NATIONAL REAL ESTATE COMPANY K.S.C.
AND ITS SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
National Real Estate Company K.S.C.
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of National Real Estate Company K.S.C. (the Parent Company) and subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated statement of income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

We did not audit the financial statements of certain subsidiaries and a joint venture whose total assets and revenues constitute of 15.02% and 3.18% of the respective consolidated totals. The financial statements of these subsidiaries and the joint venture for the year ended December 31, 2008 were audited by other auditors, whose unqualified reports were provided to us, and our opinion in so far as it relates to the amounts included in the consolidated financial statements related to these subsidiaries and the joint venture, is based solely on the reports of the other auditors.

Management's responsibility for the consolidated financial statements

Parent Company's Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained and the reports of the other auditors is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and based on the reports of the other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to Notes (7), (10), (12), (31) and (32) to the consolidated financial statements.

Report on other Legal and Regulatory Requirements

Also in our opinion, the consolidated financial statements include the disclosures required by the Commercial Companies Law and the Parent Company's Articles of Association, and we obtained the information we required to perform our audit. In addition, proper books of account have been kept by the Parent Company, physical stock taking was carried out in accordance with recognized practice and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to us, there were no contraventions during the year ended December 31, 2008 of either the Commercial Companies Law or of the Parent Company's Articles of Association which might have materially affected the Group's financial position or results of its operations except that the Parent Company holds certain direct investments in shares in violation of its objectives.

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

Dr. Shuaib A. Shuaib
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Member of RSM International

State of Kuwait
March 31, 2009

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2008
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2008	2007
Assets:			
Cash and cash equivalents	3	**16,678,195**	12,959,872
Investments at fair value through income statement	4	**-**	2,688,041
Accounts receivable and other debit balances	5	**13,286,083**	71,190,496
Investments available for sale	6	**19,607,670**	17,875,026
Investment in associates	7	**177,842,974**	185,405,109
Investment in a joint venture	8	**370,465**	295,681
Capital work in progress	9	**235,429,364**	38,216,590
Fixed assets	11	**3,053,855**	1,233,569
Investment properties	12	**66,680,147**	66,411,513
Total assets		**532,948,753**	396,275,897
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and other credit balances	13	**136,072,035**	27,910,930
Bank facilities	14	**156,556,310**	114,807,428
Bonds	15	**6,816,724**	3,031,500
Provision for end of service indemnity	16	**740,053**	611,934
Total liabilities		**300,185,122**	146,361,792
Equity:			
Share capital	17	**81,419,506**	74,017,733
Treasury shares	18	**(7,015,148)**	(5,554,583)
Statutory reserve	19	**36,332,700**	34,503,518
Treasury shares reserve		**12,859,431**	12,051,208
Effect of change in associate's equity	7	**(9,667,825)**	5,897,123
Cumulative changes in fair value		**(4,116,430)**	997,834
Foreign currency translation adjustments		**(655,172)**	373,733
Retained earnings		**100,959,845**	106,085,640
		210,116,907	228,372,206
Minority interest		**22,646,724**	21,541,899
Total equity		**232,763,631**	249,914,105
Total liabilities and equity		**532,948,753**	396,275,897

The accompanying notes (1) to (37) form an integral part of the consolidated financial statements

Jamil Sultan Al-Essa
Chairman and Managing Director

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2008
(All amounts are in Kuwaiti Dinars)

	Note	2008	2007
Revenues:			
Rental income		**8,030,297**	7,676,554
Share in the associates' results	7	**31,464,824**	36,200,861
Change in fair value of investment properties	12	**(4,734,468)**	(444,595)
		34,760,653	43,432,820
Expenses:			
Staff costs		**(4,046,162)**	(4,848,271)
General and administrative	20	**(8,915,175)**	(6,762,453)
Depreciation and amortization		**(436,571)**	(238,596)
		(13,397,908)	(11,849,320)
Operating profit		**21,362,745**	31,583,500
Net investment income	21	**3,454,287**	9,304,005
Impairment losses of available for sale investments	6	**(4,760,664)**	-
Other income	22	**3,172,936**	3,947,534
Share in the joint venture's results	8	**(38,084)**	(46,040)
Interest income	23	**3,409,380**	2,814,172
Interest expense	24	**(3,337,110)**	(5,260,380)
Provision for interest income	25	**(2,585,164)**	(2,340,122)
Provision for doubtful debts and advance payments	25	**(1,384,407)**	(9,474)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Board of Directors' remuneration, National Labor Support Tax and Zakat		**19,293,919**	39,993,195
Contribution to KFAS	26	**-**	(20,505)
National Labor Support Tax	27	**-**	(70,401)
Zakat	28	**-**	(1,830)
Board of Directors' remuneration		**-**	(70,000)
Net profit for the year		**19,293,919**	39,830,459
Attributable to:			
Equity holders of the Parent Company		**18,291,821**	39,021,108
Minority interest		**1,002,098**	809,351
		19,293,919	39,830,459
Earnings per share attributable to equity holders of the Parent Company (fils)	29	**23.48**	50.18

The accompanying notes (1) to (37) form an integral part of the consolidated financial statements

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2008
(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company										
	Share capital	Treasury shares	Statutory reserve	Treasury shares reserve	Effect of change in associate's equity	Cumulative changes in fair value	Foreign currency translation adjustments	Retained earnings	Subtotal	Minority Interest	Total
Balance at December 31, 2006	64,363,246	(5,184,069)	30,585,134	9,582,304	9,824,085	94,225	805,452	102,154,215	212,224,592	8,725,763	220,950,355
Gain on sale of treasury shares	-	-	-	2,468,904	-	-	-	-	2,468,904	-	2,468,904
Change in fair value of investments available for sale	-	-	-	-	-	903,609	-	-	903,609	32,318	935,927
Foreign currency translation adjustments	-	-	-	-	-	-	(431,719)	-	(431,719)	(109,564)	(541,283)
Net income (loss) recognized directly in equity	-	-	-	2,468,904	-	903,609	(431,719)	-	2,940,794	(77,246)	2,863,548
Net profit for the year	-	-	-	-	-	-	-	39,021,108	39,021,108	809,351	39,830,459
Total recognized income (loss) for the year	-	-	-	2,468,904	-	903,609	(431,719)	39,021,108	41,961,902	732,105	42,694,007
Purchase of treasury shares	-	(1,280,638)	-	-	-	-	-	-	(1,280,638)	-	(1,280,638)
Sale of treasury shares	-	910,124	-	-	-	-	-	-	910,124	-	910,124
Share of change in associate's equity– Note 7	-	-	-	-	(3,926,962)	-	-	-	(3,926,962)	-	(3,926,962)
Share of minority from newly consolidated subsidiaries	-	-	-	-	-	-	-	-	-	12,648,673	12,648,673
Paid to minority	-	-	-	-	-	-	-	-	-	(564,642)	(564,642)
Cash dividend (2006 – 35 fils per share) – Note 35	-	-	-	-	-	-	-	(21,516,812)	(21,516,812)	-	(21,516,812)
Bonus shares (2006 – 15%) – Note 35	9,654,487	-	-	-	-	-	-	(9,654,487)	-	-	-
Transfer to reserve	-	-	3,918,384	-	-	-	-	(3,918,384)	-	-	-
Balance at December 31, 2007	74,017,733	(5,554,583)	34,503,518	12,051,208	5,897,123	997,834	373,733	106,085,640	228,372,206	21,541,899	249,914,105
Gain on sale of treasury shares	-	-	-	808,223	-	-	-	-	808,223	-	808,223
Change in fair value of investments available for sale	-	-	-	-	-	(4,705,560)	-	-	(4,705,560)	(10,712)	(4,716,272)
Reversal on sale of investments available for sale	-	-	-	-	-	(408,704)	-	-	(408,704)	(21,606)	(430,310)
Share of changes in associates' equity – Note 7	-	-	-	-	(4,695,222)	-	-	-	(4,695,222)	-	(4,695,222)
Foreign currency translation adjustments	-	-	-	-	-	-	(1,028,905)	-	(1,028,905)	156,683	(872,222)
Net income (loss) recognized directly in equity	-	-	-	808,223	(4,695,222)	(5,114,264)	(1,028,905)	-	(10,030,168)	124,365	(9,905,803)
Net profit for the year	-	-	-	-	-	-	-	18,291,821	18,291,821	1,002,098	19,293,919
Total recognized income (loss) for the year	-	-	-	808,223	(4,695,222)	(5,114,264)	(1,028,905)	18,291,821	8,261,653	1,126,463	9,388,116
Purchase of treasury shares	-	(1,913,208)	-	-	-	-	-	-	(1,913,208)	-	(1,913,208)
Sale of treasury shares	-	452,643	-	-	-	-	-	-	452,643	-	452,643
Net change in an associate's treasury shares – Note 7	-	-	-	-	(10,869,726)	-	-	-	(10,869,726)	-	(10,869,726)
Paid to minority	-	-	-	-	-	-	-	-	-	(21,638)	(21,638)
Cash dividend (2007 – 20 fils per share) – Note 35	-	-	-	-	-	-	-	(14,186,661)	(14,186,661)	-	(14,186,661)
Bonus shares (2007 – 10%) – Note 35	7,401,773	-	-	-	-	-	-	(7,401,773)	-	-	-
Transfer to reserve	-	-	1,829,182	-	-	-	-	(1,829,182)	-	-	-
Balance at December 31, 2008	**81,419,506**	**(7,015,148)**	**36,332,700**	**12,859,431**	**(9,667,825)**	**(4,116,430)**	**(655,172)**	**100,959,845**	**210,116,907**	**22,648,724**	**232,763,631**

