Kuwait Finance and Investment Company K.S.C. (Closed)
and its subsidiaries

Interim Condensed Consolidated Financial Information
And review Report
30 September 2008
(Unaudited)

PRICEWATERHOUSECOOPERS

AL-HUMAIDI & PARTNERS
Independent Member of Baker Tilly International

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Kuwait Finance and Investment Company K.S.C (Closed)
Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation as disclosed in Note (2).

Report on Review of Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the nine month period ended 30 September 2008 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations during the nine month period ended 30 September 2008 of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business and its related regulations.

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Kuwait
19 November 2008

Kuwait Finance and Investment Company K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Balance Sheet as at 30 September 2008
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 September 2008	31 December 2007 (Audited)	30 September 2007
ASSETS				
Cash and cash equivalents	3	4,344,416	5,547,387	4,386,818
Investments at fair value through profit or loss	4	50,290,075	69,863,210	37,739,527
Finance receivables	5	93,794,628	94,347,910	99,433,532
Investments available for sale	6	49,242,377	22,890,438	45,520,346
Investment in unconsolidated subsidiary		-	-	13,666,076
Investment in associate	7	7,620,738	-	-
Other assets		5,820,023	5,201,198	10,845,182
Property and equipment		943,307	947,040	714,857
Intangible assets	8	24,735,166	24,745,141	24,748,466
TOTAL ASSETS		236,790,730	223,542,324	237,054,804
LIABILITIES AND EQUITY				
LIABILITIES				
Bank overdraft	3	12,217,930	9,213,370	6,047,169
Term loans	9	120,936,666	81,306,333	108,400,083
Bonds		21,447,229	21,419,292	21,409,979
Other liabilities	10	8,713,532	4,975,104	4,457,468
		163,315,357	116,914,099	140,314,699
EQUITY				
Share capital	11	41,930,970	34,942,475	34,942,475
Share premium		2,210,849	2,210,849	2,210,849
Treasury shares	12	(12,125,399)	(5,316,181)	(2,410)
Statutory reserve		8,948,771	8,948,771	6,681,717
General reserve		7,704,302	7,704,302	5,752,124
Changes in fair value reserve		(9,790,669)	(216,106)	1,465,387
Treasury shares reserve		93,278	85,410	85,410
Foreign currency translation reserve		(896,216)	15,038	-
Reserve resulted from increasing the holding of subsidiaries	17	130,781	-	-
Retained earnings		19,835,199	29,636,168	34,901,230
Equity attributable for the parent company's shareholders		58,041,866	78,010,726	86,036,782
Non controlling interest		15,433,507	28,617,499	10,703,323
Total equity		73,475,373	106,628,225	96,740,105
TOTAL LIABILITIES AND EQUITY		236,790,730	223,542,324	237,054,804

The attached notes form an integral part of this interim condensed consolidated financial information.

Saleh Yacoub Al Homaizi
Chairman

Sana Jumah
Chief Executive Officer

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2008
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2008	2007	2008	2007
Revenues					
Finance income		3,023,191	2,850,232	9,358,252	8,162,928
Investments (losses)/ income	13	(2,431,285)	1,690,634	4,326,682	16,677,343
Group's share in associate's results		52,556	-	52,556	-
Gain from sale of investment properties		-	500,000	-	500,000
Management and advisory fees		1,056,956	2,148,324	5,059,510	6,661,758
Net brokerage commissions		565,627	973,063	2,381,860	2,083,070
Other income		33,333	68,419	336,983	251,734
		2,300,378	8,230,672	21,515,843	34,336,833
Expenses					
Staff expenses		850,784	440,121	2,053,264	1,295,379
Depreciation and amortization		115,304	70,239	324,427	196,206
Marketing expenses		99,123	137,926	203,113	316,934
Other operating expenses		651,568	247,086	1,763,118	1,002,794
Provisions		260,970	187,157	779,794	392,496
Finance cost		3,113,049	2,729,755	8,152,893	6,792,681
Contribution to Kuwait Foundation for the Advancement of Science (KFAS)		(15,927)	31,045	59,418	199,750
National Labour Support Tax		(46,106)	86,235	163,760	554,861
Zakat charges		(17,171)	-	55,983	-
		5,011,594	3,929,564	13,555,770	10,751,101
Net (loss)/ profit for the period		(2,711,216)	4,301,108	7,960,073	23,585,732
Attributable to:					
Shareholders of the Parent Company		(1,765,035)	3,961,955	7,327,518	22,834,659
Non controlling interest		(946,181)	339,153	632,555	751,073
Net (loss)/ profit for the period		(2,711,216)	4,301,108	7,960,073	23,585,732
Basic (losses)/ earnings per share (fils)	14	(4)	10	18	55
Diluted (losses)/ earnings per share (fils)	14	(4)	-	16	-

