KUWAIT COMMERCIAL MARKETS COMPLEX 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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AND ITS SUBSIDIARIES
STATE OF KUWAIT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Kuwait Commercial Markets Complex Company - K.S.C.
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Kuwait Commercial Markets Complex Company - K.S.C. (the Parent Company) and its 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 the following subsidiaries, Shuwaikh United Real Estate -K.S.C. (Closed), Shuwaikh National Holding Co. - K.S.C (Holding), Masqat and Kuwait Co. – Ali Husain Ali Al Dawood and partner - W.L.L, Al Modon Aloula Real Estate Company – Ali Husain Ali Al Dawood and Partners - W.L.L, Kuwait Commercial Market Complex Co. – S.C.(Private) – Jordon and Al Jabriya Al Fareda Real Estate – Development Company – W.L.L. – Saudi Arabia, whose total assets and revenues are KD 38,667,664 and KD 2,180,490 respectively for the year ended December 31, 2008. Furthermore, we did not audit the financial statements of the associates which the Group's share of profit amounted to KD 290,282 and the Group's share in net assets amounted to KD 11,779,106 for the year ended December 31, 2008. The financial statements of the above mentioned subsidiaries and associates were audited by other auditors, whose 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 associates, is based solely on the reports of other auditors.

Management's responsibility for the consolidated financial statements

The 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 the 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 is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion based on our audit and the reports of other auditors , the consolidated financial statements present fairly - in all material respects - the consolidated 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.

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, physical stocktaking 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.

Bader A. Al-Wazzan
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Member of RSM International

Kuwait
March 19, 2009

KUWAIT COMMERCIAL MARKETS COMPLEX COMPANY - K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2008
(All amounts are in Kuwaiti Dinars)

	Note	2008	2007
ASSETS			
Non-current assets:			
Property, equipment and assets under-construction	3	**1,387,150**	2,671,790
Investment in unconsolidated subsidiaries	4	**268,945**	201,551
Investment in associates	5	**22,234,635**	21,486,966
Joint ventures	6	**2,318,197**	904,551
Investment properties	7	**9,506,300**	7,077,814
Investments available for sale	8	**38,528,332**	48,424,078
		74,243,559	80,766,750
Current assets:			
Land and property held for trading	9	**83,138,736**	22,429,376
Accounts receivable and other debit balances	10	**30,391,637**	38,582,226
Investments at fair value through income statement	11	**3,025,158**	3,158,830
Cash and cash equivalents	12	**2,431,128**	3,771,466
		118,986,659	67,941,898
Total assets		**193,230,218**	148,708,648
EQUITY AND LIABILITIES			
Equity attributable to shareholders' company:			
Share capital	13	**24,212,036**	18,184,281
Share premium	14	**15,676,534**	7,257,885
Treasury shares	15	**(3,538,075)**	(2,395,334)
Treasury shares reserve		**950,644**	949,311
Statutory reserve	16	**3,980,397**	3,207,366
Voluntary reserve	17	**3,980,397**	3,207,366
Foreign currency translation reserve		**(464,159)**	-
Cumulative changes in fair value		**3,951,768**	13,358,554
Retained earnings		**13,499,616**	15,156,015
		62,249,158	58,925,444
Minority interest		**222,255**	299,987
Total equity		**62,471,413**	59,225,431
Non-current liabilities:			
Sukuk	20	**8,130,767**	7,902,337
Credit facilities – non current portion	21	**12,769,089**	20,351,240
Provision for end of service indemnity		**302,134**	216,622
		21,201,990	28,470,199
Current liabilities:			
Bonds	19	**–**	10,000,000
Credit facilities – current portion	21	**94,447,919**	39,561,863
Accounts payable and other credit balances	22	**15,108,896**	11,451,155
		109,556,815	61,013,018
Total equity and liabilities		**193,230,218**	148,708,648

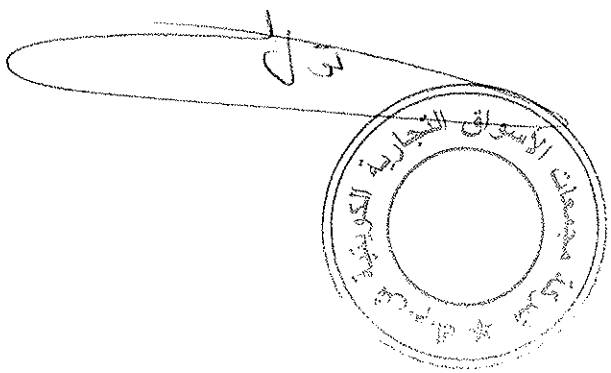
The accompanying notes from (1) to (39) form an integral part of the consolidated financial statements

Tawfiq Al-Jarrah
Chairman & Managing Director

KUWAIT COMMERCIAL MARKETS COMPLEX COMPANY - K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR YEAR ENDED DECEMBER 31, 2008
(All amounts are in Kuwait Dinars)

	Note	2008	2007
Operating revenue		1,852,009	2,034,884
Operating cost		(911,438)	(852,209)
Gross profit		940,571	1,182,675
Group's share of results from associates	5	479,368	1,716,046
Gain on sale of investment in an associate	5	1,875,000	-
Group's share of results from Joint ventures	6	815,520	(134,082)
Loss on sale of shares in joint venture		(38,876)	-
Gain on sale of investment properties		221,831	-
Net gain from investments available for sale	23	1,141,716	2,042,790
Net gain from land and property held for trading	24	16,447,206	6,156,585
Provision for doubtful debts	10	(1,475,541)	-
Net loss from investments at fair value through income statement	25	(2,382,547)	(176,499)
Other income	26	1,325,108	4,234,604
General and administrative expenses		(2,210,674)	(1,969,403)
Other expenses		(487,719)	(275,860)
Finance charges		(8,591,706)	(4,741,434)
Foreign currency exchange (loss) gain		(385,887)	583,362
Profit for the year from continuing operations		7,673,370	8,618,784
Profit for the year from discontinued operations		-	5,642,800
Profit for the year before Contribution to Kuwait Foundation for Advancement of Science, National Labor Support Tax, Zakat and Board of Directors remuneration		7,673,370	14,261,584
Contribution to Kuwait Foundation for Advancement of Science (KFAS)	28	(66,534)	(117,981)
National Labor Support Tax	29	(156,410)	(329,697)
Zakat	30	(65,574)	(7,195)
Board of Directors' remuneration		-	(70,000)
Net profit for the year		7,384,852	13,736,711
Attributable to:			
Equity holders of the parent company		7,441,793	13,700,382
Minority interest		(56,941)	36,329
		7,384,852	13,736,711
Basic earning per share – fils	31	34.75	69.87
Diluted earnings per share – fils	31	34.03	68.53