The accompanying notes (1) to (37) form an integral part of the consolidated financial statements

NATIONAL REAL ESTATE COMPANY K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008
(All amounts are in Kuwaiti Dinars)

	Note	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before contribution to KFAS, Board of Directors' remuneration, National Labor Support Tax and Zakat		**19,293,919**	39,993,195
Adjustments for:			
Depreciation and amortization		**436,571**	238,596
Net investment income		**(3,454,287)**	(9,304,005)
Impairment losses of available for sale investments		**4,760,664**	-
Net share in the associates' results		**(31,464,824)**	(36,200,861)
Share in the joint venture's results		**38,084**	46,040
Gain on sale of fixed assets		**(9,999)**	(1,360)
Gain on partial disposal of investment property		**(9,475)**	-
Change in fair value of investment properties		**4,734,468**	444,595
Interest income		**(3,409,380)**	(2,814,172)
Interest expense		**3,337,110**	5,260,380
Interest capitalized on capital work in progress		**(6,019,287)**	-
Capital work in progress written off		**213,185**	-
Provision for interest income and doubtful debts		**3,969,571**	2,349,596
Provision for end of service indemnity		**195,518**	151,521
		(7,388,162)	163,525
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**2,765,203**	(9,361,094)
Accounts payable and other credit balances		**8,555,817**	6,862,505
Cash generated (used in) operations		**3,932,858**	(2,335,064)
Payment for end of service indemnity		**(67,399)**	(114,497)
Payment to Kuwait Foundation for Advancement of Sciences		**(20,505)**	-
Payment for National Labor Support Tax		**(70,401)**	-
Payment of Zakat		**(1,830)**	-
Payment for Board of Directors' remuneration		**(70,000)**	(70,000)
Net cash generated from (used in) operating activities		**3,702,723**	(2,519,561)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments at fair value through income statement		**(18,108,064)**	(279,256)
Proceeds from sale of investments at fair value through income statement		**10,807,189**	-
Purchase of investments available for sale		**(8,765,015)**	(14,376,061)
Proceeds from sale of investments available for sale		**4,538,220**	5,152,136
Purchase of investment in an associate		**(17,931)**	(8,840,233)
Proceeds from partial disposal of investment in an associate		**11,328,733**	16,637,213
Payment for long term loan to joint venture		**(83,159)**	(105,430)
Payment for capital work in progress		**(16,596,161)**	(22,218,491)
Purchase of fixed assets		**(1,099,442)**	(1,308,082)
Proceeds from sale of fixed assets		**10,000**	13,000
Payment for purchase of lands for capital work in progress		**(22,342,276)**	(54,356,402)
Payment for additions to investment properties		**(1,231,936)**	(933,936)
Proceeds from partial disposal of investment property		**9,475**	-
Dividend received from an associate		**17,459,220**	16,943,831
Dividend income received		**722,097**	210,031
Interest received		**717,707**	422,903
Net cash used in investing activities		**(22,651,343)**	(63,038,777)

	Note	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from bank overdraft		**1,401,890**	6,876,320
Net proceeds from term loans		**40,346,992**	73,413,627
Proceeds from issue of bonds		**3,922,234**	3,031,500
Purchase of treasury shares		**(1,913,208)**	(1,280,638)
Proceeds from sale of treasury shares		**1,260,866**	3,379,028
Interest expense paid		**(8,966,417)**	(5,116,678)
Cash dividends paid		**(14,101,518)**	(21,520,048)
Paid to minority		**(21,638)**	(564,642)
Share of minority from newly consolidated subsidiaries		**-**	12,648,673
Net cash generated from financing activities		**21,929,201**	70,867,142
Foreign currency translation adjustments		**737,742**	(400,737)
Effect of consolidation of a subsidiary		**-**	31,742
Net increase in cash and cash equivalents		**3,718,323**	4,939,809
Cash and cash equivalents at beginning of the year		**12,959,872**	8,020,063
Cash and cash equivalents at end of the year	3	**16,678,195**	12,959,872

The accompanying notes (1) to (37) form an integral part of the consolidated financial statements

1. Incorporation and activities

National Real Estate Company K.S.C. (the Parent Company) is a Kuwaiti public shareholding company registered in Kuwait and listed on the Kuwait Stock Exchange and Dubai Financial Market. It is engaged in real estate investment and management, as well as undertaking real estate construction and maintenance. The Parent Company also holds investments in securities.

The Parent Company was registered in the commercial register under reference number 19628 dated November 15, 1973.

The address of the Parent Company's registered office is P.O. Box 22644, Safat 13087, State of Kuwait.

The total number of employee's of the Group as of December 31, 2008 is 272 (December 31, 2007 – 240).

The consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2009. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention, except that investments at fair value through income statement, investments available for sale and investment properties are stated at their fair value. The accounting policies applied by the Group are consistent with those used in the previous year unless otherwise stated and 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 and early adoption of IAS 23: Borrowing Costs (Revised).

IAS 39: Financial Instruments – Recognition and Measurement
Effective July 1, 2008, the 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.

IFRS 7 Financial Instruments: Disclosures
Implementation of the amendments to revised IAS 39: Financial Instruments – Recognition and Measurement has resulted in additional disclosures under IFRS 7 Financial Instruments: Disclosures in the accompanying consolidated financial statements.

The financial impact of adopting these amendments is disclosed in Note 2 (b) to the accompanying consolidated financial statements.

IAS 23 "Borrowing Cost" (Revised)
Effective January 1, 2008, the Group has early adopted the revised IAS 23: Borrowing cost by capitalizing 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 has resulted in capitalization of interest expense of KD 6,019,287 on the qualifying assets for the year ended December 31, 2008.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(c).

a) Standards and Interpretations issued but not effective
The following IASB Standards and Interpretation have been issued but are not yet effective, and have not yet been adopted by the Group:

IFRS 8 "Operating Segments"
The application of IFRS 8, which will be effective for the annual periods beginning on or after 1 January 2009, will result in 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.

IAS 1 "Presentation of Financial Statements" (Revised)
The application of IAS 1 (Revised), which will be effective for the annual periods beginning on or after 1 January 2009, will impact the presentation of financial statements to enhance the usefulness of the information presented.

IFRIC Interpretation 13 "Customer Loyalty Programmes"
The application of IFRIC Interpretation 13, which will be effective for annual periods beginning on or after July 1, 2008, provides guidance on the accounting for transactions relating to the sale of goods or services together with a customer loyalty incentive. This interpretation is not expected to have any impact on the consolidated financial statements.

Revised IFRS 3 Business Combinations (2008)
Revised IFRS 3, which will be effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009 with prospective application, incorporates the following changes:
- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Amended IAS 27 Consolidated and Separate Financial Statements (2008)
Amended IAS 27, which will be effective for annual periods beginning on or after July 1, 2009 with retrospective application, requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss.

Amendments to IFRS 2 Share-based Payment— Vesting Conditions and Cancellations
Amended IFRS 2, which will be effective for annual periods beginning on or after January 1, 2009 with retrospective application, clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. These amendmends are not expected to have any impact on the consolidated financial statements.

b) Reclassification of Financial Assets

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

The Group has elected to apply the amendment effective July 1, 2008 on certain investments and December 31, 2008 for the remaining and has reclassified all the investments held for trading to available for sale investments. The details of reclassification are as follows:

Particulars	Amount
Amount reclassified from investments held for trading to available for sale investments.	9,677,372
Fair value of investments reclassified from investments held for trading to available for sale at December 31, 2008.	5,307,995
Unrealized loss on investments reclassified from investments held for trading to available for sale that have been already recognized in the consolidated statement of income.	(572,914)
Unrealized loss on investments reclassified from investments held for trading to available for sale that would have been recognized in the statement of income if these financial assets had not been reclassified.	(4,369,304)

c) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Provision for doubtful debts

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

(iii) Classification of investments

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through income statement" or "available for sale". The Group follows the guidance of IAS 39 on classifying its investments.