The attached notes form an integral part of this interim condensed consolidated financial information.

Kuwait Finance and Investment Company K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2008
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity of the Parent Company's shareholders												
	Share capital	Share premium	Treasury shares	Statutory reserve	General reserve	Change in fair value reserve	Treasury shares reserve	Foreign currency translation reserve	Reserve resulted on increasing the holding of subsidiaries	Retained earnings	Total	Non-controlling interest	Total
Balance as of 1 January 2007	30,384,761	2,210,849	(5,556,022)	6,681,717	5,752,124	3,015,552	1,094,117	-	-	31,751,416	75,334,514	-	75,334,514
Acquisition of portions in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	9,952,250	9,952,250
Change in fair value of available for sales investments	-	-	-	-	-	357,148	-	-	-	-	357,148	-	357,148
Transferred to the statements of income on sales of investments	-	-	-	-	-	(1,907,313)	-	-	-	-	(1,907,313)	-	(1,907,313)
Loss recognized directly in equity	-	-	-	-	-	(1,550,165)	-	-	-	-	(1,550,165)	-	(1,550,165)
Net profit for the period	-	-	-	-	-	-	-	-	-	22,834,659	22,834,659	751,073	23,585,732
Total recognized (losses)/ profits	-	-	-	-	-	(1,550,165)	-	-	-	22,834,659	21,284,494	751,073	22,035,567
Issue of bonus shares	4,557,714	-	-	-	-	-	-	-	-	(4,557,714)	-	-	-
Cash dividends for 2006	-	-	-	-	-	-	-	-	-	(15,127,131)	(15,127,131)	-	(15,127,131)
Purchase of treasury shares	-	-	(17,716,583)	-	-	-	-	-	-	-	(17,716,583)	-	(17,716,583)
Sale of treasury shares	-	-	23,270,195	-	-	-	(1,008,707)	-	-	-	22,261,488	-	22,261,488
Balance as of 30 September 2007	34,942,475	2,210,849	(2,410)	6,681,717	5,752,124	1,465,387	85,410	-	-	34,901,230	86,036,782	10,703,323	96,740,105
Balance as of 1 January 2008	34,942,475	2,210,849	(5,316,181)	8,948,771	7,704,302	(216,106)	85,410	15,038	-	29,636,168	78,010,726	28,617,499	106,628,225
Change in fair value of available for sales investments	-	-	-	-	-	(10,285,737)	-	-	-	-	(10,285,737)	(779,391)	(11,065,128)
Transferred to the statement of income resulted on impairment in fair value	-	-	-	-	-	526,820	-	-	-	-	526,820	-	526,820
Transfer to the statement of income on sales of investments	-	-	-	-	-	184,354	-	-	-	-	184,354	-	184,354
Reserve resulted on increasing the holding of subsidiary (Note 17)	-	-	-	-	-	-	-	-	130,781	-	130,781	-	130,781
Loss on foreign currency translation	-	-	-	-	-	-	-	(911,254)	-	-	(911,254)	(217,754)	(1,129,008)
Gain on sale of treasury shares	-	-	-	-	-	-	7,868	-	-	-	7,868	-	7,868
(Loss)/ profit recognized directly in equity	-	-	-	-	-	(9,574,563)	7,868	(911,254)	130,781	-	(10,347,168)	(997,145)	(11,344,313)
Net profit for the period	-	-	-	-	-	-	-	-	-	7,327,518	7,327,518	632,555	7,960,073
Total recognized (losses)/ profit	-	-	-	-	-	(9,574,563)	7,868	(911,254)	130,781	7,327,518	(3,019,650)	(364,590)	(3,384,240)
Purchase of shares in subsidiary (Note 17)	-	-	-	-	-	-	-	-	-	-	-	(12,759,402)	(12,759,402)
Issue of bonus shares	6,988,495	-	-	-	-	-	-	-	-	(6,988,495)	-	-	-
Cash dividends for 2007 (Note 15)	-	-	-	-	-	-	-	-	-	(10,139,992)	(10,139,992)	(60,000)	(10,199,992)
Purchase of treasury shares	-	-	(8,906,248)	-	-	-	-	-	-	-	(8,906,248)	-	(8,906,248)
Sale of treasury shares	-	-	2,097,030	-	-	-	-	-	-	-	2,097,030	-	2,097,030
Balance as of 30 September 2008	41,930,970	2,210,849	(12,125,399)	8,948,771	7,704,302	(9,790,669)	93,278	(896,216)	130,781	19,835,199	58,041,866	15,433,507	73,475,373

