

The Investment Dar Company – K.S.C. (Closed)
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
For the Nine Months Ended 30 September 2008
with
Independent Auditors' Review Report
(Unaudited)

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Independent auditors' report on review of interim condensed consolidated financial information to the Board of Directors**The Board of Directors****The Investment Dar Company K.S.C. (Closed)****State of Kuwait****Introduction**

We have reviewed the accompanying interim condensed consolidated balance sheet of The Investment Dar Company K.S.C.(Closed), ("Parent Company") and its subsidiaries (together referred to "the Group") as at 30 September 2008, and the related interim condensed consolidated statement of income, changes in equity and cash flows for the nine month period then ended ("interim condensed consolidated financial information"). The Parent Company's Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the 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.

We did not review the interim financial information of certain subsidiaries, whose total assets of KD 89,421,932 (net of consolidation adjustments) amount to 6% of total assets of the Group as at 30 September 2008 and whose total revenues of KD 9,433,917 amount to 5% of total revenues of the Group for the nine month period ended 30 September 2008. We also did not review the interim financial information of certain associates, of which the Group's share of net assets of KD 413,141,171 amount to 27 % of total assets of the Group as at 30 September 2008 and of which the Group's share of profit of KD 151,280,839 amount to 72% of total revenues of the Group for the nine month period ended 30 September 2008. The interim financial information of these subsidiaries and associates were reviewed by other auditors whose reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for these subsidiaries and associates are based solely on the reports of other auditors.

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 and the review reports of other auditors, 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).

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 10.4 to this interim condensed consolidated financial information which describes that the Group is currently negotiating the restructuring of its liabilities as at 30 September 2008.

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. To the best of our knowledge, nothing has come to our attention indicating any violations of the Kuwait Commercial Companies Law of 1960, as amended, or of the Parent Company's Memorandum and Articles of Association have occurred during the nine month period ended 30 September 2008 that might have materially affected the business of the Group or its financial position.

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

The Parent Company has Murabha investment with one counter party that exceeds 15% of its capital in violation of the regulations of the Central Bank of Kuwait.



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Kuwait 20 November 2008

**The Investment Dar Company - K.S.C. (Closed)
and its subsidiaries**

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

	Note	30 September 2008	31 December 2007 (Audited)	30 September 2007
Assets				
Cash and cash equivalents		56,946,879	33,385,657	33,096,119
Murabaha and Wakala investments	3	202,608,242	173,373,360	179,022,035
Investments at fair value through profit or loss	4	91,633,605	81,731,132	87,795,593
Investments available for sale	5	56,123,182	141,945,095	292,126,620
Finance receivables	6	94,612,652	146,015,754	121,580,243
Other debit balances		41,847,245	46,983,915	154,028,647
Investment properties	7	105,746,834	113,404,245	75,938,299
Land and real estates under development		64,595,156	3,580,927	33,637,583
Investments in associates	8	783,098,578	519,925,395	295,954,873
Intangible assets		14,854,225	13,029,069	12,557,765
Property and equipment	9	17,624,857	8,867,825	7,368,082
Total assets		<u>1,529,691,455</u>	<u>1,282,242,374</u>	<u>1,293,105,859</u>
Liabilities and equity				
Liabilities				
Payables and other credit balances		48,589,308	54,464,425	65,284,696
Murabaha and Wakala payables	10	974,350,031	760,341,543	728,789,031
Islamic Sukuk		52,809,156	55,859,747	61,418,351
Employees' end of service indemnity		1,631,902	1,323,763	1,257,806
Total liabilities		<u>1,077,380,397</u>	<u>871,989,478</u>	<u>856,749,884</u>
Equity				
Equity attributable to the shareholders of the Parent Company				
Share capital	11	95,415,110	76,332,088	76,332,088
Share premium		116,968,443	116,968,443	116,968,443
Treasury shares	12	(9,820,227)	(11,389,645)	(2,259,752)
Reserves	13	30,507,193	75,205,217	65,151,856
Retained earnings		183,210,461	115,115,427	143,382,277
		<u>416,280,980</u>	<u>372,231,530</u>	<u>399,574,912</u>
Minority interest		<u>36,030,078</u>	<u>38,021,366</u>	<u>36,781,063</u>
Total equity		<u>452,311,058</u>	<u>410,252,896</u>	<u>436,355,975</u>
Total liabilities and equity		<u>1,529,691,455</u>	<u>1,282,242,374</u>	<u>1,293,105,859</u>

The accompanying notes from (1) to (23) form an integral part of this interim condensed consolidated financial information.