The Group classifies investments as "at fair value through income statement" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through income statement at inception, provided their fair values can be reliably estimated. All other investments are classified as "available for sale".

(iv) Impairment of investments

The Group treats investments "available for sale" as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires significant judgment.

(v) Classification of land

Upon acquisition of a land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land.

a) Capital work in progress

When the intention of the Group is to develop a land in order to rent it in the future or as an owner occupied property, both the land and the construction costs are classified as capital work in progress till the properties are ready for use at which time, it is classified as investment properties or fixed assets.

b) Investment property

When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

c) Properties held for sale

When the intention of the Group is to sell land in the ordinary course of business, the properties are classified as properties held for sale.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted equity investments

If the market for unquoted securities is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the asset or the cash-generating unit to which the goodwill is allocated. Estimating a value in use requires the Group to make an estimate of the expected future cash-flows from the asset or the cash-generating unit and also choose an appropriate discount rate in order to calculate the present-value of the cash-flows.

(iii) Provision for doubtful debts

The extent of provision for doubtful debts involves estimation process. Provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down require ageing analysis, technical assessment and subsequent events. The provisions and write-down of receivables is subject to management approval.

d) Principles of consolidation

The consolidated financial statements incorporate the financial statements of National Real Estate Company K.S.C. (the Parent Company) and the following subsidiaries:

	Name of subsidiaries	Country of Incorporation	Percentage of ownership 2008 %	2007 %
1)	Dasman Commercial Complex – Joint venture	Kuwait	**62.117**	62.094
2)	HRD International for Human Resources Development Company W.L.L.	Kuwait	**80**	85.3
3)	Al-Takafouh Al-Thahabi General Trading and Contracting Company W.L.L.	Kuwait	**100**	100
4)	Aqaba National Real Estate Projects Company (private shareholding company)	Jordan	**70**	70
5)	Kuwait National Real Estate (PVT) Ltd	Pakistan	**100**	100
6)	National Holding Group Company (Lebanese shareholding company)	Lebanon	**100**	100
7)	Kuwait Touristic Enterprises Development Company (private shareholding company)	Tunisia	**100**	100
8)	Kuwait National Real Estate Company (Egyptian shareholding company)	Egypt	**100**	100
9)	National Project Holding K.S.C. (Holding)	Kuwait	**93**	90
10)	National Investment & Development Company (private shareholding company)	Jordan	**100**	100
11)	KREDCO Real Estate Company – Limited	Iraq	**51**	51
12)	Fresh World International Catering Company K.S.C. (Closed)	Kuwait	**70**	70
13)	Yemen Kuwait Company for General Trading & Contracting W.L.L.	Yemen	**100**	100
14)	Middle East Projects General Trading Company W.L.L.	Kuwait	**100**	100
15)	Kuwait Wadi El-Nile Urban Development Company (Egyptian shareholding company)	Egypt	**80**	80
16)	Masaken Global Real Estate Co. K.S.C. (Closed)	Kuwait	**100**	-
17)	Victus Food Development Co. W.L.L.	Kuwait	**100**	-

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and are able to make an additional investment to cover the losses.

During the year, the parent company has incorporated its wholly owned subsidiaries Masaken Global Real Estate Co. K.S.C. (Closed) and Victus Food Development Co. W.L.L.

During the year the Group has disposed off 5.3% of its subsidiary HRD International for Human Resources Development Co. W.L.L. at its carrying amount which had not resulted in any gain or loss.

Proportionate consolidation method

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in certain jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

The accompanying consolidated financial statements include proportionate consolidation of the Parent Company's 50% investment in a joint venture (Mediterranean Investment Holding P.L.C.) a company registered in Malta. The principal activities are investing and developing real estate projects.

e) Investments

The Group classifies its investments in the following categories: investments at fair value through income statement and available-for-sale investments. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(i) Investments at fair value through income statement

This category has two sub-categories: investments held for trading, and those designated at fair value through statement of income at inception.

a) An investment is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.

b) An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

Investments in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

(ii) Investments available for sale

Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognized on settlement date – the date on which an asset is delivered to or by the Group. Investments are initially recognized at fair value plus transaction costs for all investments not carried at fair value through income statement.

After initial recognition, investments at fair value through income statement and investments available for sale are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from investments at fair value through income statement are included in the consolidated statement of income. Unrealized gains and losses arising from changes in the fair value of investments available for sale are recognized in cumulative changes in fair value in the consolidated statement of changes in equity.

Where investments available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When an investment available for sale is disposed off or impaired, any prior fair value earlier reported in equity is transferred to the consolidated statement of income.

An investment (in whole or in part) is derecognized either when: (1) the contractual rights to receive the cash flows from the investment have expired; or (2) the Group has transferred its rights to receive cash flows from the investment and either
(a) has transferred substantially all the risks and rewards of ownership of the investment. (b) has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment.

Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from the consolidated statement of changes in equity and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated statement of income on available for sale equity instruments are not reversed through the consolidated statement of income.

f) Accounts receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of income.

g) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policy decisions. The consolidated financial statements include the Group's share of the results and assets and liabilities of associates under the equity method of accounting from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of income.

h) Investment in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in joint ventures are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of an associate.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

i) Capital work in progress

All projects costs are included in the capital work in progress till the date of its completion and preparation to be ready for use, at which date, it is reclassified as investment properties or fixed assets according to the intention of the Group's management.

j) Fixed assets

The initial cost of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of fixed assets.

Fixed assets are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Depreciation is computed on straight line basis over the estimated useful lives of items of fixed assets as follows:

	Years
Leasehold improvements	20
Buildings	20
Furniture, decorations and others	5
Office equipment	3 - 5
Motor vehicles	4

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

k) Impairment of assets

At each consolidated balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount (cash-generating unit) does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

l) Investment properties

Investment properties, which are properties, held to earn rentals and/or for capital appreciation, are stated at their fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of income for the period in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of income.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

m) Accounts payable

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

n) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest method.

o) End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the balance sheet date, and approximates the present value of the final obligation.

p) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases.

The Group as a lessor
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term

The Group as a lessee
Rentals payable under operating leases are charged to the consolidated statement of income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

q) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of reserves, retained earnings and treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's equity holders.

r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rent:
Rental income is recognized, when earned, on a time apportionment basis.

Rendering of services
Revenues from maintenance contract are recognized when these services are rendered.

Interest income
Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income
Dividend income is recognized when the right to receive payment is established.

Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

Sale of goods
Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in consolidated statement of income in the period in which they are incurred.

t) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each consolidated balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

u) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through income statement are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in the consolidated statement of changes in equity.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the balance sheet date. The results of those subsidiaries are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in the consolidated statement of changes in equity. Such translation differences are recognized in consolidated statement of income in the period in which the foreign operations is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

v) Financial instruments

Financial assets and financial liabilities carried on the consolidated balance sheet include cash and cash equivalents, receivables, investments, net amount due from Kuwait Port Authority, payables, bank facilities and bonds. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

w) Contingencies

Contingent liabilities are not recognized but disclosed in the consolidated financial statements, except when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

y) Share capital

Ordinary shares are classified as equity.

3. Cash and cash equivalents

	2008	2007
Cash on hand and at banks	**6,680,961**	9,351,583
Short term deposits	**9,997,234**	3,458,289
Money market fund	**-**	150,000
	16,678,195	12,959,872

The effective interest rate on short term deposits was 4% - 6.5% per annum (2007: 4.56% - 6.3% per annum); these deposits have an average maturity of 60 days (2007 – 60 days).

Cash and cash equivalents are denominated in the following currencies:

Currency	2008	2007
Kuwaiti Dinar	**5,237,716**	2,252,231
EURO	**5,053,280**	3,362,343
US Dollar	**45,100**	116,115
Egyptian Pound	**4,154,422**	4,092,265
Jordanian Dinar	**1,493,072**	2,375,830
Pakistan Rupee	**98,726**	134,719
Tunis Riyal	**541,229**	547,227
Lebanese Lira	**21,921**	48,146
Yemen Riyal	**32,729**	30,996
	16,678,195	12,959,872

There is no material difference between the fair value and the book value of cash and cash equivalents.