The attached notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2008 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	2008	2007
Operating Activities			
Net profit for the period		7,960,073	23,585,732
Adjustments:			
Available for sale investments income		(1,019,285)	(5,665,154)
Group's share in associate's results		(52,556)	-
Negative goodwill resulted from acquisition of subsidiary		-	(5,482,752)
Gain on sale of investment properties		-	(500,000)
Depreciation and amortisation		324,427	196,206
Provisions		779,794	392,496
Finance cost		8,152,893	6,792,681
Amortisation of bond issue fees		27,937	27,937
Operating profit before changes in operating assets and liabilities		16,173,283	19,347,146
Finance receivables		(226,512)	(8,488,262)
Investments at fair value through profit and loss		(11,539,115)	6,884,055
Other assets		(618,825)	(1,065,741)
Other liabilities		(1,149,255)	(1,882,848)
Net cash generated from operating activities		2,639,576	14,794,350
Investing Activities			
Purchase of property and equipment		(387,159)	(119,544)
Proceeds from sale of property and equipment		76,440	-
Paid for acquisition of additional shares in a subsidiary	17	(12,628,621)	-
Dividends received		570,297	212,166
Paid to acquire an associate		(3,784,091)	-
Purchase of investment properties		-	(5,250,000)
Purchase of shares in unconsolidated subsidiaries		-	(13,666,076)
Acquisition of a subsidiary		-	(12,013,965)
Purchase of available for sale investments		(24,455,149)	(63,047,011)
Proceeds from sale of available for sale investments		19,310,494	59,507,801
Net cash used in investing activities		(21,297,789)	(34,376,629)
Financing Activities			
Term loans		39,630,333	40,444,583
Finance cost paid		(8,238,309)	(6,792,681)
Purchase of treasury shares		(8,906,248)	(17,716,583)
Sale of treasury shares		2,104,898	22,261,488
Dividends paid		(10,139,992)	(15,127,131)
Net cash generated from financing activities		14,450,682	23,069,676
(Decrease)/ increase in cash and cash equivalents		(4,207,531)	3,487,397
Cash and cash equivalents at beginning of period		(3,665,983)	(5,147,748)
Cash and cash equivalents at end of period	3	(7,873,514)	(1,660,351)

The attached notes form an integral part of this interim condensed consolidated financial information.

