	**(4,207,553)**	27,306,782
Contribution to KFAS	13	**-**	(7,574)	**-**	(19,155)
NLST	13	**-**	(83,010)	**-**	(1,031,044)
Zakat	13	**-**	27,520	**-**	(24,514)
Net (loss) profit for the period		**(2,559,884)**	155,729	**(4,207,553)**	26,232,069
Attributable to:					
Shareholders of the Parent Company		**(2,559,884)**	155,732	**(4,207,573)**	26,232,077
Non-controlling interests		**-**	(3)	**20**	(8)
Net (loss) profit for the period		**(2,559,884)**	155,729	**(4,207,553)**	26,232,069
		Fils	Fils	**Fils**	Fils
(Loss) earnings per share attributable to shareholders of the Parent Company	14	**(7.21)**	0.42	**(11.86)**	70.79

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 SEPTEMBER 30, 2009
(All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	**2009**	2008
Net (loss) profit for the period	**(2,559,884)**	155,729	**(4,207,553)**	26,232,069
Other comprehensive income (loss):				
Investments available for sale:				
Changes in fair value of investments available for sale	**5,928,115**	(5,984,831)	**11,648,792**	(7,611,648)
Reversal due to sale of investments available for sale	**(162,555)**	(235,352)	**358,326**	(222,997)
Reversal due to impairment of investment available for sale	**13,008**	-	**13,008**	-
	5,778,568	(6,220,183)	**12,020,126**	(7,834,645)
Exchange differences on translating foreign operations	**49,769**	(30,901)	**116,615**	(52,653)
Share of other comprehensive loss of an associate	**(283,414)**	-	**(190,530)**	-
Other comprehensive income (loss) for the period	**5,544,923**	(6,251,084)	**11,946,211**	(7,887,298)
Total comprehensive income (loss) for the period	**2,985,039**	(6,095,355)	**7,738,658**	18,344,771
Attributable to:				
Shareholders of the Parent Company	**2,984,986**	(6,095,352)	**7,739,246**	18,344,779
Non-controlling interests	**53**	(3)	**(588)**	(8)
Total comprehensive income (loss) for the period	**2,985,039**	(6,095,355)	**7,738,658**	18,344,771

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 CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(All amounts are in Kuwaiti Dinars)

	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 18)	-	-	-	-	-	-	-	(3,547,451)	(3,547,451)	-	(3,547,451)
Purchase of treasury shares	-	(364,284)	-	-	-	-	-	-	(364,284)	-	(364,284)
Sale of treasury shares	-	606,873	-	-	-	-	(177,056)	-	429,817	-	429,817
Total comprehensive income (loss) for the period	-	-	-	-	12,020,734	(73,915)	-	(4,207,573)	7,739,246	(588)	7,738,658
Balance as at September 30, 2009	**39,266,391**	**(7,777,184)**	**12,166,782**	**11,029,254**	**(2,341,966)**	**(75,018)**	**1,024,735**	**12,792,265**	**66,085,259**	**54,928**	**66,140,187**
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 18)	3,569,672	-	-	-	-	-	-	(3,569,672)	-	-	-
Cash dividends (2007 – 10 fils) (Note 18)	-	-	-	-	-	-	-	(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	-	-	-	-	369,746	-	1,232,878	-	1,232,878
Total comprehensive (loss) income for the period	-	-	-	-	(7,834,645)	(52,653)	-	26,232,077	18,344,779	(8)	18,344,771
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