4. Investments at fair value through income statement

Investments at fair value through income statement represent investment in quoted securities held for trading. The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**2,688,041**	2,728,815
Additions	**18,108,064**	279,256
Disposals	**(10,688,079)**	-
Unrealized loss on investments at fair value through income statement	**(430,654)**	(320,030)
Reclassified to investment available for sale	**(9,677,372)**	-
Balance at the end of the year	**-**	2,688,041

5. Accounts receivable and other debit balances

Current portion	**2008**	2007
Accrued rent	**1,228,256**	1,723,012
Provision for doubtful debts (a)	**(1,074,593)**	(1,644,053)
	153,663	78,959
Due from related parties	**1,316,347**	2,008,630
Prepaid expenses	**933,300**	204,847
Advance payments	**1,875,674**	2,292,973
Staff receivables	**99,635**	110,766
Other receivables (e)	**2,193,785**	7,053,453
Total Current portion	**6,572,404**	11,749,628
Non-Current portion		
Advance payments (c)	**1,948,176**	55,934,302
Provision for advance payments (a) & (c)	**(1,096,347)**	-
Due from related parties	**2,548,516**	-
Prepaid expenses	**2,441,449**	663,653
Prepaid lease payments (d)	**380,761**	388,791
Other receivables (e)	**491,124**	2,454,122
Total Non-current portion	**6,713,679**	59,440,868
	13,286,083	71,190,496

The fair values of accounts receivable and other debit balances approximated their carrying values as at December 31, 2008.

a) Provision for accounts receivable and other debit balances:

The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**1,644,053**	1,634,579
Provision for doubtful debts for the year	**288,060**	9,474
Provision for advance payments for the year (c)	**1,096,347**	-
Reversal of provision during the year	**(857,520)**	-
Balance at the end of the year	**2,170,940**	1,644,053

Provisions, uncollectible receivables written off and utilization of the provision for doubtful debts are included in the consolidated statement of income.

"Provisions for doubtful debts" include an amount of KD 535,118 which represents the provision taken by the Parent Company for the accounts receivable and other debit balances of Kuwait Free Trade Zone, due to the Resolution No. 507/2006 issued by Ministry of Commerce & Industry to cancel the management contract of Kuwait Free Trade Zone with the Parent Company (Note 32f). This provision was taken on a conservatism approach and not as surrender to the validity of the resolution.

b) The other classes within accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

c) Advance payments made by the Group include payments made to a local company to invest in real estate on behalf of the Parent Company in Republic of Iraq amounting to KD 1,096,347 (2007 – KD 1,096,347) which has been provided for in full during the year ended December 31, 2008.

d) The prepaid lease payments represent payments for a lease of land in United Arab Emirates for a subsidiary; the lease term is for 49 years and started in 2007.

e) Other receivables include KD Nil (2007 – KD 4,994,730) which represents the receivable from minority in Kuwait Wadi El-Nile Urban Development Company (subsidiary). This amount was paid by the Parent Company on behalf of the minority. During the year ended December 31, 2008, this amount was collected by the Parent Company.

6. Investments available for sale

	2008	2007
Managed portfolios and funds	**3,134,140**	483,899
Quoted securities	**8,135,210**	7,934,766
Unquoted securities	**8,338,320**	9,456,361
	19,607,670	17,875,026

The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**17,875,026**	6,744,389
Additions	**8,765,015**	14,376,061
Disposals	**(4,177,497)**	(4,181,351)
Reclassified from investments at fair value through income statement	**9,677,372**	-
Transfers to investment in associates	**(2,625,000)**	-
Changes in fair value	**(5,146,582)**	935,927
Impairment losses (a)	**(4,760,664)**	-
Balance at the end of the year	**19,607,670**	17,875,026

(a) Impairment losses represent decline in value of:	2008	2007
Quoted securities	**3,110,664**	-
Unquoted securities	**1,650,000**	-
	4,760,664	-

It was not possible to reliably measure the fair value of investments in unquoted securities with a value of KD 6,688,320 (2007 – KD 9,109,810) 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.

Investments available for sale are denominated in the following currencies:

Currency	2008	2007
Kuwaiti Dinar	**14,734,714**	9,566,151
US Dollar	**1,439,837**	2,244,307
Euro	**122,620**	981,891
UAE Dirham	**2,145,635**	2,057,796
Qatari Riyal	**1,164,864**	3,024,881
	19,607,670	17,875,026

7. Investment in associates

Name of the associate	Country of Incorporation	Percentage of ownership 2008	Percentage of ownership 2007	2008	2007
(i) Public Warehousing Company K.S.C. (Agility)	Kuwait	**22.444%**	23.516%	**170,870,429**	179,962,349
Goodwill				**4,505,307**	5,322,760
				175,375,736	185,285,109
(ii) Kuwait Bulgarian Dairy Company W.L.L.	Kuwait	40%	40%	**120,000**	120,000
(iii) Al Seef International Holding K.S.C.C.	Kuwait	25%	-	**2,347,238**	-
				177,842,974	185,405,109

Public Warehousing Company K.S.C. (Agility) is a public shareholding company registered in Kuwait and listed on the Kuwait Stock Exchange and Dubai Financial Market. Its principal activities are storing goods, management and renting of warehouses, all transportation activities, distribution, handling and customs clearance for goods.

At each reporting date, the Group's management reviews the book values of each investment in associate individually to ensure that there is no indication of impairment of such investments; in case such indication has proven to exist, the recoverable amount of such investment is calculated to determine the amount of impairment loss, if any.

The Group's management has compared the recoverable amount (fair value and value in use less costs to sell, whichever is higher) for its investment in The Public Warehousing Co. K.S.C (Agility) to its book value as of December 31, 2008, and there is no indication of impairment, hence, the Group had not accounted for any impairment loss for the investments in The Public Warehousing Co. K.S.C. (Agility) as of the balance sheet date.

As of December 31, 2008 the fair value of the Group's investment in The Public Warehousing Co. K.S.C. (Agility) amounted to KD 145,668,547 (2007 – KD 308,837,439)

The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**185,405,109**	169,308,802
Additions	**17,931**	8,960,233
Transfer from investment available for sale	**2,625,000**	-
Partial disposal of investment in an associate	**(8,645,722)**	(8,193,994)
Share in the associates' results	**31,464,824**	36,200,861
Cash dividends received	**(17,459,220)**	(16,943,831)
Effect of change in associates' equity (a)	**(15,564,948)**	(3,926,962)
Balance at the end of the year	**177,842,974**	185,405,109

(a) The effect of change in associates' equity is as follows:

	2008	2007
Loss on sale of treasury shares	**(506,776)**	(80,390)
Changes in hedging reserve	**(2,009,612)**	-
Movement in treasury shares	**(10,869,726)**	-
Foreign currency translation adjustment	**(2,180,993)**	(3,779,997)
Cumulative changes in fair value of available for sale investments	**2,159**	(66,575)
	(15,564,948)	(3,926,962)

During 2006, the Parent Company made a provision amounting to KD 1,226,082 for its share of interest of a bank performance guarantee that has been encashed in favor of General Administration of Customs for Kuwait in relation to non-performance of obligations under a contract operated by a subsidiary of the associate.

The subsidiary of the associate appealed against that encashment through case No. 224/2007 "Administrative – 7". In the opinion of the external legal consulting firms, the violations against which a portion of the bank guarantee provided has been cashed, are non-contractual violations and believe the verdict shall be issued in favor of the subsidiary to return the cashed portion of the guarantee plus interest amounting to 7%, the associate, after the year ended December 31, 2008, obtained a report from the expert department of Ministry of Justice on this matter which stated that the verdict should be issued in favor of the associate in respect of most of the issues arising from the case. The management of the associate is of the opinion that this matter is incidental and will be resolved in the courts during 2009 and, accordingly, no provision should be recorded in the consolidated financial statements of the associate.

The Parent Company has provided for its share of the encashed portion of the bank guarantee on a conservatism approach and not as surrender to the validity of the encashment.

(b) The net assets and the results of the associates are summarized as follows:

	2008	2007
Total assets	**1,656,993,578**	1,536,142,000
Current liabilities	**(585,700,233)**	(576,375,000)
Non current liabilities	**(270,225,097)**	(175,004,000)
Net assets	**801,068,248**	784,763,000
Total revenues	**1,859,686,346**	1,690,217,000
Total expenses	**(1,718,871,582)**	(1,536,276,000)
Net profit for the year	**140,814,764**	153,941,000

During the year, 10,682,500 shares were sold from investment in the associate (2007 – 9,665,000 shares). The goodwill relating to these shares amounted to KD 817,453 (2007 – KD 331,228).

The Group's share in the contingent liabilities and capital commitments of the associate amounted to KD 37,954,092 (2007 – KD 19,568,134).