1. Parent Company's activities

Kuwait Finance and Investment Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti closed Shareholding Company incorporated on 29 March 2000 in accordance with Commercial Companies Law No. 15 of 1960. The Parent Company is regulated by the Central Bank of Kuwait as an investment Company.

The Parent Company is principally engaged in consumer and commercial financing activities and managing funds and portfolios on behalf of other parties and investing of shares and consulting services. Its registered office is in Building No. 2, Rashid Salim Ali Al-Rashid Building, Murqab, Kuwait City.

The interim condensed consolidated financial information include the financial information of the Parent Company and its subsidiary "KFIC Financial Brokerage" (Formerly Al Ahliya Financial Brokerage Company K.S.C.C) and its fund "KFIC Private Equity Fund" together referred to as "The Group".

	Activity	Ownership		
		30 September 2008	31 December 2007	30 September 2007
KFIC Financial Brokerage (Formerly Al Ahliya Financial Brokerage Company K.S.C.C.)	Brokerage	94%	65%	65%
KFIC Private Equity Fund – WLL	Investment	66.97%	54.7%	-

The interim condensed consolidated financial information of Kuwait Finance and Investment Company K.S.C (Closed) for the period ended 30 September 2008 were authorized for issue by the Board of Directors on 19 November 2008.

2. Basis of preparation

- This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34), "Interim Financial Reporting".

  The provision for impairment in finance receivables is determined according to Central Bank of Kuwait requirements in respect of the specific provisions. Further, the Central Bank of Kuwait requires creation of a general provision on all credit facilities not subject to specific provisions after disposal of some categories of guarantee that are under instruction of Central Bank of Kuwait.

  In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the financial information. The operating results for the nine month period ended 30 September 2008 are not necessarily indicative of the results that may be expected for the year ending 31 December 2008.

  The interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards as adopted in the State of Kuwait for financial institutions regulated by the Central Bank of Kuwait. For further information, refer to the financial statements and notes thereto for the year ended 31 December 2007.

  The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with International Financial Reporting Standards as adopted in Kuwait for financial institutions regulated by the Central Bank of Kuwait, except for the following:

2.1 Early adoption of some International Standards

- IFRS 3 (Revised) "Business Combination" has been early adopted by the group in 2008. The revised standard continues to apply the purchase method to account for business combinations, with some significant changes.

- IAS 27 (Revised) "Consolidated Financial Statements", as the group has early adopted this standard in the same time of adopting IFRS 3 (Revised) "Business Combination". IAS 27 (Revised) requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost when any remaining interest in entity after lost of control is re-measured to fair value, and gain or loss is recognised in profit or loss.

  There has been no impact of applying the revised standard on the financial information as the Group was treating the transactions with non controlling interests as transactions within the Group.

  The following are the accounting policies of items related to these early adopted standards.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and equity issued by the Group. This includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition –related cost are expensed. The acquired assets and contingent liabilities assumed arising from business combinations are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of income.

(b) Transactions with non controlling interests

The Group treats transactions with non controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the Parent Company's share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non controlling interests are also recorded in equity as "Reserve resulted from transactions with non controlling interests".

2.2 Investment in associate

Associates are all entities over which the group has significant influence but not control. Generally accompanying a shareholding of between 20% and 50% of the voting rights assumes existence of significant influences. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's share of its associates post –acquisition profits or losses is recognised in the income statement, and its share in reserves is recognised in equity. Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. Accounting policies of associate have been changed when necessary to ensure consistency with the policies adopted by the group.

2.3 The effect of amendments on IAS "39" and (IFRS) "7" issued in October 2008 which allow the reclassification of some of the financial instruments according to specific condition.

2.3 Employees Stock Option Plan

The share option program allows employees to acquire the company's shares. According to the requirements of IFRS (2) - "Share based payment". The fair value of options granted is recognised as an employee expense in the income statement with corresponding increase in equity. The fair value is measured at grant date and allocated over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest during each financial year.

