10. Bank facilities

	Currency	**September 30, 2008**	December 31, 2007 (Audited)	September 30, 2007
Current				
Overdraft facility from a local bank, carrying an interest rate of 1.25% per annum (December 31, 2007 – 1.25% per annum, September 30, 2007 – 1.25% per annum) over the Central Bank of Kuwait discount rate repayable on demand.	KD	**13,249,066**	7,056,521	9,090,134
Overdraft facility from a local bank carrying an interest rate of 2% per annum (December 31, 2007 – 1.25% per annum, September 30, 2007 – Nil per annum) over the Central Bank of Kuwait discount rate, repayable on demand.	KD	**1,019,276**	1,010,321	-
Term loan from a local bank carrying an interest rate of Nil per annum (December 31, 2007 – 1% per annum, September 30, 2007 - 1% per annum) over the Central Bank of Kuwait discount rate, repaid on March 31, 2008.	KD	-	975,000	1,950,000
Term loan from a local bank carrying an interest rate of Nil per annum (December 31, 2007 – 0.75% per annum, September 30, 2007 – 0.75% per annum) over the Central Bank of Kuwait discount rate, repaid on March 31, 2008.	KD	-	272,732	545,454
Revolving multi-currency loans from a local bank carrying an interest rate of 1.75% per annum (December 31, 2007 – 1.25% to 1.5% per annum, September 30, 2007 – 1.25% per annum) over the Central Bank of Kuwait discount rate for KD loans and 1.75% per annum over funding cost (December 31, 2007 – 1.25% per annum over LIBOR, September 30, 2007 – 1.25% per annum over LIBOR) for USD loans repayable on April 23, 2009.	KD / USD	**80,006,835**	69,687,854	59,860,848
Revolving loan from a local bank carrying an interest rate ranging from 1.75% to 2.5% per annum (December 31, 2007 – Nil per annum, September 30, 2007 – Nil per annum) over the Central Bank of Kuwait discount rate, repayable on April 1, 2009.	KD	**30,500,000**	-	-
Revolving multi currency loan from an International Bank carrying an interest rate of 1.5% per annum (December 31, 2007 – 1% per annum, September 30, 2007 – Nil per annum) over the LIBOR repayable on May 27, 2009.	USD	**8,004,000**	8,205,000	8,389,500
Revolving multi currency loan from an International Bank carrying an interest rate of 1.5% per annum (December 31, 2007 – 1% per annum, September 30, 2007 – 1% per annum) over the KIBOR repayable on December 24, 2008.	KD	**8,600,000**	8,600,000	8,600,000
Total current portion of bank facilities		**141,379,177**	95,807,428	88,435,936
Non-current				
Revolving loan from a local bank carrying an interest rate of Nil per annum (December 31, 2007 – 1.25% per annum, September 30, 2007 – Nil per annum) over the Central Bank of Kuwait discount rate, repayable on April 1, 2009.	KD	-	19,000,000	-
Term loan from an international bank carrying an interest rate of 2.5% over EURIBOR (December 31, 2007 – Nil, September 30, 2007 – Nil) of which 70% is repayable on equal installments starting July 8, 2010, the balance of 30% is due on March 18, 2014		**856,250**	-	-
Total non-current portion of bank facilities		**856,250**	19,000,000	
Total bank facilities		**142,235,427**	114,807,428	88,435,936

Bank facilities amounting to KD 123,755,902 (December 31, 2007 - KD 96,992,107, September 30, 2007 – KD 71,446,436) have been secured by promissory notes amounting to KD 122,000,000 (December 31, 2007 – KD 114,000,000, September 30, 2007 - KD 76,280,000).

During the period, the Group has signed a KD 70,000,000 bank facility agreement with a local bank, against a pledge of certain shares of the Group's investment in its associate – Public Warehousing Co. K.S.C. (Agility) (Note 7). The fair value of the pledged securities as of September 30, 2008 amounted to kD 114,800,000 (Note 7). As of September 30, 2008, the full amount of KD 70,000,000 is yet undrawn.