The associate's contingent liabilities are as follows:

a. A dispute has arisen between the associate and a third party with respect to a partnership agreement dated July 30, 2002 for the purpose of bidding for the provision of services for Prime Vendor Services Contract with the U.S. Government. The partnership agreement provided for the preparation of all infrastructure and assets for that purpose. The associate had submitted all evidences to the Execution Department in proof of the partnership not having any funds, assets or properties and the eventual non-existence of the partnership, as a consequence of the partners not providing any capital contributions.

   On January 7, 2008, the Supreme Court of Kuwait ruled in favor of the associate confirming that the partnership agreement between the associate and the third party was not legally enforceable and is void.

   On November 27, 2006, and based on the recommendation by the Ministers' Council, the Ministry of Commerce & Industry issued the Resolution No. 30/2006 to terminate three contracts of those concluded between the associate and the Public Authority of Industry for Mina Abdulla Zone, Kuwait.

   The associate protested against this order through the Case No. 940/2006 "Administrative". In the hearing held on December 25, 2006, the court pronounced its ruling to repeal the aforesaid resolution of the Ministry of Commerce & Industry and its resultant impacts.

   However, the Government requested the Board of Public Authority of Industry to hold a meeting chaired by the Minister of Commerce & Industry, who issued a new resolution No. 1/2007 to terminate the same contract, being the subject of the previous resolution.

The associate, again, appealed against the new resolution through the Case No. 36/2007 and assured, in its statement of defense, which is in agreement with the clauses of the law, as confirmed by the Supreme Court including Kuwait Court of Cassation, that the new resolution is void, because it has been made on the same subject of the previous resolution. From a legal perspective, the court shall issue its judgment to void the new resolution issued by the Public Authority of Industry, because it has been based on a wrong basis which concludes that these resolutions of the governmental authorities are not anything more than financial obstacles which will be eliminated by judicial authorities to prove the rights of the associate on these contracts.

The associate is in the process of performing an assessment of the final losses arising from the aforementioned resolutions, so that a claim can be filed with the Government of Kuwait for recovery of these amounts. The associate has not recognized any revenue on the three aforesaid contracts since January 1, 2007.

Whereas the resolutions issued by the governmental authorities are not expected, from a legal perspective, to remain effective, no provision should be made in the books of the associate, as the outcomes of the legal cases issued by the courts in this respect are in favour of the associate.

c. On January 9, 2007 the Ministry of Finance terminated Al-Jahra Fish, Meat and Vegetables Market Project Contract with the associate according to the resolution of the Council of Ministers No. 2/2007. The associate appealed to the Court of First Instance against this resolution through Case No. 200/2007 "Administrative – 3". In January 2008, the Court of Appeal ruled in favor of the associate whereby Al-Jahra Fish, Meat and Vegetables Market Project Contract is to be given back to the associate. The Court of Appeal also ruled out that the associate be compensated for losses and expenses that arose as a result of this case.

d. In addition to the above, the associate is involved in various claims and legal proceedings including employee compensation and contractor disputes. The in-house legal counsel of the associate believes that such claims are not valid and will not have a material adverse effect on the consolidated financial statements of the associate as of December 31, 2008.

- The Group has not accounted for its share of results in Kuwait Bulgarian Dairy Company W.L.L. due to non availability of financial statements as of December 31, 2008.

- During the year, the Group started to exercise significant influence on Al Seef International Holding K.S.C.C, the investment was transferred from investments available for sale.

8. Investment in a joint venture

Name of the joint venture	Country of Incorporation	Percentage of ownership	2008	2007
Noor Light W.L.L.	Kuwait	50%	**(170,758)**	(132,673)
Long term loan			**541,223**	428,354
			370,465	295,681

The principal activities of Noor Light W.L.L. are remanufacturing of iron, aluminum and other raw materials and manufacturing of all types of lighting materials.

The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**295,681**	211,977
Share in the joint venture's results	**(38,084)**	(46,040)
Increase in the long term loan granted to the joint venture	**112,868**	129,744
Balance at the end of the year	**370,465**	295,681

The Group's share of the net assets of the joint venture is as follows:

	2008	2007
Assets	**152,264**	84,857
Liabilities	**(323,022)**	(217,530)
	(170,758)	(132,673)

The Group's share of the results of the joint venture is as follows:

	2008	2007
Revenues	**53,510**	44,545
Expenses	**(91,594)**	(90,585)
Net loss for the year	**(38,084)**	(46,040)

9. Capital work in progress

This represents mainly work in progress relating to foreign subsidiaries. The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**38,216,590**	16,875,572
Transfers from accounts receivable and other debit balances relating to advance payments	**55,934,302**	-
Additions	**138,681,339**	22,218,491
Transferred to fixed assets	**(1,145,547)**	-
Transferred to investment properties	**(3,771,166)**	-
Disposals	**(90,075)**	-
Foreign currency translation adjustments	**1,707,744**	(137,780)
Provisions against additions in Kuwait Free Trade Zone set off against contractual obligations	**(123,110)**	(739,693)
Interest capitalized on capital work in progress	**6,019,287**	-
Balance at the end of the year	**235,429,364**	38,216,590

10. Net amount due from Kuwait Ports Authority

	2008	2007
Due from Kuwait Ports Authority:		
Rehabilitation costs of properties (a)	**6,417,653**	6,417,653
Accrued interest on the balance (b)	**12,150,703**	9,565,539
	18,568,356	15,983,192
Rent due from Kuwait Ports Authority ©	**15,633,440**	15,633,440
Gross amount due from Kuwait Ports Authority before its share in rental income of Kuwait Free Trade Zone	**34,201,796**	31,616,632
Due to Kuwait Ports Authority:		
Gross share of Kuwait Ports Authority in rental income of Kuwait Free Trade Zone (d)	**7,566,312**	7,566,312
Less: Refunded share of the outstanding and unpaid rent of Kuwait Ports Authority (e)	**(637,756)**	(637,756)
Net share of Kuwait Ports Authority in rental income of Kuwait Free Trade Zone	**6,928,556**	6,928,556
Gross amount due from Kuwait Ports Authority after its share in rental income of Kuwait Free Trade Zone	**27,273,240**	24,688,076
Provision for doubtful debts (b,c,f)	**(27,273,240)**	(24,688,076)
	-	-

(a) According to clause number 11 in Kuwait Free Trade Zone management contract, if National Real Estate Company K.S.C. (the managing company) makes any rehabilitation for the properties according to the plan implemented by the Ministry of Commerce and Industry, then the managing company has the right to recover all the expenses it incurred for the rehabilitation work for those properties before accounting for the assigned share of Kuwait Ports Authority. These costs need to be approved by the Ministry of Commerce and Industry. In accordance with this clause and the letter from the Ministry of Commerce and Industry dated November 25, 1998, at which the Ministry approved the costs that amounted to KD 6,449,034; the managing company had charged the amounts incurred in the renovation and overhauling of some properties of Kuwait Ports Authority to its account, including borrowing costs that can be capitalized amounting to KD 73,122 and the interest for the bank loans amounting to KD 100,393 that can be capitalized for the period from the date of commencement of activities till December 31, 1999.

The actual rehabilitation costs incurred by the managing company for Kuwait Ports Authority properties amounted to KD 6,417,653. The Consulting Committee of the Free Zones had approved the rehabilitation costs of KD 5,033,000 during its meeting on January 23, 2002, for the period from May 30, 1998 till October 31, 2000.

(b) The managing company also computes interest on the monthly outstanding balance due from Kuwait Ports Authority at 10% per annum. Interest income recorded in the consolidated statement of income for the year ended December 31, 2008 amounted to KD 2,585,164 (December 31, 2007 – KD 2,340,122). The managing company has fully provided for this interest.

© Also, the balance due from Kuwait Ports Authority as of December 31, 2008 includes an amount of KD 15,633,440 (December 31, 2007 – KD 15,633,440) being the balance due for the rents of utilized properties by Kuwait Ports Authority in the Kuwait Free Trade Zone. The managing company has recorded a provision for those rents in the balance due from Kuwait Ports Authority.

(d) According to the management contract, 80% of the rent collected in the Kuwait Free Trade Zone from the existing properties that were handed over from Kuwait Ports Authority is assigned to it. As a result of resolution by the Ministry of Commerce and Industry mentioned below (f). The Parent Company has lost control over the assets and its management for Kuwait Free Trade Zone. So the share of Kuwait Ports Authority of rents was not accounted for years 2007 and 2008.

The 80% share relating to the outstanding and unpaid rent of Kuwait Ports Authority is deducted from the gross share of Kuwait Ports Authority in rental income of the Kuwait Free Trade Zone. In case of any settlement regarding those outstanding and unpaid rents, its relative share previously deducted will be refunded back to the share of Kuwait Ports Authority in rental income of Kuwait Free Trade Zone.