The accompanying notes from (1) to (39) form an integral part of the consolidated financial statements



KUWAIT COMMERCIAL MARKETS COMPLEX COMPANY - K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED DECEMBER 31, 2008
(All amounts are in Kuwait Dinars)

	Attributable to equity holders of parent company											
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Cumulative changes in fair value	Retained earnings	Total	Minority interest	Total equity
Balance at December 31, 2007	18,184,281	7,257,885	(2,395,334)	949,311	3,207,366	3,207,366	-	13,358,554	15,156,015	58,925,444	299,987	59,225,431
Change in fair value of investments available for sale (Note 8)	-	-	-	-	-	-	-	(9,100,000)	-	(9,100,000)	-	(9,100,000)
Transfer to income statement on sale of investments available for sale	-	-	-	-	-	-	-	(306,786)	-	(306,786)	-	(306,786)
Foreign currency translation reserve	-	-	-	-	-	-	(464,159)	-	-	(464,159)	-	(464,159)
Net expense recognized directly in equity	-	-	-	-	-	-	(464,159)	(9,406,786)	-	(9,870,945)	-	(9,870,945)
Net profit for the year	-	-	-	-	-	-	-	-	7,441,793	7,441,793	(56,941)	7,384,852
Total (loss) income recognized for the year	-	-	-	-	-	-	(464,159)	(9,406,786)	7,441,793	(2,429,152)	(56,941)	(2,486,093)
Share capital increase	4,209,326	8,418,649	-	-	-	-	-	-	-	12,627,975	-	12,627,975
Effect on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(20,791)	(20,791)
Purchase of treasury shares	-	-	(756,530)	-	-	-	-	-	-	(756,530)	-	(756,530)
Treasury shares received from portfolio (Note 15)	-	-	(392,147)	-	-	-	-	-	392,147	-	-	-
Sale of treasury shares	-	-	5,936	1,333	-	-	-	-	-	7,269	-	7,269
Bonus shares (Note 18)	1,818,429	-	-	-	-	-	-	-	(1,818,429)	-	-	-
Cash dividends to shareholders (Note 18)	-	-	-	-	-	-	-	-	(6,125,848)	(6,125,848)	-	(6,125,848)
Transfer to reserves	-	-	-	-	773,031	773,031	-	-	(1,546,062)	-	-	-
Balance at December 31, 2008	**24,212,036**	**15,676,534**	**(3,538,075)**	**950,644**	**3,980,397**	**3,980,397**	**(464,159)**	**3,951,768**	**13,499,616**	**62,249,158**	**222,255**	**62,471,413**
Balance at December 31, 2006	16,837,298	7,257,885	(623,543)	949,311	1,784,841	1,784,841	-	14,213,441	8,140,087	50,344,161	-	50,344,161
Change in fair value of investments available for sale (Note 8)	-	-	-	-	-	-	-	(418,378)	-	(418,378)	-	(418,378)
Transfer to income statement on sale of investments available for sale	-	-	-	-	-	-	-	(436,509)	-	(436,509)	-	(436,509)
Net expense recognized directly in equity	-	-	-	-	-	-	-	(854,887)	-	(854,887)	-	(854,887)
Net profit for the year	-	-	-	-	-	-	-	-	13,700,382	13,700,382	36,329	13,736,711
Total (loss) income recognized for the year	-	-	-	-	-	-	-	(854,887)	13,700,382	12,845,495	36,329	12,881,824
Purchase of treasury shares	-	-	(1,771,791)	-	-	-	-	-	-	(1,771,791)	-	(1,771,791)
Bonus shares (Note 18)	1,346,983	-	-	-	-	-	-	-	(1,346,983)	-	-	-
Cash dividends to shareholders (Note 18)	-	-	-	-	-	-	-	-	(2,492,421)	(2,492,421)	-	(2,492,421)
Effect on consolidate of subsidiaries	-	-	-	-	-	-	-	-	-	-	263,658	263,658
Transfer to reserves	-	-	-	-	1,422,525	1,422,525	-	-	(2,845,050)	-	-	-
Balance at December 31, 2007	18,184,281	7,257,885	(2,395,334)	949,311	3,207,366	3,207,366	-	13,358,554	15,156,015	58,925,444	299,987	59,225,431

The accompanying notes from (1) to (39) form an integral part of the consolidated financial statements

KUWAIT COMMERCIAL MARKETS COMPLEX COMPANY - K.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED DECEMBER 31, 2008
(All amounts are in Kuwait Dinars)

	2008	2007
Cash flows from operating activities:		
Profit for the year before Contribution to Kuwait Foundation for Advancement of Science, National Labor Support Tax, Zakat and Board of Directors remuneration	**7,673,370**	14,261,584
Adjustments for:		
Depreciation	**652,208**	1,103,661
(Gain) loss on sale of property, equipment and assets under-construction	**(541,436)**	36,256
Gain on sale of a subsidiary	**(4,834)**	-
Gain on sale of discontinued operations	**-**	(5,642,800)
Group's share of result from associates	**(479,368)**	(1,716,046)
Gain on sale of investment in associate	**(1,875,000)**	-
Group's share of result from Joint ventures	**(815,520)**	134,082
Loss on sale of shares in joint ventures	**38,876**	-
Gain on sale of investment properties	**(221,831)**	-
Gain on sale of utilization right	**-**	(2,779,442)
Net gain from investments available for sale	**(1,141,716)**	(2,042,790)
Net gain from land and property held for trading	**(16,447,206)**	(6,156,585)
Provision for doubtful debts	**1,475,541**	-
Net loss from investments at fair value through income statement	**2,382,547**	176,499
Finance charges	**8,591,706**	4,741,434
Provision for end of service indemnity	**98,045**	30,314
	(614,618)	2,146,167
Change in operating assets and liabilities:		
Inventories	**-**	11,478
Land and property held for trading	**(34,473,262)**	(4,398,040)
Accounts receivable and other debit balances	**4,772,047**	(32,841,928)
Investments at fair value through income statement	**(2,373,281)**	(685,565)
Accounts payable and other credit balances	**(4,158,114)**	5,382,036
Cash used in operations	**(36,847,228)**	(30,385,852)
End of service indemnity paid	**(11,745)**	-
Net cash used in operating activities	**(36,858,973)**	(30,385,852)
Cash flows from investing activities:		
Purchase of property, equipment and assets under-construction	**(217,099)**	(1,646,001)
Proceeds from sale of property, equipment and assets under-construction	**724,984**	-
Net cash at a subsidiary on disposal	**(56,940)**	-
Payment for investment in unconsolidated subsidiaries	**-**	(118,551)
Net proceeds from sale of subsidiaries after cash sold	**-**	16,981,313
Payment for investment in associates	**(2,050,066)**	(29,336,782)
Proceeds from sale of investment in associates	**5,075,000**	25,192,343
Payment for joint ventures	**(1,345,900)**	(2,605,000)
Purchase of investment properties	**(3,165,327)**	(2,123,399)
Proceeds from sale of investment properties	**512,752**	-
Purchase of investments available for sale	**(4,505,316)**	(12,455,483)
Proceeds from sale of investments available for sale	**4,447,700**	4,377,897
Proceeds from sale of utilization right	**-**	5,000,000
Cash dividends received	**1,854,282**	1,161,471
Net cash generated from investing activities	**1,274,070**	4,427,808