11. Bonds

Bonds represent the Parent Company's proportionate share in the bonds issued by Mediterranean Investment Holding P.L.C. (joint venture).

Bond denominated in	Interest rate	Repayable by	**September 30, 2008**	December 31, 2007 (Audited)	September 30, 2007
EURO	7.5%	December 4, 2014	**2,904,000**	**3,031,500**	-
EURO	7.5%	August 4, 2015	**3,872,000**	-	-
			6,776,000	**3,031,500**	-

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	**3,031,500**	-	-
Additions	**3,957,000**	3,031,500	-
Foreign currency translation adjustments	**(212,500)**	-	-
Balance at the end of the period / year	**6,776,000**	3,031,500	-

During the year ended December 31, 2007, Mediterranean Investment Holding P.L.C. (joint venture) issued bonds of a nominal value of € 15,000,000 (KD 6,063,000), which unless previously redeemed in accordance with the early redemption option given in the terms of issue, shall be redeemable at par on December 4, 2014. The issuer reserves the right to redeem the bonds or any part of the issue at any time prior to the stated maturity on either of the interest payment dates falling in 2012 and/or 2013. Redemption of the bonds shall be made at the face value of the bonds. In addition the issuer reserves the right to purchase from the market at any time after issue, bonds for cancellation.

During the period ended September 30, 2008, Mediterranean Investment Holding P.L.C. (joint venture) issued bonds of a nominal value of € 20,000,000 (KD 7,914,000) of the same terms as its first issuance during 2007.

12. Share Capital

The authorized, issued and fully paid-up share capital consists of 814,195,063 shares (December 31, 2007 – 740,177,330, September 30, 2007 – 740,177,330) of 100 fils each.

13. Treasury shares

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Number of treasury shares	**36,217,225**	31,749,297	32,054,297
Percentage of issued shares (%)	**4.45**	4.29	4.33
Market value (KD)	**12,494,943**	15,557,156	20,194,207
Cost (KD)	**6,742,923**	5,554,583	5,494,340

14. Net investment income

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	**2008**	2007
Dividend income	**300,001**	4,500	**697,196**	210,031
Unrealized gain (loss) from investments at fair value through income statement (Note 4)	**16,226**	553,796	**(556,688)**	590,679
Realized gain on sale of investments at fair value through income statement	**-**	-	**235,426**	-
Realized gain on partial disposal of investment in an associate	**-**	3,125,151	**2,906,161**	6,846,920
Realized gain on sale of investments available for sale	**216,144**	884,829	**496,225**	915,880
	532,371	4,568,276	**3,778,320**	8,563,510

15. Other income

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	**2008**	2007
Foreign exchange (loss) gain	**(53,100)**	-	**282,680**	-
Promotional income	**14,512**	32,603	**133,418**	125,478
Service income – programs and courses fee	**62,729**	13,779	**779,323**	944,840
Service and registration income – others	**6,253**	42,117	**52,133**	134,849
Consultancy fees	**22,490**	-	**131,643**	1,287,397
Gain from money market funds	**-**	-	**36,221**	
Gain on sale of fixed assets	**-**	-	**9,002**	1,360
Gain on partial sale of investment properties	**-**	-	**9,475**	-
Reversal of accrued expenses	**464**	-	**944,005**	
Miscellaneous	**114,254**	21,963	**412,582**	223,692
	167,602	110,462	**2,790,482**	2,717,616

16. Contribution to KFAS, NLST and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve. For the period ended September 30, 2008, contribution to KFAS has not been recognized since there was no income based on which KFAS could be calculated.

National Labor Support Tax is calculated at 2.5% of the profit of the Parent Company and after deducting its share of income from listed shareholding subsidiaries and associates and cash dividends from Kuwaiti listed shareholding companies. For the period ended September 30, 2008, NLST has not been recognized since there was no income based on which NLST could be calculated.