(f) As a result of the resolution issued by the Ministry of Commerce and Industry No. 507 / 2006 relating to the cancellation of the management contract of Kuwait Free Trade Zone with the managing company (Note 32f), the managing company has fully provided for the amount due from Kuwait Ports Authority on a conservatism approach and not as surrender to the validity of the cancellation resolution.

11. Fixed assets

	Leasehold improvements	Buildings, furniture, decorations, office equipment and motor vehicles	Total
Cost:			
At December 31, 2007	8,456,044	2,520,814	10,976,858
Additions	395,025	704,417	1,099,442
Disposals	-	(47,899)	(47,899)
Transfers from capital work in progress	-	1,145,547	1,145,547
At December 31, 2008	**8,851,069**	**4,322,879**	**13,173,948**
Accumulated depreciation:			
At December 31, 2007	1,452,361	1,615,631	3,067,992
Charge for the year	80,018	348,523	428,541
Related to disposals	-	(47,898)	(47,898)
Foreign currency translation adjustments	-	(3,839)	(3,839)
At December 31, 2008	**1,532,379**	**1,912,417**	**3,444,796**
Provision relating to cancellation of management's contract of Kuwait Free Trade Zone	(6,618,463)	(56,834)	(6,675,297)
Net book value:			
At December 31, 2008	**700,227**	**2,353,628**	**3,053,855**
At December 31, 2007	385,220	848,349	1,233,569

"Leasehold improvements" mainly represent the improvements made by the Parent Company for the infrastructure in the Kuwait Free Trade Zone, and its depreciation was over the period of management contract for the Kuwait Free Trade Zone. As a result of the resolution relating to the cancellation of the management contract of Kuwait Free Trade Zone with the managing company, the managing company has made a provision for the full amount of infrastructure work on a conservatism approach and not as a surrender to the validity of the cancellation of the contract.

12. Investment properties

The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**66,411,513**	65,922,172
Additions	**1,231,936**	933,936
Transferred from capital work in progress	**3,771,166**	-
Change in fair value of investment properties	**(4,734,468)**	(444,595)
Balance at the end of the year	**66,680,147**	66,411,513

The investment properties are valued by an independent valuer. Properties that are built on land rented from others are valued using the discounted cash flow method.

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 session dated June 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 Supreme Court, at which legal proceedings are currently in progress.

13. Accounts payable and other credit balances

	2008	2007
Current portion		
Revenue received in advance	**1,212,102**	846,350
Refundable deposits from tenants	**1,919,513**	1,972,074
Retentions	**329,577**	-
Payable to contractors	**455,576**	1,561,114
Due to a portfolio manager	**-**	1,709,613
Dividend payable to shareholders	**1,845,618**	1,760,475
Accrued expenses	**3,944,486**	4,711,449
Accrued interest (a)	**554,473**	164,493
Payable to Kuwait Foundation for the Advancement of Sciences	**-**	20,505
Payable for National Labor Support Tax	**-**	70,401
Payable for Zakat	**-**	1,830
Payable for Board of Directors' remuneration	**-**	70,000
Payable for purchase of lands for capital work in progress	**22,915,252**	-
Other payables	**5,008,685**	1,785,350
Total current portion	**38,185,282**	14,673,654
Non current portion		
Revenue received in advance	**7,337,379**	5,438,866
Retentions	**346,900**	-
Payable to contractors	**-**	968,585
Accrued expenses	**6,234,066**	5,265,400
Provision for contractual obligations	**790,432**	913,542
Payable for purchase of lands for capital work in progress	**82,234,812**	-
Other payables	**943,164**	650,883
Total non current portion	**97,886,753**	13,237,276
	136,072,035	27,910,930

a) Accrued interest is normally settled quarterly to semi – annually.

b) There is no material difference between the fair value and the book value of accounts payable and other credit balances.

14. Bank facilities

	Currency	2008	2007
Current			
Overdraft facility from a local bank carrying an interest rate of 1.75% per annum over the Central Bank of Kuwait discount rate repayable on April 23, 2009.	KD	**8,883,405**	7,056,521
Overdraft facility from a local bank carrying an interest rate of 2% per annum over the Central Bank of Kuwait discount rate repayable on April 1, 2009.	KD	**585,327**	1,010,321
Term loan from a local bank carrying an interest rate of 1% per annum over the Central Bank of Kuwait discount rate, repaid on March 2008.	KD	-	975,000
Term loan from a local bank carrying an interest rate of 0.75% per annum over the Central Bank of Kuwait discount rate, repaid on March 2008.	KD	-	272,732
Revolving multi currency loans from a local bank carrying an interest rate of 1.75% per annum over the Central Bank of Kuwait discount rate for KD loans, repayable on April 23, 2009.	KD	**30,000,000**	69,687,854
Revolving loan from a local bank carrying an interest rate of 2.5% per annum over the Central Bank of Kuwait discount rate, repayable on April 1, 2009.	KD	**28,000,000**	-
Revolving multi currency loan from an International Bank carrying an interest rate of 1.5% per annum over the LIBOR out off which 50% is repayable on March 26, 2009 and 50% is repayable on June 24, 2009	USD	**16,587,000**	8,205,000
Revolving multi currency loan from an International Bank carrying an interest rate of 1.5% per annum over the KIBOR repaid on December 24, 2008.	KD	-	8,600,000
Total current portion of bank facilities		**84,055,732**	95,807,428
Non-current			
Term loan from a local bank against a pledge of certain shares of the Group's investment in The Public Warehousing Co. K.S.C. (Agility) carrying an interest rate of 2.25% per annum over the Central Bank of Kuwait discount rate, maturing in June 28, 2013 and repayable on 11 equal quarterly installments of KD 2,916,667 each and a balloon payment of KD 37,916,663.	KD	**70,000,000**	-
Parent company's share of a multi currency term loan from an international bank secured by a general mortgage over the joint venture's assets (Mediterranean Investments Holding P.L.C. and its subsidiaries) subject to floating interest rates. As of December 31, 2008, the effective interest rate on Libyan Dinar borrowings amounted to 6%, whilst the effective interest rate on Euro borrowings amounted to 2.5% over 3 months EURIBOR. These borrowings are 70% repayable on equal installments starting July 8, 2010, the balance of 30% is due on March 18, 2014.	Libyan Dinar / Euro	**2,500,578**	-
Term loan from a local bank carrying an interest rate of 1.25% per annum over the Central Bank of Kuwait discount rate, repaid on August 1, 2008	KD	-	19,000,000
Total non-current portion of bank facilities		**72,500,578**	19,000,000
Total bank facilities		**156,556,310**	114,807,428

Bank facilities amounting to KD 66,883,405 have been secured by promissory notes amounting to KD 122,000,000.

As at December 31, 2008, the Group had available KD 62,324,440 (2007 – KD 13,225,625) of undrawn bank facilities in respect of which all conditions precedent had been met.

The carrying amounts of the bank facilities approximate their fair value.

15. Bonds

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

Currency	Interest rate	Repayable by	2008	2007
Euro (A)	7.5%	December 4, 2014	**2,943,885**	3,031,500
Euro (B)	7.5%	August 4, 2015	**3,872,839**	-
			6,816,724	3,031,500

The movement during the year is as follows:

	2008	2007
Balance at the beginning of the year	**3,031,500**	-
Additions	**3,922,234**	3,031,500
Amortization of transaction cost	**429**	-
Foreign currency translation adjustments	**(137,439)**	-
Balance at the end of the year	**6,816,724**	3,031,500

During the year ended December 31, 2007, Mediterranean Investments Holding P.L.C. (joint venture) issued bonds of a nominal value of € 15,000,000 (KD 6,063,000) as if they weren't redeemed earlier as per the redemption option given within the issuance terms, they will be redeemed at face value 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.

During the year ended December 31, 2008, Mediterranean Investments Holding P.L.C. (joint venture) issued a seven year bond of € 15,000,000 carrying an interest rate of 7.5% and maturing on August 4, 2015 subject to an over allotment option for a further amount of € 5,000,000, The joint venture exercised its over allotment option, thereby increasing the allotment to € 20,000,000.

In addition to the above, the issuer reserves the right to redeem all of the above bonds at any point of time post issuance date.

16. Provision for end of service indemnity

	2008	2007
Balance at the beginning of the year	**611,934**	574,910
Charge for the year	**195,518**	151,521
Paid during the year	**(67,399)**	(114,497)
Balance at the end of the year	**740,053**	611,934

17. Share capital

The authorized, issued and fully paid-up share capital consists of 814,195,060 shares (2007 – 740,177,330 shares) of 100 fils each.