	2008	2007
Cash flows from financing activities:		
Proceeds from increase in share capital	**4,209,326**	-
Proceeds from share premium	**8,418,649**	-
Purchase of treasury shares	**(756,530)**	(1,771,791)
Proceeds from sale of treasury shares	**7,269**	-
Paid to bonds	**(10,000,000)**	-
Net movement on credit facilities	**47,303,905**	37,078,775
Finance charges paid	**(8,942,443)**	(4,863,370)
Change in minority interest	**-**	263,658
Dividends paid to shareholders	**(5,995,611)**	(2,341,948)
Net cash generated from financing activities	**34,244,565**	28,365,324
Net (decrease) increase in cash and cash equivalent	**(1,340,338)**	2,407,280
Cash and cash equivalent at beginning of the year	**3,771,466**	1,364,186
Cash and cash equivalent at end of the year (Note 12)	**2,431,128**	3,771,466

The accompanying notes from (1) to (39) form an integral part of the consolidated financial statements

1. Parent Company's incorporation and objectives

Kuwait Commercial Markets Complex Company - K.S.C. (Parent Company) was incorporated by virtue of the Amiri Decree issued on February 9, 1982. The main objectives of the Parent Company are:

- Ownership, management, rental and lease of commercial centers such as commercial complexes, supermarkets, industrial and commercial showrooms and any other complementary services such as restaurants, coffee shops and entertainment centers
- Wholesale and retail trading in consumer products
- Organization and management of duty-free markets.
- Investing the available excess funds through portfolios managed by specialized companies and parties. Also, the Company may have interests with or join entities that have similar operations or that may assist the Company in achieving its objectives in or outside Kuwait. The Company may acquire such entities or be affiliated with them.

The consolidated financial statements incorporate the financial statements of Kuwait Commercial Markets Complex Company – K.S.C. (the Parent Company) and the following subsidiaries (together the Group):

Name of the subsidiary	Percentage of ownership % 2008	2007	
Al Modon Aloula Real Estate Company – W.L.L	75	75	Out of which 1% by virtue of letter of renunciation
Al Mada Projects' Management Company – W.L.L.	-	75	-
Al-Shuwaikh United Real Estate Company – K.S.C.C	100	100	Out of which 1% by virtue of letter of renunciation
Masqat and Kuwait Co. – W.L.L	100	100	Out of which 1% by virtue of letter of renunciation
Shuwaikh National Holding Co. - K.S.C (Holding)	58	58	-
Al Jabriya Al Fareda Real Estate Development Company – W.L.L. – Saudi Arabia	100	100	Out of which 5% by virtue of letter of renunciation
Kuwait Commercial Markets Complex Company – S.C.(Private) – Jordon	100	100	-

The subsidiaries are operating in real estate activities.

As of December 31, 2008 the Group's employees are 51 employees (2007 – 56 employees).

The address of the Parent Company is P.O. Box 23541 Safat, Postal code 13096 – State of Kuwait.

The consolidated financial statements were authorized for issuance by the Board of Directors on March 19, 2009. The Shareholders' General Assembly has the authority 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 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 profit and loss and quoted investments available for sale are stated at fair value. The accounting policies applied by the Group are consistent with those used in the previous year.

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- u).

During the year some amendments to International Accounting Standard (IAS) and some interpretations from International Financial Reporting Interpretations Committee (IFRIC) had been issued:

- Amendments to IAS (39) – Financial instruments - Recognition and measurement and IFRS (7) – Financial instruments - Disclosures to allow reclassification of certain financial instruments.
- IFRIC (14), IAS (19) – the limit on a defined benefit asset, minimum funding requirements and their interaction. This interpretation does not have any impact on the Group's consolidated financial statement.
- IFRIC (11), IFRS (2) – Group and treasury shares transactions. This interpretation does not have any impact on the Group's consolidated financial statements.
- IFRIC (12) – Service concession arrangements. This interpretation does not have any impact on the Group's consolidated financial statements.
- IFRIC (13) – Customer loyalty programmers. This interpretation does not have any impact on the Group's consolidated financial statements.

Standards and Interpretations issued but not effective

The following IASB Standard and Interpretation have been issued but are not yet effective, and have not yet been adopted by the Group:

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 January 1, 2009, will impact the presentation of financial statements to enhance the usefulness of the information presented.

IAS 23 "Borrowing Cost" (Revised)
The application of IAS 23 (Revised), which will be effective for the annual periods beginning on or after January 1, 2009, will require an entity to capitalize borrowing costs attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset and removing an option of expensing these borrowing costs in the consolidated statement of income.

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 acquire 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 acquire, 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 consolidation income statement.

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.

Other amendments issued and will be effective from or after January 1, 2009:
- IFRS (5) – Non current assets held for sale and discontinued operations (effective from January 1, 2009).
- IAS (28) – Investment in associates (effective from January 1, 2009).
- IAS (36) – Impairment of assets (effective from January 1, 2009).
- IAS (38) – Intangible assets (effective from January 1, 2009).
- IAS (19) – Employee benefits (effective from January 1, 2009).
- IAS (40) – Investment properties (effective from January 1, 2009).
- IAS (39) – Financial instruments – Recognition and Measurement (effective from January 1, 2009).

b) Principles of consolidation

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 is able to make an additional investment to cover the losses.

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 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.

c) Property, equipment and assets under construction

The initial cost of property and equipment 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 property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to 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 property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Property and equipment 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 a straight-line basis over the estimated useful lives of other property and equipment as follows:

	Useful life (Years)
Buildings	17 - 25
Machinery and equipment	5
Furniture, decoration and fixtures	5
Computers	5
Vehicles	3

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 property and equipment.

d) 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.

e) Joint venture

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.