Adnan A. Al-Musallam
Chairman and Managing Director

The Investment Dar Company - K.S.C. (Closed)
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Interim Condensed Consolidated Statement of Income
For the nine months ended 30 September 2008
(Unaudited)
(All amounts in Kuwaiti Dinars)

		Three months ended		Nine months ended	
		30 September		30 September	
	Note	2008	2007	2008	2007
Revenue					
Finance income		6,709,685	8,057,306	20,923,296	20,954,869
Investments (losses)/income	14	(4,771,630)	2,630,148	1,215,166	62,709,327
Group's share in results of associates	8	61,284,340	31,886,419	162,906,734	67,985,375
Investment services revenues		524,529	963,659	3,777,296	2,863,240
Land and real estate revenues	15	1,768,517	9,768,723	17,273,112	29,335,576
Foreign exchange (losses) / gains		(1,239,105)	1,208,500	2,386,963	1,866,430
Other income		131,116	509,344	2,653,805	2,477,555
		<u>64,407,452</u>	<u>55,024,099</u>	<u>211,136,372</u>	<u>188,192,372</u>
Expenses and other charges					
Finance charges		20,352,385	16,893,374	54,800,670	44,842,000
General and administrative expenses		5,552,664	4,715,384	15,368,717	14,277,174
Provision for impairment		366,764	1,168,507	705,529	1,302,753
Depreciation and amortization		192,547	365,914	1,179,258	1,102,374
Contribution to Kuwait Foundation for the Advancement of Sciences "KFAS"		428,641	252,940	675,811	939,957
National Labor Support Tax "NLST"		969,584	785,977	3,314,553	3,071,806
Zakat expense		466,678	-	812,733	-
		<u>28,329,263</u>	<u>24,182,096</u>	<u>76,857,271</u>	<u>65,536,064</u>
Net profit for the period		<u>36,078,189</u>	<u>30,842,003</u>	<u>134,279,101</u>	<u>122,656,308</u>
Attributable to:					
Shareholders of the Parent Company		36,172,520	30,571,939	132,119,113	122,099,476
Minority interest		(94,331)	270,064	2,159,988	556,832
		<u>36,078,189</u>	<u>30,842,003</u>	<u>134,279,101</u>	<u>122,656,308</u>
Earnings per share attributable to the shareholders of the Parent company (fils)					
	16	<u>38.34</u>	<u>32.17</u>	<u>139.81</u>	<u>129.01</u>

The accompanying notes from (1) to (23) form an integral part of this interim condensed consolidated financial information.

The Investment Dar 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 in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company						Minority interest	Total equity
	Share capital (Note 11)	Share premium	Treasury shares (Note 12)	Reserves (Note 13)	Retained earnings	Total		
Balance as of 1 January 2007	71,006,593	116,968,443	(9,794,002)	75,440,099	55,518,993	309,140,126	64,487,161	373,627,287
Change in fair value of investments available for sale	-	-	-	4,524,365	-	4,524,365	-	4,524,365
Foreign currency translation reserve	-	-	-	(1,029,307)	-	(1,029,307)	-	(1,029,307)
Effect of acquisition of an associate	-	-	-	(11,863,288)	6,038,140	(5,825,148)	-	(5,825,148)
Gain on sale of treasury shares	-	-	-	2,068,011	-	2,068,011	-	2,068,011
Zakat For year 2006	-	-	-	(3,988,024)	-	(3,988,024)	-	(3,988,024)
Total (loss)/profit recognized directly in equity	-	-	-	(10,288,243)	6,038,140	(4,250,103)	-	(4,250,103)
Net profit for the period	-	-	-	-	122,099,476	122,099,476	556,832	122,656,308
Total (loss)/ profit recognized during the period	-	-	-	(10,288,243)	128,137,616	117,849,373	556,832	118,406,205
Cash dividends for year 2006 (Note 17)	-	-	-	-	(34,948,837)	(34,948,837)	-	(34,948,837)
Distribution of bonus shares for year 2006 (Note 17)	5,325,495	-	-	-	(5,325,495)	-	-	-
Purchase of treasury shares	-	-	(15,359,149)	-	-	(15,359,149)	-	(15,359,149)
Sale of treasury shares	-	-	22,893,399	-	-	22,893,399	-	22,893,399
Net movement on investments in subsidiaries	-	-	-	-	-	-	(28,262,930)	(28,262,930)
Balance as of 30 September 2007	76,332,088	116,968,443	(2,259,752)	65,151,856	143,382,277	399,574,912	36,781,063	436,355,975

The accompanying notes from (1) to (23) form an integral part of this interim condensed consolidated financial information.