18. Treasury shares

	2008	2007
Number of treasury shares	**38,188,251**	31,749,297
Percentage of issued and paid up shares (%)	**4.69**	4.29
Market value (KD)	**9,012,427**	15,557,156
Cost (KD)	**7,015,148**	5,554,583

19. Statutory reserve

As required by the Commercial Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend up to 5% of paid-up share capital in years when accumulated profits are not sufficient to secure the payment of such a dividend.

20. General and administrative expenses

	2008	2007
Cleaning and maintenance	**(809,062)**	(830,719)
Security	**(188,506)**	(191,984)
Utilities	**(267,202)**	(246,164)
Insurance	**(69,308)**	(40,765)
Land lease and office rent	**(1,229,717)**	(1,154,150)
Legal fees	**(988,225)**	(806,998)
Subscriptions and communication	**(173,961)**	(149,083)
Advertising and marketing	**(870,106)**	(521,841)
Printing and stationary	**(72,114)**	(39,976)
Business travel	**(207,573)**	(166,762)
Bank charges	**(42,085)**	(28,286)
Company incorporation charges	**(230,508)**	(289,889)
Share of Maastricht School of Management – Netherlands (relating to revenue of a subsidiary)	**(252,945)**	(277,497)
Others	**(3,513,863)**	(2,018,339)
	(8,915,175)	(6,762,453)

21. Net investment income

	2008	2007
Dividend income	**722,097**	210,031
Unrealized loss from investments at fair value through income statement	**(430,654)**	(320,030)
Realized gain on sale of investments at fair value through income statement	**119,110**	-
Realized gain on partial sale of investment in an associate	**2,683,011**	8,443,219
Realized gain on sale of investments available for sale	**360,723**	970,785
	3,454,287	9,304,005

22. Other income

	2008	2007
Foreign exchange (loss) gain	(30,842)	397,248
Promotional income	175,577	182,646
Service income – programs and courses fee	1,234,267	1,136,646
Service and registration income - Other	242,459	208,317
Consultancy fees	8,095	1,528,044
Gain from money market funds	35,556	57,024
Gain on partial disposal of investment property	9,475	-
Gain on sale of fixed assets	9,999	1,360
Accrued expenses no longer required	942,005	-
Miscellaneous	546,345	436,249
	3,172,936	3,947,534

23. Interest income

Interest from:	2008	2007
Call accounts	224,990	122,926
Short term deposits	446,296	299,977
Current account with a related party	123,221	26,833
Current account with a joint venture	29,709	24,314
Balance due from Kuwait Ports Authority	2,585,164	2,340,122
	3,409,380	2,814,172

24. Interest expense

Interest on:	2008	2007
Overdrafts	(641,760)	(503,761)
Term loans	(2,519,594)	(4,735,828)
Bonds	(175,756)	(20,791)
	(3,337,110)	(5,260,380)

25. Provisions

	2008	2007
Provision relating to advance payments for purchase of an investment property in Iraq	(1,096,347)	-
Provision for bad debts related to accounts receivable and other debit balances	(288,060)	(9,474)
Provision for interest income due on the balance due from Kuwait Ports Authority (Note 10b)	(2,585,164)	(2,340,122)
	(3,969,571)	(2,349,596)

26. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences 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. The calculation of Kuwait Foundation for the Advancement of Sciences is as follows:

	2008	2007
Profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors remuneration	**18,291,821**	39,183,844
(Deduct) Share of results from a subsidiary subject to KFAS	**(1,201,525)**	(704,666)
(Deduct) Share of results from an associate subject to KFAS	**(31,729,383)**	(36,200,861)
	(14,639,087)	2,278,317
(Deduct) the transfer to statutory reserve	**(1,829,182)**	(227,832)
	(16,468,269)	2,050,485
KFAS rate	**1%**	1%
	-	20,505

No contribution has been provided since there was no profit on which KFAS could be calculated.

27. National Labor Support Tax (NLST)

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. National Labor Support Tax has not been calculated for the year ended December 31, 2008 since there was no profit on which National Labor Support Tax could be calculated.

28. Zakat

Contribution to Zakat is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates in accordance with Ministry of Finance resolution No. 58/2007 effective December 10, 2007. No Zakat has been provided since there was no profit on which Zakat could be calculated.

29. Earnings per share

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

	2008	2007 (Restated)
Net profit for the year attributable to equity holders of the Parent Company	**18,291,821**	39,021,108

	2008 Shares	2007 Shares
Number of issued and fully paid-up shares at beginning of the year	**740,177,330**	740,177,330
Add: Bonus shares	**74,017,733**	74,017,733
Less: Weighted average number of treasury shares	**(35,125,080)**	(36,619,001)
Weighted average number of share outstanding	**779,069,983**	777,576,062

	Fils	Fils
Earnings per share attributable to equity holders of the Parent Company	**23.48**	50.18

Basic earnings per share for the year ended December 31, 2007 before restatement for the issue of bonus shares amounted to 55.22 fils.

30. Related party balances and transactions

Related parties represent main 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 venture	Others	2008	2007
(i) Balances included in the consolidated balance sheet:							
Accounts receivable and other debit balances	**548,800**	**593,000**	**767,547**	**-**	**1,955,516**	**3,864,863**	2,008,630
Long term loan	**-**	**-**	**-**	**541,223**	**-**	**541,223**	-
Accounts payable and other credit balances	**23,063**	**-**	**-**	**-**	**-**	**23,063**	20,743
(ii) Transactions included in the consolidated statement of income							
Rental income	**470,947**	**-**	**-**	**-**	**-**	**470,947**	470,911
Other income	**(19,841)**	**-**	**-**	**-**	**-**	**(19,841)**	353,818
Interest income	**35,137**	**-**	**-**	**29,709**	**88,084**	**152,930**	51,147
General and administrative expenses	**(233,716)**	**-**	**-**	**-**	**-**	**(233,716)**	(186,757)

	2008	2007
(iii) Key management compensation:		
Short term benefits	**1,047,359**	1,197,865
Termination benefits	**38,700**	24,577
Board of Directors' remuneration	**70,000**	70,000

31. Working capital

	2008	2007
Current assets:		
Cash and cash equivalents	**16,678,195**	12,959,872
Investment at fair value through income statement	**-**	2,688,041
Accounts receivable and other debit balances	**6,572,404**	11,749,628
Quoted investments available for sale	**11,269,350**	8,418,665
Total current assets	**34,519,949**	35,816,206
Current liabilities:		
Accounts payable and other credit balances	**(38,185,282)**	(14,673,654)
Bank facilities	**(84,055,732)**	(95,807,428)
Total current liabilities	**(122,241,014)**	(110,481,082)
Working capital	**(87,721,065)**	(74,664,876)

The Group's current liabilities exceed its current assets by an amount of KD 87,721,065. The consolidated financial statements have been prepared assuming the Group will continue as a going concern. The consolidated financial statements do not include any adjustment that might result from the outcome of the uncertainty.

The Group's going concern assumption relies on necessary support from financial institutions, shareholders as well as the Group's ability to promote its cash inflows. The Group's management is currently negotiating its renewals or restructures of borrowings from the respective financial institutions as well as availing new facilities.

As of the balance sheet date, the Group had undrawn outstanding credit facilities of KD 62,324,440. In the Group's management opinion, its lender financial institutions will renew the Group's outstanding borrowings on their respective due dates considering the quality of the Group's assets and the stability of its cash inflows, and that the major shareholders of the Parent Company as well as the associates will provide necessary support, if needed, to enhance the Group's cash inflows.

32. Contingencies and capital commitments

a) At December 31, 2008, the Group's management authorized capital commitments amounting to KD 15,677,501 (2007 – KD 136,044,244).

b) At December 31, 2008, the Group's capital commitment stated above include capital expenditure arising from the Parent Company's interest in Mediterranean Investment Holding Co. P.L.C. (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 6,476,250 (2007 – KD 8,407,360).

(ii) Capital expenditure authorized by the board of directors of the joint venture but has not yet been contracted for amounted to KD 1,373,750 (2007 – KD 4,567,460).

c) At December 31, 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:

	2008	2007
Letters of guarantee	**418,560**	540,181
Letters of credit	**412,368**	15,703
	830,928	555,884

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 compensation claim was rebuffed. 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 Ministry of Justice which is still looking into the case at which a session is set for that case on April 14, 2009.

As per the opinion of the managing company's external legal counsel hearing, 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.

33. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, investments, receivables, net amount due from Kuwait Ports Authority, payables, bank facilities and bonds and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents, receivables and net amount due from Kuwait Ports Authority. The Group's cash and cash equivalents are placed with high credit rating financial institutions. Receivables are presented net of allowance for doubtful debts.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, receivables and net amount due from Kuwait Ports Authority.