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 SEPTEMBER 30, 2009
(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended September 30, 2009	2008
Cash flows from operating activities:			
(Loss) profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		**(4,207,553)**	27,306,782
Adjustments:			
Net investment income		**(2,415, 277)**	(3,457,753)
Gain on sale of property under development		**(5,087,195)**	(27,182,322)
Interest income		**(81,472)**	(187,556)
Share of results from an associate		**223,852**	127,499
Impairment loss on investments available for sale		**1,030,230**	670,651
Impairment loss on investment properties		**5,426,016**	-
Impairment loss on investment in an associate		**900,000**	-
Provision for loan to an associate		**30,000**	-
Provision for doubtful debts		**393,531**	-
Related party receivable balance written off		**515,000**	-
Depreciation		**55,804**	34,836
Provision for end of service indemnity		**36,882**	40,960
Finance charges		**2,309,659**	4,688,860
		(870,523)	2,041,957
Changes in operating assets and liabilities:			
Investment at fair value through income statement		**1,697,342**	1,986,419
Accounts receivable and other debit balances		**(169,536)**	163,961
Inventories		**(276,830)**	36,444
Due from related parties		**9,519,547**	(10,721,642)
Accounts payable and other credit balances		**(398,847)**	(1,221,563)
Due to a related party		**111,629**	-
Murabaha payable		**99,642**	698,072
Cash generated from (used in) operations		**9,712,424**	(7,016,352)
Paid for board of directors' remuneration		**(70,000)**	(72,000)
Paid for end of service indemnity		**(34,057)**	(5,072)
Net cash generated from (used in) operating activities		**9,608,367**	(7,093,424)
Cash flows from investing activities:			
Purchase of short term Murabaha		**-**	(1,000,000)
Loan to an associate		**(3,000,000)**	-
Purchase of investments available for sale		**(2,020,369)**	(3,198,533)
Proceeds from sale of investments available for sale		**6,117,953**	4,636,936
Investment in associates		**-**	(39,265,621)
Investment in an unconsolidated subsidiary		**(7,780)**	-
Property under development		**8,116,000**	84,456,682
Purchase of fixed assets		**(152,920)**	(2,024,114)
Dividends received		**567,718**	4,181,792
Interest received		**51,671**	187,556
Net cash generated from investing activities		**9,672,273**	47,974,698
Cash flows from financing activities:			
Due to banks-paid		**(3,085,438)**	(35,242,580)
Payment for redemption of bonds		**(10,000,000)**	-
Purchase of treasury shares		**(364,284)**	(3,739,322)
Proceeds from sale of treasury shares		**429,817**	1,232,878
Dividends paid		**(3,391,231)**	(3,410,550)
Finance charges paid		**(2,833,417)**	(4,964,898)
Net cash used in financing activities		**(19,244,553)**	(46,124,472)
Foreign currency translation adjustments		**116,615**	(52,653)
Net increase (decrease) in cash and cash equivalents		**152,702**	(5,295,851)
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	**3,154,910**	2,674,134

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.

The interim consolidated financial information were approved for issue by the Board of Directors on November 10, 2009.

2. Significant accounting policies

The accompanying interim consolidated financial information have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) except for IAS 39 requirements for collective provision which has been replaced by the Central Bank of Kuwait requirements for a minimum general provision.

a) 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. This standard has no significant impact on the accompanying interim consolidated financial information.

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. This amendment has no significant impact on the accompanying interim consolidated financial information.

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, 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.

b) Basis of consolidation

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, 2009**	(Audited) December 31, 2008	September 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

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Cash on hand and at banks	**3,024,559**	2,249,750	2,056,851
Cash with financial institutions	**130,351**	240,639	117,283
Short term deposit	**-**	511,819	500,000
	3,154,910	3,002,208	2,674,134

The effective interest rate on short term deposit was 5% per annum as of December 31, 2008 and 5.5 % per annum as of September 30, 2008.

4. Investments at fair value through income statement

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Quoted securities	**2,898,726**	4,166,471	3,541,927
Investment portfolios	**1,680,738**	1,141,072	1,908,564
Futures portfolio	**263,006**	253,597	445,623
	4,842,470	5,561,140	5,896,114

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

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Held for trading	**2,898,726**	4,166,471	3,541,927
Designated at fair value	**1,943,744**	1,394,669	2,354,187
	4,842,470	5,561,140	5,896,114

5. Loan to an associate

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Loan granted to Dar Al Dhabi Holding Co. K.S.C.C.	**3,000,000**	-	-
Provision for loan granted	**(30,000)**	-	-
	2,970,000	-	-

The policy of the Group for calculation of the impairment provision for the loan granted to an associate complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In accordance with the Central Bank of Kuwait instructions, a general provision of 1% is made on all cash credit facilities net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision.