Where a Group undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the consolidated financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to / from the Group and their amount can be measured reliably.

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.

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.

f) Investment properties

Investment properties, which are properties, held to earn rentals and/or for capital appreciation, are carried at cost, which includes purchase price and transaction costs less accumulated depreciation and impairment losses. Land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings.

g) Investments

The Group classifies its investments in the following categories: Investments at fair value through statement of income, investments available for sale. 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 income statement at inception.

- 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.
- 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 consolidated 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 consolidated 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 financial assets 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 consolidated statement of changes in equity.

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: the contractual rights to receive the cash flows from the investment have expired; or 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 consolidated 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 consolidated statement of income – is removed from 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.

h) Land and property held for trading

Land and property held for trading are stated at cost when acquired. Cost is determined on an individual basis for such land or property; cost represents the fair value of the consideration given, plus ownership transfer fee and brokerage expenses and any other expenses required for land or real estate development. Land and property held for trading are classified under current assets and are valued at the lower of cost or realizable value on an individual basis. Realizable value is determined on the basis of estimated sales value, less the estimated expenses necessary to complete the sale.

i) Receivables

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 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.

j) Impairment of non financial 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 does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) 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.

k) Share capital

Ordinary shares are classified as equity.

l) 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 consolidated statement of changes in equity (gain on sale of treasury shares) 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 the gain on sale of treasury shares 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.

m) 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.

n) Provision for end of service indemnity

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

o) Payables

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

p) 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. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

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.

- Dividend income is recognized when the right to receive payment is established.
- Rental income is recognized, when earned, on a time apportionment basis
- 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.
- Gain on sale of properties is recognized when the benefits and risks related to properties are transferred to others.

q) 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.

r) 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 consolidated 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 consolidated statement of income 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 consolidated balance sheet date. The results of the subsidiary 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 operation is disposed off.

s) Financial instruments

Financial assets and financial liabilities carried on the consolidated balance sheet include cash and cash equivalent, accounts receivable, investments, Sukuk, various credit facilities and accounts payable. 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 consolidated statement of changes in 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.

t) Contingencies

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

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

u) 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.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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 a financial asset is not active or not available (unlisted securities), 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) 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 include ageing analysis, technical assessment and subsequent events. The provisions and write-down of receivables is subject to management approval.

3. Property, equipment and assets under-construction

	Buildings	Machinery and equipment	Furniture, decoration& fixture	Computers	Vehicles	Assets under construction	Total
Cost:							
At December 31, 2007	556,811	380,724	735,231	118,602	12,105	1,270,224	3,073,697
Additions	9,768	16,822	2,061	9,738	-	178,710	217,099
Disposals	-	-	-	-	-	(936,393)	(936,393)
Transfers to associate	-	-	-	-	-	(359,058)	(359,058)
At December 31, 2008	**566,579**	**397,546**	**737,292**	**128,340**	**12,105**	**153,483**	**1,995,345**
Accumulated depreciation:							
At December 31, 2007	31,040	43,247	239,743	80,811	7,066	-	401,907
Charge for the year	26,669	50,616	112,825	14,093	2,085	-	206,288
At December 31, 2008	**57,709**	**93,863**	**352,568**	**94,904**	**9,151**	**-**	**608,195**
Net book value:							
At December 31, 2008	**508,870**	**303,683**	**384,724**	**33,436**	**2,954**	**153,483**	**1,387,150**
At December 31, 2007	525,771	337,477	495,488	37,791	5,039	1,270,224	2,671,790

Operating costs include depreciation charged for the year amounting to KD 138,151 (2007- KD 562,672)

The buildings are constructed on leasehold land, the lease contract will terminate on June 30, 2022, and the buildings are depreciated over 20 years.

4. Investment in unconsolidated subsidiaries

This item represents the Group's investment in the following unconsolidated subsidiaries:

Company's name	Percentage of ownership %	2008	2007
Gulf Group Exhibitions Company – W.L.L.	100	175,394	88,000
Kuwait and Bahrain for Real Estate development Company – W.L.L.	100	73,551	73,551
First Gulf for Presents, Additional and Perfume Company – W.L.L.	100	20,000	20,000
Dar Al Madina Real Estate Company – W.L.L.	-	-	20,000
		268,945	201,551

These subsidiaries have not been consolidated due to immateriality on the accompanying consolidated financial statements.

5. Investment in associates

This item represents the Group's investment in the following associates:

Company's name	Percentage of ownership %	2008	2007
Kuwait United Entertainment – K.S.C.(Closed)	39.37	7,724,328	7,685,574
Al Maqam Tower Real Estate Co.- W.L.L.	34	5,389,132	5,173,342
Al Jazeera Real Estate Development Co. - K.S.C.(Closed)	24.95	1,831,383	1,759,134
Al-Jahra Tourist Co.- K.S.C.(Closed)	36	1,285,014	796,012
Sporting Real Estate – K.S.C.(Closed)	25	1,950,000	1,250,000
Q - Leisure and Commercial Markets Co. - W.L.L - (Abu – Dhabi)	25	59,348	59,348
Gian Real Estate Company - W.L.L	50	426,120	914,235
International Company for Entertainment Services K.S.C. (Closed)	40	624,476	200,000
Amar markets for Real Estate Developments - W.L.L	50	249,405	200,000
Al Harafia Real Estate Company - W.L.L	50	333,356	165,000
Al Ruwad AL Awael Company - W.L.L	50	-	10,000
Danat Al Khour Holding Co. – K.S.C.(Holding)	25	-	3,125,000
World Group for General Trading and Contracting Company	52	61,545	139,031
Al Sharq Real Estate and Tourism Company L.S.C - (Lebanon)	50	10,290	10,290
Al Helol International Company for Electrical Projects - K.S.C.(Closed)	50	32,500	-
Dar Al Madina Real Estate Co. – W.L.L	42	1,111,448	-
Al Salmiya Group For Projects Development – K.S.C.(Closed)	43.75	1,146,290	-
		22,234,635	21,486,966

The movement of investment in associates during the year was as follows:

	2008	2007
Balance at the beginning of the year	**21,486,966**	10,334,575
Additions	**2,250,735**	4,436,782
Transfer from accounts receivable and other debit balances	**1,157,448**	-
Disposal	**(3,200,000)**	(2,610,356)
Effect on disposal of a share in a subsidiary	**-**	10,228,382
Group's share of result from associates	**479,368**	1,716,046
Cash dividend	**(69,626)**	-
Transfer from unconsolidated subsidiaries and joint ventures	**528,229**	-
Unrealized profit from transactions between the group and associates	**(398,485)**	(2,618,463)
Balance at the end of the year	**22,234,635**	21,486,966

The summary of associate's financial statements and the Group's share in those associates is as follows.