The proceeds from share option plan received net of any directly attributable transaction costs are credited to share capital by nominal value and any excess is recorded as share premium.

3. Cash and cash equivalents

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Bank balances	4,344,416	5,547,387	4,386,818
Less: Bank overdraft	(12,217,930)	(9,213,370)	(6,047,169)
	(7,873,514)	(3,665,983)	(1,660,351)

4. Investments at fair value through profit or loss

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Held for trading investments – quoted	8,466,770	12,652,831	8,613,768
Designed at fair value at inception	41,823,305	57,210,379	29,125,759
	50,290,075	69,863,210	37,739,527

4.1 Investments designed at fair value at inception include unquoted investments with an amount of KD 35,541,681. The fair value of such investments have been determined by reference to the latest deals on those investments.

4.2 During the period ended 30 September 2008, the Parent Company's management has decided to reclassify some of its investments that were classified as held for trading as of 1 July 2008 amounted to KD 21,473,991 as of this date to investments available for sale. This decision has been taken considering the exceptional circumstances in the global economy and the subsequent decrease in the price of investments held for trading, which affect significantly the Group's results. Losses resulted from change in fair value for the three months ended 30 September 2008 amounted to KD 4,305,352 have been recorded in the change in fair value reserve and unrealised losses which have been previously recorded in the statement of income during six months ended 30 June 2008 for the sale re-classified investments have been amounted to KD 773,760.

4.3 Analysis for investment at fair value through profit or loss as follows:

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Investment in Arab and Gulf share	49,579,586	69,532,726	37,739,527
Investment in foreign share	710,489	330,484	-
	50,290,075	69,863,210	37,739,527

5. Finance receivables

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Gross receivables	108,517,233	109,317,194	114,151,490
Less: deferred income	(10,856,677)	(11,883,150)	(11,694,966)
	97,660,556	97,434,044	102,456,524
Less: Provision for credit losses	(3,865,928)	(3,086,134)	(3,022,992)
	93,794,628	94,347,910	99,433,532

The average effective interest rate on the finance receivables amounted to 9.75% as at 30 September 2008 (10.20% as at 31 December 2007 and 10.20% as at 30 September 2007).

6. Investment available for sale

Analysis for available for sale investment as follows:

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Investment in Arab and Gulf Shares	48,424,941	22,889,071	45,225,205
Investments in foreign shares	817,436	1,367	295,141
	49,242,377	22,890,438	45,520,346

7. Investment in associate

During the period the Parent Company acquired 24.50% of Arabian Capital Investment and Finance (K.S.C.C.) shares for an amount of KD 7,568,182. The parent company is currently preparing the necessary studies to allocate the purchasing price on the fair value of acquired assets and liabilities and identity the goodwill.

The Group's share of the associate results of operation for the three month ended 30 September 2008 has been calculated based on the unaudited accounts prepared by the management of this associate as of 30 September 2008.

8. Intangible assets

The balance of the intangible assets includes an amount of KD 24,708,608 as of 30 September 2008 (KD 24,708,608 as of 31 December 2007, as at 30 September 2007) which represent the fair value of the Brokerage Licence arising from the acquisition of "KFIC Financial Brokerage" (Formerly "Al Ahliya Financial Brokerage Company K.S.C.C"). The fair value of this License is determined using studies prepared by the Parent Company which depend on the latest similar transactions in Kuwait in addition to using the discounted cash flows method.

9. Term loans

9.1 Term loans have been obtained from financial institutions, with average interest rates 7.68% as of 30 September 2008 (7.30% as of 31 December 2007, 7.38% as of 30 September 2007).

9.2 Term loans include a syndicated US Dollars loan with equivalent to KD 9,602,666 against a promise of a negative pledge on any of the Parent Company's assets, during the loan period which is three years.

9.3 During the period, the Group obtained short term loan of KD 10 million repayable on 1 February 2009 from a local bank.