6. Investments available for sale

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Quoted securities	**46,095,515**	36,448,814	57,389,159
Unquoted securities	**14,148,086**	15,201,175	19,933,259
Portfolios	**4,916,980**	5,614,693	5,483,447
Funds	**2,407,794**	2,629,974	3,435,430
	67,568,375	59,894,656	86,241,295

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, September 30, 2008 – KD 670,651).

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 32,507,434 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 5,087,195 was recorded in the interim condensed consolidated statement of income. The remaining amount of KD 3,028,805 was eliminated against the investment in the associate.

8. Due to banks

The average effective interest rate for loans and overdraft facilities was 4.82% per annum (December 31, 2008 – 6.35% per annum, September 30, 2008 – 7.94% per annum).

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

9. Bonds

During the period, 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.

10. Share capital

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

	September 30, 2009	(Audited) December 31, 2008	September 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

11. Treasury shares

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Number of shares	**37,358,793**	37,218,793	26,038,793
Percentage to issued shares	**9.51%**	9.48%	6.63%
Market value (KD)	**4,258,902**	4,987,318	6,457,621
Cost (KD)	**7,777,184**	8,019,773	6,064,247

12. Net Investment income (loss)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	**2009**	2008
Dividend income	**8,783**	27,752	**567,718**	4,181,792
Unrealized gain (loss) on investments at fair value through income statement	**74,203**	(2,144,061)	**512,622**	(1,189,301)
Realized gain (loss) from investments at fair value through income statement	**328,407**	61,414	**553,530**	(156,904)
Realized gain (loss) from investments available for sale	**59,426**	(130,148)	**781,407**	622,166
	470,819	(2,185,043)	**2,415,277**	3,457,753

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

For the period ended September 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.

14. (Loss) earnings per share

(Loss) earnings per share is computed by dividing the net (loss) profit 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 September 30,		Nine months ended September 30,	
	2009	2008	**2009**	2008
Net (loss) profit for the period attributable to shareholders of the Parent Company	**(2,559,884)**	155,732	**(4,207,573)**	26,232,077
	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	**(37,460,532)**	(26,201,514)	**(37,979,523)**	(22,089,703)
Weighted average number of shares outstanding	**355,203,378**	366,462,396	**354,684,387**	370,574,207
	Fils	Fils	**Fils**	Fils
(Loss) earnings per share attributable to shareholders of the Parent Company	**(7.21)**	0.42	**(11.86)**	70.79

15. 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	**September 30, 2009**	(Audited) December 31, 2008	September 30, 2008
Balances included in the consolidated statement of financial position:					
Accounts receivable and other debit balances	30,250	-	**30,250**	-	50,286
Loan to an associate	2,970,000	-	**2,970,000**	-	-
Due from related parties	435,363	7,090	**442,453**	10,870,531	11,612,642
Investments available for sale	-	2,407,794	**2,407,794**	2,459,973	3,202,430
Accounts payables and other credit balances	-	-	**-**	245,000	-
Due to a related party	-	111,629	**111,629**	-	-

Transactions included in the consolidated statement of income:	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	**2009**	2008
Gain on sale of property under development	**-**	4,734,408	**5,087,195**	27,182,322
Management fees	**22,107**	90,286	**68,729**	125,021
Service income	**-**	76,259	**-**	76,259
Interest Income	**30,250**	-	**45,893**	-
Share of results from an associate	**(59,562)**	(127,499)	**(223,852)**	(127,499)
Impairment loss on investment in an associate	**-**	-	**(900,000)**	-
Provision for loan to an associate	**(30,000)**	-	**(30,000)**	-
Provision for doubtful debts	**(393,531)**	-	**(393,531)**	-
Related party receivable balance written off	**-**	-	**(515,000)**	-