2008	Assets	Liabilities	Revenue	Results
Kuwait United Entertainment – K.S.C.(Closed).	14,232,197	3,889,406	677,614	38,755
Al Maqam Tower Real Estate Co.- W.L.L.	20,572,092	15,182,960	252,425	215,791
Al-Jahra Tourist Co.- K.S.C.(Closed)	5,708,725	4,423,711	45,809	(26,704)
Gian Real Estate Company - W.L.L	3,379,809	2,506,442	207,472	(40,870)
International Company for Entertainment Services K.S.C. (Closed).	1,341,680	717,204	348,015	94,196
Amar markets for Real Estate Developments - W.L.L	249,755	350	51,043	49,404
Al Harafia Real Estate Company - W.L.L	441,489	108,133	194,681	168,356
Al Ruwad AL Awael Company - W.L.L	-	-	10,097	(10,000)
World Group for General Trading and Contracting Company - W.L.L	151,394	89,849	354,180	(7,860)
Dar Al Madina Real Estate Co. – W.L.L	3,163,027	3,570	20,491	9,458
Al Salmiya Group For Project Development – K.S.C.(Closed)	1,146,290	-	32,276	(11,158)
	50,386,458	**26,921,625**	**2,194,103**	**479,368**

2007	Assets	Liabilities	Revenue	Results
Kuwait United Entertainment – K.S.C.(Closed).	11,218,138	914,101	818,134	489,976
Al Maqam Tower Real Estate Co.- W.L.L.	15,316,991	10,143,649	854,121	753,342
Al Jazeera Real Estate Development Co. - K.S.C.(Closed)	4,153,485	2,702,441	61,715	(345,053)
Al-Jahra Tourist Co.- K.S.C.(Closed)	2,863,847	2,067,835	3,675	(46,454)
Gian Real Estate Company - W.L.L	6,154,588	5,240,353	8,582,811	864,235
	39,707,049	21,068,379	10,320,456	1,716,046

Investment in associates represents investments in companies which are not listed and hence fair value of their investments are not presented.

The Group's share of results from its associates which represent income amounting to KD 500,526 had been recognized based on audited financial statements. and losses amounting to KD 21,158 had been recognized based on un audited financial statements.

During the year, the parent company had sold its share in Danat Al khor holding company – K.S.C. (Holding) – which represent 25% from associates share capital with a book value amounted to KD 3,125,000 to a related party for KD 5,000,000 resulted in gain amounted to KD 1,875,000 (Note 32).

During the year the parent company had completed the procedures for amending the article of association which resulted in reclassification of the investment from investment in unconsolidated subsidiary to investment in associate. Therefore the joint venture related to Dar Al Madina real estate had been transferred to investment in associates amounting to KD 508,229 (Note 6).

Further, the incorporation of Al Salmiya Group for projects development had been completed the amounts paid for incorporation had been transferred from accounts receivable to investment in associates.

6. Joint ventures

This item represents the Group's investment in the following joint ventures:

Joint venture's name	Percentage of ownership %	**2008**	2007
Joint venture la'ala Al khairan Housing	33	**2,161,420**	-
Joint venture - Jeian Real Estate Co. – W.L.L.	50	**156,777**	156,777
Games joint project – Kuwait	–	**-**	239,545
Al Madina Al Monawra - Joint venture	–	**-**	508,229
		2,318,197	904,551

During the year ended December 31, 2008 the amendment procedures of the article of association of Dar Al Madina Real Estate Co. – W.L.L. had been completed and hence the investment had been reclassified from joint venture to investment in associates (Note 5).

The movement of investment in joint ventures during the year was as follows:

	2008	2007
Balance at the beginning of the year	**904,551**	734,083
Additions	**1,345,900**	2,625,000
Disposal	**(239,545)**	(203,679)
Elimination from sale of utilization right to joint venture	**-**	(2,116,771)
Transfer to associate (Note 5)	**(508,229)**	-
Group's share in result from joint venture	**815,520**	(134,082)
Balance at the end of the year	**2,318,197**	904,551

Group's share of results from joint ventures is recognized based on audited financial statements as of December 31, 2008.

7. Investment properties

The movement of investment properties during the year was as follows:

	2008	2007
Cost :		
Balance at the beginning of the year	**10,700,771**	7,123,626
Additions	**3,165,327**	2,123,399
Transferred from projects under construction	**-**	1,453,746
Disposals	**(290,921)**	-
Balance at the end of the year	**13,575,177**	10,700,771
Accumulated depreciation:		
Balance at the beginning of the year	**3,622,957**	3,245,162
Charge for the year	**445,920**	377,795
Balance at the end of the year	**4,068,877**	3,622,957
Net book value	**9,506,300**	7,077,814

This item includes investment properties with a net book value of KD 4,321,971 for which revenue is pledged as a collateral for Sukuk (2007- KD 3,690,940) (Note 20).

Based on the Group's management estimates, the fair value of the investment properties amounted to KD 10,399,400 as of December 31, 2008 (2007- 4,028,464).

8. Investments available for sale

	2008	2007
Quoted investment		
Local shares	**13,087,415**	24,424,190
Foreign shares	**169,495**	-
Local investment funds	**1,731,425**	738,034
Foreign investment funds	**424,879**	103,369
	15,413,214	25,265,593
Unquoted investment		
Local shares	**13,089,163**	10,754,750
Foreign shares	**8,807,154**	9,382,026
Local investment funds	**492,018**	759,914
Foreign investment funds	**726,783**	2,261,795
	23,115,118	23,158,485
	38,528,332	48,424,078

It was not possible to reliably measure the fair value of unquoted investments 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 (if any).

The movement of investments available for sale during the year was as follows:

	2008	2007
Balance at the beginning of the year	**48,424,078**	40,261,212
Additions	**4,505,316**	12,455,483
Disposals	**(3,872,057)**	(3,874,239)
Changes in fair value	**(9,100,000)**	(418,378)
Impairment losses (Note 23)	**(1,429,005)**	–
Balance at the end of the year	**38,528,332**	48,424,078

This item include certain quoted shares at fair value amounted to KD 11,386,379 (2007 – KD 17,610,345) pledged as collateral for Sukuk and credit facilities (Note 20, 21).

There were certain un quoted investments available for sale included in portfolios managed by related party amounting to KD 1,701,672 (2007- KD 860,338).