9.4 Term loans mature as follows:

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Within one year	117,936,666	58,000,000	93,797,416
From one to two years	2,000,000	11,602,667	11,602,667
From two to five years	1,000,000	11,703,666	3,000,000
	120,936,666	81,306,333	108,400,083

10. Other liabilities

This item includes the amount of KD 3,784,091 represents the due from acquisition of investments in associates. This amount is to be paid during one year from the financial information date. This amount has been excluded from operating activities and investing activities in the cash flow statement as it is non cash transaction.

11. Share capital

- On 9 April 2008, the General Assembly of the Shareholders approved bonus shares of 20%. Accordingly, the issued and paid up capital of the Parent Company as of 30 September 2008 is KD 41,930,970 distributed over 419,309,700 shares with par value 100 fils per share (KD 34,942,475 distributed over 349,424,750 shares with par value 100 fils per share as of 31 December 2007 and on 30 September 2007).

- On 2 September 2008, the ordinary and extraordinary General Assembly of the Shareholders of the Parent Company approved increasing the Parent Company's share capital from KD 41,930,970 to KD 63,735,075 as follows:

  - Issue 125,792,911 shares for the shareholders registered in the Parent Company's records on the date of General Assembly meeting with par value 100 fils and premium 95 fils in addition to issue fee 5 fils per share.

  - Issue 83,861,941 shares for the new shareholders after current shareholders wave their right in this subscription to the new shareholders with par value 100 fils and share premium 145 fils per share in addition to issue fees 5 fils.

  - Issue 8,386,195 shares according to the first phase of employees share option plan, which represents 20% of the employees share option plan with par value 100 fils per share, and share premium 70 fils in addition to issue fees 5 fils, after obtaining the approval of the Ministry of Commerce on this plan.

The necessary procedures to authenticate this amendment in the Commercial Register are in process.

The shareholders has delegated the Parent Company's Board of Director to finalise the procedures to call the capital increase.

12. Treasury shares

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Number of shares (share)	35,179,466	11,525,000	5,000
Percentage of the share capital (%)	8.39%	3.3%	0.001%
Market value	10,553,840	4,494,750	2,375

13. Investments (losses)/ income

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Available for sale investments:				
Cash dividends	85,389	175,518	570,297	212,166
Impairment	(526,820)	-	(526,820)	-
(Losses)/ gains on sale	(162,432)	1,188,275	448,988	5,452,988
	(603,863)	1,363,793	492,465	5,665,154
At fair value through profit and loss				
Gains on sale	164,495	1,400,380	1,698,896	4,624,205
Change in fair value	(2,115,017)	(1,114,984)	539,997	847,310
Dividend Income	15,450	-	1,378,877	-
	(1,935,072)	285,396	3,617,770	5,471,515
Interest income	107,650	41,445	216,447	57,922
Negative goodwill resulted from acquisition of a subsidiary	-	-	-	5,482,752
	(2,431,285)	1,690,634	4,326,682	16,677,343

14. (Losses)/ earnings per share

14.1 Basic (losses)/ earnings per share

(Losses)/ earnings per share are computed by dividing the net (loss)/ profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007 (Restated)	2008	2007 (Restated)
Net (loss)/ profit for the period for shareholders of the Parent Company	(1,765,035)	3,961,955	7,327,518	22,834,659
Weighted average number of ordinary shares outstanding	394,736,289	415,037,588	401,665,364	416,494,016
(Losses)/ earnings per share (fils)	(4)	10	18	55

The bonus share dividends which have been approved by the shareholders' general assembly (Note 11) have been taken into consideration when calculating the earnings per share for the current and comparative period.