	Three months ended September 30,		Nine months ended September 30,	
Key management compensation:	**2009**	2008	**2009**	2008
Salaries and other short term benefits	**96,595**	60,597	**232,903**	150,410
Terminal benefits	**9,065**	3,897	**25,495**	33,261
	105,660	64,494	**258,398**	183,671

16. Capital commitments and contingent liabilities

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Capital commitments	**818,125**	1,454,845	713,934
Letters of credit	**9,790**	111,388	182,402
Letters of guarantee	**1,847,035**	14,932,343	4,109,833
	2,674,950	16,498,576	5,006,169

17. Geographical distribution of assets and liabilities

	Assets			Liabilities		
	September 30, 2009	(Audited) December 31, 2008	September 30, 2008	**September 30, 2009**	(Audited) December 31, 2008	September 30, 2008
Kuwait	**102,615,552**	112,938,436	141,068,028	**41,294,030**	54,633,807	51,657,688
GCC countries	**5,588,887**	5,520,673	5,445,416	**7,175,000**	6,908,750	6,667,500
United States of America	**377,312**	1,224,816	2,913,798	**-**	-	-
Europe	**2,541,914**	2,317,957	2,264,168	**-**	-	-
Others	**4,724,074**	3,384,324	2,827,991	**1,238,522**	1,960,202	984,758
	115,847,739	125,386,206	154,519,401	**49,707,552**	63,502,759	59,309,946

18. 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.

19. Fiduciary Assets

	September 30, 2009	(Audited) December 31, 2008	September 30, 2008
Customers' portfolios	**18,484,310**	21,639,706	31,071,610
Investment funds	**7,247,101**	7,288,612	9,370,036
	25,731,411	28,928,318	40,441,646

20. Maturity profile of assets and liabilities

The maturity profile of the Group's assets and liabilities as of September 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	3,154,910	-	-	-	-	3,154,910
Investments at fair value through income statement	4,842,470	-	-	-	-	4,842,470
Accounts receivable and other debit balances	-	-	1,076,738	-	-	1,076,738
Loan to an associate	-	2,970,000	-	-	-	2,970,000
Inventories	-	-	627,265	-	-	627,265
Due from related parties	-	-	442,453	-	-	442,453
Investments available for sale	-	-	46,095,515	21,472,860	-	67,568,375
Investment in associates	-	-	-	19,473,582	-	19,473,582
Investment in unconsolidated subsidiaries	-	-	-	167,029	-	167,029
Projects under development	-	-	-	-	160,444	160,444
Investment properties	-	-	-	-	12,942,417	12,942,417
Fixed assets	-	-	-	-	2,422,056	2,422,056
	7,997,380	2,970,000	48,241,971	41,113,471	15,524,917	115,847,739
Liabilities:						
Due to banks	2,939,262	-	26,000,000	7,175,000	-	36,114,262
Accounts payable and other credit balances	-	-	2,287,948	-	-	2,287,948
Due to a related party	-	-	111,629	-	-	111,629
Murabaha payable	-	-	434,841	380,151	-	814,992
Bonds	-	-	10,000,000	-	-	10,000,000
Provision for end of service indemnity	-	-	-	-	378,721	378,721
	2,939,262	-	38,834,418	7,555,151	378,721	49,707,552

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

Capital commitments & contingent liabilities	3 – 12 months	1 - 5 Years	Total
Capital commitments	-	818,125	818,125
Letters of credit	-	9,790	9,790
Letters of guarantee	-	1,847,035	1,847,035
	-	2,674,950	2,674,950

21. 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	September 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	**43,328,045**	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 September 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	**11,913,943**	(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	**(2,485,432)**	(12,447,890)
Impairment loss	**(194,727)**	(4,222,131)

22. Comparative figures

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