Investments available for sale are denominated in the following currencies:

	2008	2007
Kuwaiti dinar	**26,967,642**	36,179,473
US Dollar	**6,237,815**	5,769,030
Bahraini dinar	**3,653,520**	5,023,731
Euro	**909,488**	1,000,506
Other Currencies	**759,867**	451,338
	38,528,332	48,424,078

9. Land and property held for trading

The movement of land and property held for trading during the year was as follows:

	2008	2007
Balance at the beginning of the year	**22,429,376**	11,874,751
Additions	**116,320,549**	38,619,231
Disposals	**(64,344,447)**	(28,064,606)
Impairment losses (Note 24)	**(4,587,610)**	-
Transfer from accounts receivable and other debit balances	**13,320,868**	-
Balance at the end of the year	**83,138,736**	22,429,376

Land and property held for trading included an amount of KD 28,299,974 (2007 – 880,268) representing lands and properties pledged as collateral for credit facilities (Note 21).

Land and property held for trading included an amount of KD 39,044,679 (2007 – 10,689,190) representing land and properties registered in the name of related parties and there is assignment letter from them that the ownership of that lands and properties for the group.

The impairment losses of land and properties had been determined based on evaluation from independent valuer.

During the year, lands were registered in the name of Group for which there was a advance payment for it. Therefore the debit balance related to advance payments for purchasing lands had been transferred to lands and properties held for trading.

10. Accounts receivable and other debit balances

	2008	2007
Trade receivables (a)	**16,634,712**	7,197,989
Provision for doubtful debts (b)	**(1,541,588)**	(66,047)
	15,093,124	7,131,942
Due from related parties (Note 32)	**10,181,224**	14,847,338
Advance for investments	**669,965**	1,093,750
Advance for properties	**3,804,697**	14,661,100
Staff receivables	**75,737**	62,651
Prepaid expenses	**10,180**	59,682
Others	**556,710**	725,763
	30,391,637	38,582,226

Accounts receivables include an amount of KD 10,768,552 as of December 31, 2008 representing amount due from sale of lands and properties held for trading after eliminating the deferred income amounting to KD 5,111,668 where the realized profit had been recognized at percentage of amount paid to total sales price and this resulted in gain on sale amounted to KD 6,771,885.

The fair value of accounts receivables and other debit balances approximated their carrying values as at December 31.

a) Trade receivables

Trade receivables that are less than one year past due are not considered impaired.

As of December 31, 2008, trade receivables amounting to KD 73,959 (2007 – KD 445,999) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2008	2007
Till 3 months	**6,123,859**	6,076,943
3 to 6 months	**4,860,326**	-
6 to 12 months	**4,034,980**	609,000
Over 1 year	**1,615,547**	512,046
	16,634,712	7,197,989

b) Provision for doubtful debits

The movement in the provision for bad and doubtful accounts was as follows:

	2008	2007
Balance at the beginning of the year	**66,047**	129,331
Provision for the year	**1,475,541**	-
Dispose due to sale of a subsidiary	**-**	(43,838)
Reversed in the year on collection of receivables	**-**	(19,446)
Balance at the end of the year	**1,541,588**	66,047

Taking into consideration the current financial crisis and the consequent decline in liquidity, the group's management decided to take provision amounted to KD 1,475, 541 to meet the possibility of the failure of certain customers contracted to purchase lands in terms of payment.

c) 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. The Group does not hold any collateral as security.

The balances due from related parties are not impaired and matured within a year.

11. Investments at fair value through income statement

All investments at fair value through income statement are quoted and included in investment portfolios managed by others, some portfolios at fair value amounting to KD 765,196 (2007 – KD 1,513,779) are managed by related party.

Certain portfolio assets at fair value amounting to KD 673,578 (2007 – KD 1,347,580) are pledged as collateral for credit facilities granted to the Group (Note 21).

Investments at fair value through income statement are denominated in the following currencies:

	2008	2007
Kuwaiti Dinar	**2,970,455**	3,070,763
Omani Riyal	**54,703**	88,067
	3,025,158	3,158,830

The Parent Company has recorded its share in investment portfolio owned to the Group and other parties, since the position of this portfolio is finally determined in terms of the Parent Company's control on its share and the possibility of liquidation. The fair value of the Group's share in this portfolio as per the portfolio report is KD 469,842 as of December 31, 2008.

12. Cash and cash equivalents

	2008	2007
Cash on hand and at banks	**908,247**	3,771,466
Cash in portfolios	**1,522,881**	-
	2,431,128	3,771,466

Cash and cash equivalents are denominated in the following currencies:

	2008	2007
Kuwaiti Dinar	**1,894,281**	720,401
US Dollar	**41,000**	861,304
Bahraini Dinar	**244,158**	255,324
Other Currencies	**251,689**	1,934,437
	2,431,128	3,771,466

13. Share capital

The Shareholders General Assembly meeting held on April 11, 2007 and the Amiri Decree No. 142 dated June 29, 2008 approved the following:

- Increase the Parent Company's share capital by issuing 42,093,245 shares for shareholders registered in the Parent Company's register at par value 100 fils and share premium 200 fils each.

- Increasing the Parent Company's share capital by 10,000,000 shares dedicated to the Group's talented employees at a selling price 100 fils and share premium 125 fils each.

The Shareholder's annual General Assembly held on April 24, 2008 approved 10 bonus shares for each 100 shares for the year ended December 31, 2007 by 18,184,281 shares in total.

According to preceding paragraphs, the Parent Company's issued capital is amounting to KD 25,212,036 distributed on 252,120,350 shares at par value 100 fils each and the paid up capital is amounting to KD 24,212,036 (2007 – KD 18,184,281) distributed on 242,120,350 (2007 - KD 181,842,810 shares) shares as of December 31, 2008.

14. Share premium

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

15. Treasury shares

	2008	2007
Number of shares	**11,591,971**	6,808,584
Percentage of issued shares (%)	**4.40%**	%3.74
Market value	**2,883,912**	2,621,305
Cost	**3,538,075**	2,395,334

The cost of treasury shares includes KD 392,147 the fair value of the shares received from the settlement of the investment portfolio owned by the Parent Company and other parties. The Parent Company recorded these shares by its market value as of September 30, 2008 (ending date of the liability) and increase the retained earnings with the same amount as the related cost was not available.

16. 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 Labor 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.

17. Voluntary reserve

As required by 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 KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors.

18. Dividends

The Board of Directors held in March 19, 2009 propose bonus shares of 10 shares for every 100 shares for the year ended December 31, 2008. This proposal is subject to the approval of the shareholders' annual General Assembly.