Zakat is calculated at 1% of the profit of the Parent Company in accordance with Law No. 46/2006 and the Ministry of Finance Resolution No. 58/2007. For the period ended September 30, 2008, Zakat has not been recognized since there was no income based on which Zakat could be calculated.

17. Earnings per share

Earnings per share is computed by dividing net profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2008	(Restated) 2007	**2008**	(Restated) 2007
Net profit for the period attributable to equity holders of the Parent Company	**5,575,747**	11,505,280	**20,542,013**	33,506,646
Number of issued and fully paid-up shares	**740,177,330**	740,177,330	**740,177,330**	740,177,330
Add: bonus shares	**74,017,733**	74,017,733	**74,017,733**	74,017,733
Less: Weighted average number of treasury shares	**(34,055,631)**	(36,836,444)	**(34,268,857)**	(37,222,463)
Weighted average number of shares outstanding	**780,139,432**	777,358,619	**779,926,206**	776,972,600
	Fils	Fils	**Fils**	Fils
Earnings per share attributable to equity holders of the Parent Company	**7.15**	14.80	**26.34**	43.12

Earnings per share for the nine-month and three-month periods ended September 30, 2007 before restatement for the issue of bonus shares amounted to 47.46 and 16.29 Fils respectively.

18. Related party balances and transactions

Related parties represent major shareholders, directors, associates, key management personnel and parties related to them. Pricing policies and terms of these transactions are approved by the Parent Company's management. Related party balances and transactions are summarized as follows:

	Major shareholders	Key management personnel	Associate	Joint Ventures	Other related parties	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Balances:								
Accounts receivable and other debit balances	**938,844**	**593,000**	**709,126**	**505,550**	**1,990,126**	**4,736,646**	2,652,298	1,851,534
Accounts payable and other credit balances	**22,063**	-	-	-	-	**22,063**	20,743	20,743

						Nine months ended September 30,	
	Major shareholders	Key management personnel	Associate	Joint Ventures	Other related parties	2008	2007
Transactions:							
Rental income	**353,210**	-	-	-	-	**353,210**	353,183
Other income	**34,576**	-	-	-	-	**34,576**	31,035
Interest income	**39,171**	-	-	**21,965**	**51,375**	**112,511**	38,661
General and administrative expenses	**(123,489)**	-	-	-	-	**(123,489)**	(149,916)

	Nine months ended September 30,	
	2008	2007
Key management compensation:		
Short term benefits	**813,128**	458,327
Termination benefits	**29,025**	18,433
Board of Director's remuneration	**52,500**	52,500

19. Contingencies and capital commitments

a) At September 30, 2008, the Group's management authorized capital commitments amounting to KD 122,357,416 (December 31, 2007 – KD 136,044,244, September 30, 2007 – KD 2,149,294).

b) At September 30, 2008, capital expenditure commitments arising from the Parent Company's interest in Mediterranean Investment Holding (joint venture) is as follows:

(i) Capital expenditure contracted for the construction and development of real estate projects but not yet incurred amounted to KD 11,209,544 (December 31, 2007 – KD 8,407,360, September 30, 2007 – KD 8,781,602).

(ii) Capital expenditure authorized by the board of directors of the joint venture but has not yet been contracted for amounted to KD 5,130,580 (December 31, 2007 – KD 4,567,460, September 30, 2007 - KD 8,371,827).

c) At September 30, 2008, the Parent Company had commitments under a non-cancelable operating lease, primarily for land leased from the Government of Kuwait for the Water Front Project as follows:

Year	KD
2009 – 2013	141,000
2014 – 2018	141,000
2019 – 2019	28,200
	310,200

For the operating lease commitments, the Parent Company is required to give a bank guarantee of 0.5% of the total value of the capital project concerned for the purpose of maintenance services to be provided by the final lessor.

d) The Group was contingently liable in respect of the following:

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Letters of guarantee	**397,408**	540,181	8,843,096
Letters of credit	**437,955**	15,703	15,666
	835,363	555,884	8,858,762

e) One of the tenants of the Kuwait Free Trade Zone had filed a complaint against the Parent Company claiming for a compensation amounting to KD 11,632,382. An Arbitration Committee was formed under the supervision of Ministry of Commerce and Industry. The Parent Company's management submitted many memoranda objecting about the non-competency of the Arbitration Committee, disapproving the arbitration procedures and agreement, and request for denying the case. However, the Arbitration Committee continued to perform its function and declared a verdict on November 15, 2003 obliging the Parent Company to pay compensation for losses suffered amounting to KD 3,600,000.

The Parent Company's management appealed against the verdict of the Arbitration Committee dated November 15, 2003. On January 19, 2004, the General Court declared that the verdict by Arbitration Committee dated November 15, 2003 is void, and forwarded the case to the Experts Department in Ministry of Justice which had concluded in its report that no compensation to be done to the tenant and the Court of First Instance issued its ruling in which the Arbitration decision was nullified and the managing company is not entitled to any compensation. The Court of Appeal sustained the decision of the Court of First Instance. The tenant has appealed against the decision of the Court of Appeal in the Court of Cassation which has issued the verdict in favor of the Parent Company on June 17, 2008.

f) As per the decision No. 507 in 2006, the Ministry of Commerce and Industry cancelled the management contract of Kuwait Free Trade Zone in Shuwaikh port dated May 30, 1998 between the Ministry of Commerce and Industry and National Real Estate Company K.S.C (the managing company). Due to this, the managing company had lost its control over the assets located in KFTZ. Accordingly, the managing company had recognized the following provisions:

	2006
Assets located in KFTZ	11,172,070
Provision for contractual obligations relating to the cancellation of management's contract of Kuwait Free Trade Zone	1,653,236
Provision for doubtful debts	535,118
	13,360,424

All these provisions were made on a conservatism approach and not as surrender to the validity of the resolution.

The managing company had filed case 939/2006 for an appeal against the decision of Ministry of Commerce and Industry for the cancellation of management contract for KFTZ. On April 15, 2007, the Court forwarded the case to the Experts Department in the Ministry of Justice. The Experts Department had issued its report and the date of hearing of the report at the Court of First Instance is set for December 1, 2008.

As per the opinion of the managing company's external legal counsel, the decision of the Ministry of Commerce and Industry would be cancelled and in case the decision is not cancelled, then the managing company has the right to recover all expenses incurred due to cancellation of the contract before its maturity and has also the right to be compensated for future benefits for the rest of the managing contract term.

The managing company is in process of performing an assessment of the compensation in case the Court sustains the cancellation resolution. In such event, the managing company proposes to offer an initiative for a considerate settlement of its rights with the government. In the event of failure of the initiative, a claim is proposed to be filed by the managing company for the recovery of those compensation claims as per the law.

g) The Parent Company has certain properties erected on land leased from the Government for 25 years. The Ministry of Finance had issued a resolution to terminate those contracts after the expiry of this 25 years period. However, the Parent Company appealed against this resolution claiming for the renewal of those contracts for another 25 years with the same terms. The Court of First Instance sustains the resolution of the Ministry of Finance, after which the Parent Company appealed against the resolution of the Court of First Instance. The Court of Appeal in its sitting dated September 24, 2007 had decided in its verdict to cancel the resolution of the Court of First Instance and to cancel the resolution of the Minister of Finance to withdraw those properties and consider it as void along with all its consequent effects. The Ministry of Finance appealed against this verdict at the Court of Cassation, at which legal proceedings are currently in progress.