The Investment Dar Company - K.S.C. (Closed)
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Interim Condensed Consolidated Statement of Changes in Equity (Cont.)
For the nine months ended 30 September 2008
(Unaudited)
(All amounts in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company					Total	Minority interest	Total equity
	Share capital (Note 11)	Share premium	Treasury shares (Note 12)	Reserves (Note 13)	Retained earnings			
Balance as of 1 January 2008	76,332,088	116,968,443	(11,389,645)	75,205,217	115,115,427	372,231,530	38,021,366	410,252,896
Change in fair value of investments available for sale	-	-	-	(15,128,739)	-	(15,128,739)	-	(15,128,739)
Foreign currency translation reserve	-	-	-	(26,074,564)	-	(26,074,564)	-	(26,074,564)
Effect of acquisition of an associate (Note 8)	-	-	-	-	10,107,687	10,107,687	-	10,107,687
Gain on sale of treasury shares	-	-	-	139,044	-	139,044	-	139,044
Transfer to Zakat from subsidiaries for year 2007	-	-	-	-	(2,127,155)	(2,127,155)	-	(2,127,155)
Zakat for year 2007	-	-	-	(4,182,996)	-	(4,182,996)	-	(4,182,996)
Actuarial surplus for an associate	-	-	-	549,231	-	549,231	-	549,231
Total (loss) / profit recognized directly in equity	-	-	-	(44,698,024)	7,980,532	(36,717,492)	-	(36,717,492)
Net profit for the period	-	-	-	-	132,119,113	132,119,113	2,159,988	134,279,101
Total (loss)/ profit recognized during the period	-	-	-	(44,698,024)	140,099,645	95,401,621	2,159,988	97,561,609
Cash dividends for year 2007 (Note17)	-	-	-	-	(52,921,589)	(52,921,589)	-	(52,921,589)
Distribution of bonus shares for year 2007 (Note17)	19,083,022	-	-	-	(19,083,022)	-	-	-
Purchase of treasury shares	-	-	(12,654,758)	-	-	(12,654,758)	-	(12,654,758)
Sale of treasury shares	-	-	14,224,176	-	-	14,224,176	-	14,224,176
Net movement of investments in subsidiaries	-	-	-	-	-	-	(4,151,276)	(4,151,276)
Balance as of 30 September 2008	95,415,110	116,968,443	(9,820,227)	30,507,193	183,210,461	416,280,980	36,030,078	452,311,058

The accompanying notes from (1) to (23) form an integral part of this interim condensed consolidated financial information.

The Investment Dar Company K.S.C. (Closed)
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Interim Condensed Consolidated Statement of Cash Flows
For the nine months ended 30 September 2008
(Unaudited)
(All amounts in Kuwaiti Dinars)

	2008	2007
Cash flows from operating activities		
Net profit for the period	134,279,101	122,656,308
Adjustments:		
Depreciation and amortization	1,179,258	1,102,374
Provision for impairment	705,529	1,302,753
Dividends income	(1,815,136)	(1,872,168)
Gain on sale of investments available for sale	(2,054,461)	(1,085,279)
Group's share in results of associates	(162,906,734)	(67,985,375)
Gain on sale of land, real estates and investment properties	(4,443,567)	(17,940,053)
Gain on foreign currency exchange	(2,386,963)	(1,866,430)
Gain on sale of subsidiaries	-	(50,630,563)
Loss/(gain) on sale of associates	188,392	(888,328)
Murabaha income	(11,774,426)	(10,795,600)
Change in fair value of investment properties	(12,408,202)	(10,932,606)
Finance costs	54,800,670	44,842,000
Employees' end of service's indemnity	450,314	461,623
Operating (loss)/ income before changes in operating assets or liabilities	(6,186,225)	6,368,656
Investments at fair value through profit and loss	(9,902,473)	(8,103,182)
Finance receivables	30,014,516	(27,220,208)
Other debit balances	5,136,670	(107,778,222)
Payables and other credit balances	(13,883,015)	138,544,191
Payment of end of services indemnity	(142,175)	(31,991)
Net cash generated from operating activities	<u>5,037,298</u>	<u>1,779,244</u>
Cash flows from investing activities		
Investments in Murabaha and Wakala	(29,433,265)	(118,400,873)
Gain on Murabaha	11,774,426	10,795,600
Dividends received	1,815,136	1,872,168
Payment for purchase of investment in associate	(15,394,204)	(74,137,426)
Net proceeds from sale of subsidiary	-	80,621,916
Net payment for purchase of investments available for sale	(6,002,365)	(86,815,777)
Net (payment for purchase)/proceeds from sale of investment properties	(38,307,371)	54,053,186
Net payment for purchase of land and real estate under development	(1,603,938)	(21,359,831)
Payment for purchase of property and equipment	(7,509,558)	(2,023,669)
Net payment for purchase of intangible assets	(1,863,685)	(141,510)
	<u>(86,524,824)</u>	<u>(155,536,216)</u>
Cash flows from financing activities		
Net proceeds from Murabaha and Wakala payable	210,452,583	145,674,486
Net payment for Islamic Sukuk	(2,706,956)	(4,778,031)
Payment of finance charges	(49,030,223)	(44,842,000)
Purchase of treasury shares	(12,654,758)	(15,359,149)
Proceeds from sale of treasury shares	14,363,220	24,961,410
Payment of cash dividends	(51,223,842)	(34,789,599)
Net cash generated from financing activities	<u>109,200,024</u>	<u>70,867,117</u>
Net change in minority interest	<u>(4,151,276)</u>	<u>1,774,666</u>
Net increase/(decrease) in cash and cash equivalents	23,561,222	(81,115,189)
Cash and cash equivalents at the beginning of the period	<u>33,385,657</u>	<u>114,211,308</u>
Cash and cash equivalents at the end of the period	<u>56,946,879</u>	<u>33,096,119</u>