The shareholders' general assembly held in April 24, 2008 approved on cash dividends of 35 fils per share and 10 bonus shares for every 100 shares for the year ended December 31, 2007.

The shareholders' general assembly held in April 11, 2007 approved on cash dividends of 15 fils per share and 8 bonus shares for every 100 shares for the year ended December 31, 2006.

19. Bonds

Pursuant to the Ministerial Decree No. 315 dated December 14, 2002, the Parent Company issued bonds for general subscription on April 17, 2003 for an amount of KD 10,000,000 at KD 5,000 for each bond at fixed interest rate of 6% annually, payable every 3 months, and the bonds mature on April 6, 2008.

20. Sukuk

On December 28, 2005, the Parent Company signed acceptance letter with Kuwaiti Financial Center Co. - K.S.C., Rasmal Financial Structure Co. - K.S.C. and Amar Financing and Leasing Co. - K.S.C. to arranging and managing the issuance of Sukuk outside State of Kuwait amounting to US$ 30,000,000 of US$ 10,000 each Sukuk. These Sukuks carry a return rate of 2% per annum over the LIBOR rate payable every six months. The Sukuk is repayable after five years from the issuance date expired on November 22, 2011. The rate of interest on Sukuk was 4.85% as at December 31, 2008 (2007 – 7.36%). Sukuk secured by a mortgage of the income from investment properties and quoted investments available for sale (Note 7, 8).

21. Credit facilities

	2008	2007
Non-current portion:		
Loans	**5,345,302**	11,577,225
Islamic financing tools	**7,423,787**	8,774,015
	12,769,089	20,351,240
Current portion:		
Loans	**58,466,602**	27,320,475
Islamic financing tools	**31,030,285**	8,261,217
Revolving Loans	**2,000,000**	2,000,000
Overdrafts	**2,951,032**	1,980,171
	94,447,919	39,561,863
Total credit facilities	**107,217,008**	59,913,103

Some of credit facilities are guaranteed by the collateral of certain Parent Company's assets (Note 8, 9, 11)

During the subsequent period to the date of consolidated financial statements the parent company has renewed credit facilities amounted to KD 10,000,000. According to the contracts of credit facilities a part of short term facilities which will mature during 2009 had been rescheduled as of consolidated financial statements date to be as follows:

	2008
Premiums mature during 2009	**84,447,919**
Premiums mature after 2009	**10,000,000**
	94,447,919

The credit facilities are denominated in the following currencies:

	2008	2007
Kuwaiti Dinar	**85,170,729**	57,731,988
U.S. Dollar	**666,436**	1,308,899
Bahraini Dinar	**19,234,541**	-
Jordon Dinar	**2,145,302**	-
UAE Dirhams	**-**	872,216
	107,217,008	59,913,103

All credit facilities granted carry variable interest rates. The weighted average annual effective interest rates are as follows:

	2008	2007
Loans at floating interest rate	**7.06%**	7%
Credit facilities and overdraft accounts	**7.87%**	8%

22. Accounts payable and other credit balances

	2008	2007
Trade payables	**10,884,168**	7,277,250
Accrued expenses	**148,481**	102,339
Accrued finance charges	**372,603**	723,340
Due to related parties (Note 32)	**1,322,056**	1,223,276
Deposits for other	**201,398**	189,825
Board of Directors' remuneration	**-**	70,000
Due to Kuwait Foundation for the Advancement of Sciences (KFAS)	**207,822**	206,771
Due to National Labor Support Tax	**771,598**	708,375
Due to Zakat	**64,938**	7,195
Dividend payable to shareholders	**838,088**	496,602
Accrued staff leave	**168,002**	120,014
Others	**129,742**	326,168
	15,108,896	11,451,155

Trade payables are non-interest bearing.

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

23. Net gain from investments available for sale

	2008	2007
Realized gain on sale of investments	882,429	1,006,127
Dividend income	1,688,292	1,036,663
Impairment losses (Note 8)	(1,429,005)	-
	1,141,716	2,042,790

The impairment losses represent the impairment of fair value of certain investments before their cost.

24. Net gain from land and property held for trading

	2008	2007
Realized gain from sale of land and property	21,034,816	6,156,585
Impairment losses (Note 9)	(4,587,610)	--
	16,447,206	6,156,585

25. Net loss from investment at fair value through income statement

	2008	2007
Changes in fair value	(2,125,630)	(262,984)
(Loss) gain on sale of investments	(381,323)	13,982
Dividend income	165,990	124,808
Portfolio management fees and commissions	(41,584)	(52,305)
	(2,382,547)	(176,499)

26. Other income

	2008	2007
Commission	289,400	1,178,111
Management fees	244,000	-
Gain on sale of utilization right	541,436	2,779,441
Others	250,272	277,052
	1,325,108	4,234,604

27. Staff cost

	2008	2007
Operating cost	40,490	35,670
General and administrative expenses	1,407,349	1,013,439
	1,447,839	1,049,109

28. Contribution to Kuwait Foundation for the Advancement of Science

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.

29. National Labor Support Tax

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 subsidiaries and associates, and Cash dividend received from Kuwaiti listed Companies and compensation claim from UNCC.

30. Contribution to 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.

31. Earnings per share

The information necessary to calculate the basic earning per share based on the weighted average number of shares outstanding during the year is as follows:

	2008	2007 (restated)
Net profit for the year attributable to equity holders of the Parent Company	**7,441,793**	13,700,382
Weighted average number of outstanding shares	**214,137,388**	196,091,998
Basic earning per share – fils	**34.75**	69.87

The basic earnings per share from discontinued activities was nil as of December 31, 2008 (2007 - 31.60 fils).

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume allotment of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares arise out of share options. A calculation is done to determine the number of shares that could have been acquired at fair value by exercising the rights (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2008	2007 (restated)
Net profit for the year attributable to equity holders of the Parent Company	**7,441,793**	13,700,382
Number of outstanding shares :		
Weighted average number of outstanding shares	**214,137,388**	196,091,998
Adjustment for share options	**4,580,956**	3,829,277
Diluted weighted average of outstanding share	**218,718,344**	199,921,275
Diluted earnings per share - fils	**34.03**	68.53

The diluted earnings per share from discontinued activities was nil as of December 31, 2008 (2007 - 31.00 fils).

As per International Accounting standard IAS No. 33 "Earnings per share" basic and diluted earning per share for the year ended December 31, 2007 had been restated due to issue of bonus shares and the bonus element in capital increase.

Basic and diluted earnings per share for the year ended December 31, 2007 amounted before the amendment by the impact of bonus shares for the year 2007 (76.71 and 75.27) fils respectively.