20. Shareholders' Annual and Extraordinary General Assembly

The Shareholders' Annual General Assembly held on May 28, 2008 approved the distribution of cash dividends of 20 fils per share and 10 bonus shares for every 100 shares. The Shareholder's Annual General Assembly also approved to increase the share capital by 30% of the paid-up capital through a issue of 222,053,200 shares at a par value of 100 fils and a premium of 150 fils per share to the Parent Company's shareholders registered as of the day before the subscription date.

The Extraordinary General Assembly held on June 26, 2008 approved to amend the Articles of Association related to the increase of the share capital by KD 29,607,093 from KD 74,017,733 to KD 103,624,826 through the issue of 74,017,733 bonus shares and issue of 222,053,200 new shares at a par value of 100 fils and a premium of 150 fils per share totaling to a subscription price of 250 fils per share.

As of the balance sheet date, the subscription of the new shares has not commenced since the Parent Company is awaiting the approval for this from the official authorities.

The Shareholders' Annual General Assembly held on June 6, 2007 approved the distribution of cash dividends of 35 fils per share and 15 bonus shares for every 100 shares for the year ended December 31, 2006.

21. Geographical distribution

For the management purposes, the group is divided into five geographical segments, which are: State of Kuwait, GCC, Asia, Africa and others. The majority of the operations are done in the State of Kuwait.

The geographical segments information are as follows:

	September 30, 2008						September 30, 2007					
	Kuwait	GCC	Asia	Africa	Others	Total	Kuwait	GCC	Asia	Africa	Others	Total
Cash on hand & at banks	2,496,158	867,616	350,500	562,884	18,588	4,295,746	9,369,658	-	4,919,980	516,980	-	14,806,618
Bank deposits	903,976	-	1,478,269	4,032,142	4,819,129	11,233,516	529,182	-	911,507	283,609	1,883,309	3,607,607
Advances for real estate investments	-	45,224,507	-	21,016,993	-	66,241,500	-	28,666,349	-	-	-	28,666,349
Other receivables and debit balances	9,129,745	179,670	3,104,823	1,224,052	1,478,547	15,116,837	6,728,021	49,924	1,809,156	92,081	896,290	9,575,472
Total Accounts receivable & other debit balances	9,129,745	45,404,177	3,104,823	22,241,045	1,478,547	81,358,337	6,728,021	28,716,273	1,809,156	92,081	896,290	38,241,821
Investments at fair value	1,393,304	-	-	-	-	1,393,304	2,552,487	-	-	-	767,007	3,319,494
Investments available for sale	16,093,928	4,465,313	825,000	-	1,744,093	23,128,334	9,801,536	3,490,118	825,000	-	1,042,460	15,159,114
Investment in associates	175,892,376	-	-	-	-	175,892,376	176,349,173	-	-	-	-	176,349,173
Investment in a joint venture	343,583	-	-	-	-	343,583	292,075	-	-	-	-	292,075
Capital work in process	4,336,317	4,269,647	24,774,826	2,407,330	11,342,896	47,131,016	2,443,933	3,908,872	19,503,187	2,361,667	7,063,327	35,280,986
Fixed Assets	1,715,695	-	244,395	155,630	33,135	2,148,855	544,442	-	618,786	166,725	34,337	1,364,290
Investment properties	66,429,799	-	-	-	-	66,429,799	65,900,913	-	-	-	-	65,900,913
Total assets	278,734,881	55,006,753	30,777,813	29,399,031	19,436,388	413,354,866	274,511,420	36,115,263	28,587,616	3,421,062	11,686,730	354,322,091
Bank facilities	141,379,177	-	-	-	7,632,250	149,011,427	88,435,936	-	-	-	-	88,435,936
Other liabilities	26,768,971	-	1,213,944	467,167	1,016,438	29,466,520	23,203,136	-	486,747	463,966	264,583	24,418,432
Total liabilities	168,148,148	-	1,213,944	467,167	8,648,688	178,477,947	111,639,072	-	486,747	463,966	264,583	112,854,368

For more information on the accounting policies used and the nature of the above captions, please refer to Note (2) and the related notes thereto.

22. Comparative figures

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