14.2 Diluted (losses)/ earnings per share

Diluted (losses)/ earnings per share are calculated taking into consideration the share that may be issued according to determine of General Assembly at Parent Company for the capital increase as follows:

	Three months ended 30 September 2008	Nine months ended 30 September 2008
Net (loss)/ profit for the period	(1,765,035)	7,327,518
Weighted average number of ordinary shares outstanding during the period	457,766,846	464,695,921
(Losses)/ earnings per share (fils)	(4)	16

15. Dividends

On 9 April 2008, the shareholders approved the financial statements for the year ended 31 December 2007 and the following dividends for the year 2007:

Cash dividends of 30 fils per share after deducting treasury share.

Bonus shares dividends of 20% from the paid up capital.

16. Transactions with related parties

These represent transactions with related parties i.e. shareholders represented by directors of the Company and their related concerns. Pricing policies and terms of these transactions after dividends were approved by the Company's management.

Transactions with related parties included in the statement of income are as follows:

	Nine months ended 30 September	
	2008	**2007**
Management & advisory fees	144,348	483,653
Off balance sheet items		
Investment portfolios managed for others	32,688,760	65,085,729

Transactions with related parties are subject to the shareholders' approval.

17. Acquisition of additional shares in subsidiaries

During the period, the Group has acquired additional shares of 29% and 9.48% of its subsidiaries KFIC Brokerage Company and Private Equity Fund (Subsidiaries) respectively, accordingly the Group's shares become 94% and 66.97% respectively. The following is a statement of assets and liabilities acquired as of 31 March 2008 for KFIC brokerage and 30 June 2008 for Private Equity Fund (the acquisition date).

	KFIC brokerage	Private Equity Fund	Total
Cash and cash equivalent	2,531,388	92,995	2,624,383
Receivables	353,690	1,128,358	1,482,048
Investments at fair value through profit or loss	6,612,382	44,878,393	51,490,775
Guarantee of Brokerage operation	250,000	-	250,000
Investments available for sale	9,923,933	-	9,923,933
Fixed and intangible assets	188,703	-	188,703
License	24,708,608	-	24,708,608
Payables	(14,930,547)	(720,943)	(15,651,490)
End of service indemnity	(48,065)	-	(48,065)
Term loan	-	(1,322,166)	(1,322,166)
Net assets value on acquisition	29,590,092	44,056,637	73,646,729
New shares acquired	29%	9.48%	
Net assets acquired	8,581,127	4,178,275	12,759,402
Paid for acquisition	7,830,000	4,798,621	12,628,621
Reserve resulted from increasing the holding of subsidiaries	751,127	(620,346)	130,781

The difference between amount paid on acquisition and the corresponding share of net asset value is included in equity as "Reserve resulted from increasing the holding of subsidiaries".

18. Segment Information

The Company is organized in two major business segments operating principally in the state of Kuwait.

	Finance		Investment		Total	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007	2008	2007
Segment results	10,690,985	8,402,894	10,824,858	25,933,939	21,515,843	34,336,833
Allocated expenses	5,570,978	4,661,277	7,705,631	5,335,213	13,276,609	9,996,490
Unallocated Expenses	-	-	-	-	279,161	754,611
Net profit	5,120,007	3,741,617	3,119,227	20,598,726	7,960,073	23,585,732
Segment assets	102,446,795	101,057,454	134,343,935	135,997,350	236,790,730	237,054,804
Segment liabilities	97,616,861	138,824,153	65,698,496	1,490,546	163,315,357	140,314,699

19. Fiduciary assets

As of 30 September 2008, portfolios under Parent Company's management amounted to KD 631,566,624 (31 December 2007 - KD 782,768,240 - 30 September 2007– KD 752,676,357).

20. Employees stock option plan

The Ordinary General Assembly of the Parent Company's Shareholders held in 2 September 2008 has approved issuing 8,386,194 shares for the employees dedicated to the employees share option plan. The subscription price is 170 fils per share (par value 100 fils and premium 70 fils).

During the period ended 30 September 2008, the terms of the programs in terms of shares issue, plan period, vesting conditions and qualified employees have been finalised, nevertheless, there were no options exercised until 30 September 2008.