32. Related party disclosures

In the ordinary course of business, the Group conducts transactions with related parties under the management's approval; the transactions with related parties are presented as follows:

a. **Consolidated balance sheet**	2008	2007
Accounts receivable and other debit balances (Note 10)	**10,181,224**	14,847,338
Investments available for sale	**11,699,106**	21,574,159
Investments at fair value through income statement	**765,196**	2,861,359
Accounts payable and other credit balances (Note 22)	**1,322,056**	1,223,276
Cumulative change in fair value	**3,166,065**	12,032,479

b. **Consolidated statement of income**	2008	2007
Gain on sale of investment in associate (Note 5)	**1,875,000**	-
Finance charges	**-**	124,144
Net losses of investment at fair value through income statement	**(920,550)**	(262,985)
Net gain of investments available for sale	**1,290,188**	-

c. Compensations to key management personnel	2008	2007
Short - term benefits	**450,320**	344,392
Termination benefits	**25,799**	19,342
Post employment benefits	**17,760**	9,980
	493,879	373,714

The Parent Company had guaranteed credit facilities granted to a related party from local finance establishment with amount to KD 11,380,000 (2007 – KD 11,380,000) (Note 33). The related party transactions are subject to approval of shareholders' General Assembly.

33. Contingent liabilities

As of the consolidated balance sheet date, the Group was contingently liable in respect of the following:

	2008	2007
Letters of guarantee	**2,670,462**	4,086,417
Guarantee of credit facilities granted to a related party (Note 32)	**11,380,000**	11,380,000
	14,050,462	15,466,417

34. Capital commitments

The Group has capital commitments as of the consolidated balance sheet date presented in:

	2008	2007
Land and property held for trading	**20,026,494**	-
Investments available for sale	**1,865,250**	19,690,050
Investment in associates	**1,143,500**	4,636,202
Projects under construction	**-**	248,403
	23,035,244	24,574,655

35. Employees' stock option plan

According to the Shareholders General Assembly meeting held on April 11, 2007 and after issuing Amiri Decree no. 142 for year 2008 published in the official Gazetta dated June 29, 2008, the Parent Company's capital has been increased by issuing 10,000,000 shares dedicated to the Group's talented employees for the implementation of employees' stock option plan. The Parent Company is in the process of setting terms of the program identifying the issue of shares and the duration of the program and the assignment terms for the concerned employees.

36. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalent, accounts receivable, investments, Sukuk, various credit facilities and accounts payable, and as a result, is exposed to the risks indicated below. Currently the Group does not use derivative financial instrument to manage its exposure to these risks.

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 repriced or mature are indicated in the respective notes.

The Group diversifies its financing resources using different currencies inside and outside Kuwait to avoid changes in interest rates and the group monitors these changes locally and globally and amends the terms of loans to cope with the projections related to changes in interest rates.

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 floating rate borrowings). There is no impact on Group's equity.

	Increase / (Decrease) in interest rate	Loan Balance on December 31	Effect on consolidated statement of income
2008			
Credit facilities (Kuwaiti dinar)	**± 1%**	**63,530,124**	**± 635,301**
Credit facilities (USD)	**± 1%**	**8,797,203**	**± 87,972**
Credit facilities (Bahraini dinar)	**± 1%**	**10,016,264**	**± 100,163**
2007			
Credit facilities (Kuwaiti dinar)	± 1%	35,575,796	± 355,758
Credit facilities (USD)	± 1%	9,211,237	± 92,112

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 equivalent and accounts receivable. Accounts receivable are presented net of allowance for doubtful debts. The Group placing cash and cash equivalents with high credit rating financial institutions.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash and cash equivalent and accounts receivable.

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. The Group policy for this risk management is to finance its investments in foreign currency directly to avoid changes in exchange rates if financed in KD and continuously monitoring changes in exchange rates to take the appropriate decisions.

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

	Increase / (Decrease) against KD	Effect on consolidated statement of income
2008		
USD	**± 5%**	**± 135,934**
Bahraini dinar	**± 5%**	**± 763,539**
Qatari riyal	**± 5%**	**± 51,676**
Jordanian dinar		**± 101,813**
2007		
USD	± 5%	± 156,593
Bahraini dinar	± 5%	± 255,006
Qatari riyal	± 5%	± 161,056

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.

The group plans for this risk by preparing a statement of projected cash flows and monitors liquidity on a daily basis and covers all its current liabilities with current assets that are synchronized with maturity dates and monitoring the three major aspects of equity represented in cash flow size, its term and safety average.

Maturity Table for financial liabilities

2008	With in one month	1 - 3 months	3 months to 1 year	1 – 5 years	More than 5 years
Sukuk and credit facilities	**4,389,887**	**36,357,883**	**51,039,291**	**33,146,289**	-
Accounts payable and other credit balances	**132,621**	**1,478,088**	**12,075,767**	**810,645**	**611,775**

2007	With in one month	1 - 3 months	3 months to 1 year	1 – 5 years	More than 5 years
Sukuk, bonds and credit facilities	-	5,564,185	44,392,428	29,260,858	-
Accounts payable and other credit balances	268,931	5,893,434	3,962,077	189,825	1,136,888

Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. 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, to which the Group had significant exposure at December 31, 2008:

		2008		2007	
	Change in equity price	Effect on consolidated Statement of income	Effect on consolidated statement of changes in equity	Effect on consolidated Statement of income	Effect on consolidated statement of changes in equity
Kuwait stock exchange	+ 5.00%	**151,258**	**662,845**	83,329	1,221,209

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. Fair values are obtained from current bid prices, discounted cash flow models and other models as appropriate. At December 31, the fair values of financial instruments approximate their carrying amounts, except that it was not possible to reliably measure the fair value of most of unquoted investments available for sale as indicated in (Note 8).

37. 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
Total credit facilities, sukuk and bonds	**115,347,775**	77,815,440
Less: cash and cash equivalents	**(2,431,128)**	(3,771,466)
Net debt	**112,916,647**	74,043,974
Total equity	**62,249,158**	58,925,444
Total capital resources	**175,165,805**	132,969,418
The percentage of debt to total capital resources %	**64.46**	55.68

38. Subsequent events

During the subsequent period to the date of the consolidated financial statement the prices of the quoted shares had been declined in the financial markets. This decline will have the following effect on the consolidated financial statements:

	Value
Effect on consolidated statement of changes in equity	(2,590,750)
Effect on consolidated statement of income	(597,602)

39. Comparative figures

Certain of the prior year figures have been reclassified to conform to the current year presentation.