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 ensures adequate balances are maintained in cash and cash equivalents or other investments that are readily realizable.

a) The maturity profile of financial liabilities was as follows:

	2008					
Financial liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Accounts payable and other credit balances	**1,152,115**	**4,599,973**	**32,433,194**	**94,826,986**	**3,059,767**	**136,072,035**
Bank facilities	**-**	**36,293,500**	**47,762,233**	**72,500,577**	**-**	**156,556,310**
Bonds	**-**	**-**	**-**	**-**	**6,816,724**	**6,816,724**
	1,152,115	**40,893,473**	**80,195,427**	**167,327,563**	**9,876,491**	**299,445,069**

	2007					
Financial liabilities	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Accounts payable and other credit balances	618,964	2,240,224	7,575,025	17,455,926	20,791	27,910,930
Bank facilities	415,910	9,431,822	104,959,696	-	-	114,807,428
Bonds	-	-	-	-	3,031,500	3,031,500
	1,034,874	11,672,046	112,534,721	17,455,926	3,052,291	145,749,858

b) The analysis of the Group's contingent liabilities and capital commitments by remaining contractual maturities was as follows:

	2008					
Contingent Liabilities	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 – 5 years**	**Over 5 years**	**Total**
Letters of guarantee	**-**	**-**	**418,569**	**-**	**-**	**418,569**
Letters of credit	**-**	**-**	**412,368**	**-**	**-**	**412,368**
Capital commitments	**384,379**	**3,281,548**	**6,587,308**	**5,255,066**	**169,200**	**15,677,501**
	384,379	**3,281,548**	**7,418,245**	**5,255,066**	**169,200**	**16,508,438**

	2007					
Contingent Liabilities	Up to 1 month	1 - 3 months	3 - 12 months	1 – 5 years	Over 5 years	Total
Letters of guarantee	-	-	540,181	-	-	540,181
Letters of credit	-	-	15,703	-	-	15,703
Capital commitments	450,727	2,854,416	23,308,739	96,532,087	12,898,275	136,044,244
	450,727	2,854,416	23,864,623	96,532,087	12,898,275	136,600,128

Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are re-priced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit (through the impact on short term deposits, floating rate borrowings and bonds). There is no impact on Group's equity regarding this matter.

Year	Increase / (Decrease) in interest rate	Balance on December 31	Effect on profit
2008			
Short term deposits	**± 50 basis points**	**± 9,997,234**	±49,986
Overdrafts	**± 50 basis points**	**± (9,468,732)**	±47,344
Loans	**± 50 basis points**	**± (147,087,578)**	±735,438
Bonds	**± 50 basis points**	**± (6,816,724)**	±34,084
2007			
Short term deposits	± 50 basis points	± 3,458,289	±17,291
Overdraft	± 50 basis points	± (8,066,842)	±40,334
Loans	± 50 basis points	± (106,740,586)	±533,703
Bonds	± 50 basis points	± (3,031,500)	±15,158

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between other currencies and Kuwaiti Dinar:

Currencies	Change in foreign currency rate	Effect on profit	Effect on equity
2008			
US Dollar	**±5%**	**± (798,976)**	**±126**
Euro	**±5%**	**± (131,632)**	**±6,131**
UAE Dirham	**±5%**	**± (2,096,403)**	**±35,949**
Qatari Riyal	**±5%**	**±108**	**±58,243**
Jordanian Dinar	**±5%**	**±196,650**	**-**
Egyptian Pound	**±5%**	**± (3,443,449)**	**-**
Others	**±5%**	**±53,343**	**-**
2007			
US Dollar	±5%	±(492,651)	±6,960
Euro	±5%	±76,259	±49,095
UAE Dirham	±5%	±1,605,537	±102,890
Qatari Riyal	±5%	±7,187	±151,244
Jordanian Dinar	±5%	±221,693	-
Egyptian Pound	±5%	±1,324,539	-
Others	±5%	±12,908	-

Equity price risk

Equity price risk is a risk that the value of a financial instrument will fluctuate as a result of changes in the level of equity indices and the value of individual stocks, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The equity price risk exposure arises from the Group's investment in equity securities classified as 'at fair value through income statement' and 'available for sale'.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments:

	2008			2007		
Market indices	**Change in equity price %**	**Effect on profit**	**Effect on equity**	Change in equity price %	Effect on profit	Effect on equity
Kuwait Stock Exchange	**±5%**	**-**	**±301,651**	±5%	±103,153	±93,510
Doha Securities Market	**±5%**	**-**	**±58,243**	±5%	-	±151,244
Abu Dhabi Securities Market	**±5%**	**-**	**±35,949**	±5%	-	± 102,890
NASDAQ	**±5%**	**-**	**±4,791**	±5%	±31,245	-
Malta Stock Exchange	**±5%**	**-**	**±90,100**	±5%	-	±49,095

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. At December 31, the fair values of financial instruments approximate their carrying amounts.

34. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2008	2007
Bank facilities	**156,556,310**	114,807,428
Bonds	**6,816,724**	3,031,500
Less: cash and cash equivalents	**(16,678,195)**	(12,959,872)
Net debt	**146,694,839**	104,879,056
Total equity	**232,763,631**	249,914,105
Total capital resources	**379,458,470**	354,793,161

35. Proposed dividend and General Assembly

The Board of Directors of the Parent Company proposed no cash dividends or bonus shares for the year ended December 31, 2008.

Shareholders' 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 for the year ended December 31, 2007. 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.

The Parent Company's board of directors proposed cancellation of such capital increase, this proposal is subject to the approval of the Parent Company's General Assembly.

36. 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 geographical segments information are as follows:

	2008						2007					
	Kuwait	**GCC**	**Asia**	**Africa**	**Others**	**Total**	Kuwait	GCC	Asia	Africa	Others	Total
Cash on hand & at banks and money market funds	**3,236,055**	**899,160**	**1,341,882**	**600,164**	**603,700**	**6,680,961**	1,231,757	-	458,075	4,449,408	3,362,343	9,501,583
Bank deposits	**1,102,501**	**-**	**349,666**	**4,095,487**	**4,449,580**	**9,997,234**	1,040,454	-	2,227,797	190,038	-	3,458,289
Advances for real estate investments	**-**	**-**	**-**	**-**	**-**	**-**	-	33,152,062	-	27,397,813	-	60,549,875
Other receivables and debit balances	**7,474,193**	**784,698**	**3,179,338**	**632,495**	**1,215,359**	**13,286,083**	5,373,790	433,920	3,111,589	12,683	1,708,639	10,640,621
Total Accounts receivable & other debit balances	**7,474,193**	**784,698**	**3,179,338**	**632,495**	**1,215,359**	**13,286,083**	5,373,790	33,585,982	3,111,589	27,410,496	1,708,639	71,190,496
Investments at fair value through income statement	**-**	**-**	**-**	**-**	**-**	**-**	2,063,148	-	-	-	624,893	2,688,041
Investments available for sale	**14,734,713**	**3,310,500**	**-**	**-**	**1,562,458**	**19,607,670**	9,854,499	6,559,635	-	-	1,460,892	17,875,026
Investment in associates	**177,842,974**	**-**	**-**	**-**	**-**	**177,842,974**	185,405,109	-	-	-	-	185,405,109
Investment in a joint venture	**370,465**	**-**	**-**	**-**	**-**	**370,465**	295,681	-	-	-	-	295,681
Capital work in process	**2,805,804**	**94,387,434**	**23,717,480**	**100,123,002**	**14,395,643**	**235,429,364**	2,629,747	4,043,089	20,975,240	2,412,451	8,156,064	38,216,590
Fixed Assets	**2,031,383**	**-**	**848,325**	**147,024**	**27,123**	**3,053,855**	886,481	-	150,185	163,369	33,534	1,233,569
Investment properties	**66,520,002**	**160,145**	**-**	**-**	**-**	**66,680,147**	66,251,368	160,145	-	-	-	66,411,513
Total assets	**276,118,090**	**99,541,937**	**29,436,692**	**105,598,172**	**22,253,863**	**532,948,753**	275,032,034	44,348,851	26,922,886	34,625,762	15,346,365	396,275,897
Bank facilities	**154,055,731**	**-**	**-**	**-**	**9,317,303**	**163,373,034**	114,807,428	-	-	-	3,031,500	117,838,928
Other liabilities	**17,241,783**	**43,239,750**	**672,994**	**73,571,727**	**2,085,834**	**136,812,088**	26,998,224	-	541,214	470,408	513,018	28,522,864
Total liabilities	**171,297,514**	**43,239,750**	**672,994**	**73,571,727**	**11,403,137**	**300,185,122**	141,805,652	-	541,214	470,408	3,544,518	146,361,792

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 in the accompanying consolidated financial statements.

37. Comparative figures

Certain prior year amounts have been reclassified to conform to the current year's presentation.