The accompanying notes from (1) to (23) form an integral part of this interim condensed consolidated financial information.

**The Investment Dar Company K.S.C. (Closed)
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**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30
September 2008
(Unaudited)**

(All amounts in Kuwaiti Dinars unless otherwise stated)

1. Background

The Investment Dar Company is a Closed Kuwaiti Shareholding Company ("The Parent Company") established in Kuwait in 1994 and registered as an investment company with the Central Bank of Kuwait on 27 August 1995. The shares of the Parent Company were listed on Kuwait Stock Exchange in April 1999.

The Parent Company's office is domiciled in Sharq, Block 5, Building 2, Kuwait Reinsurance Tower, Kuwait.

The interim condensed consolidated financial information consists of the financial information of the Parent Company and its subsidiaries, (together referred to as "the Group").

The principal activities of the Group are Murabaha investments with local & foreign Islamic financial institutions, trading in land and real estate and managing financial portfolios and investment funds for others. The Group is also engaged in selling and leasing of motor vehicles and real estate properties to consumers based on Musawama, Murabaha, Ijara and Wakala contracts.

The activities of the Group are carried out in accordance with Noble Islamic Sharia principles.

On 7 May 2008, the General Assembly of the Parent Company's shareholders was held and the consolidated financial statements for the year ended 31 December 2007 were approved.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on2008.

2. Basis of preparation of the interim financial information

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" and the Kuwait Stock Exchange instruction No.2 of 1998.

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.

The provision for impairment in finance receivable, with respect to specific provision, is determined according to the requirements of the Central Bank of Kuwait. Furthermore, the Central Bank of Kuwait requires a general provision of 1% for cash facilities and 0.5% for non cash facilities, also wakala and all Murabaha Investments placed with other than banks that are not subject to specific provision net of certain categories of collateral set by the 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 interim condensed consolidated financial information.

The operating results for the nine months ended 30 September 2008 are not necessarily indicative of the results that may be expected for the year ending 31 December 2008. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2007.

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**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30
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The accounting policies and methods of computation used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the last annual consolidated financial statements which were prepared in accordance with International Financial Reporting Standards as adopted in the State of Kuwait on financial institutions that are subject for Central Bank of Kuwait.

3. Murabaha and Wakala investments

The average effective rate of return on investment in Murubaha and Wakala is 10.76 % as of 30 September 2008 (8.6% as of 31 December 2007 and 8.43% as of 30 September 2007).

4. Investments at fair value through profit or loss

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Held for trading investments	5,944,809	114,172	7,113,212
Investments designated at fair value through profit or loss at inception	<u>85,688,796</u>	<u>81,616,960</u>	<u>80,682,381</u>
	<u>91,633,605</u>	<u>81,731,132</u>	<u>87,795,593</u>
Investments in local shares - quoted	16,949,453	5,168,513	16,261,159
Investments in local shares - unquoted	6,465,362	13,457,708	12,848,890
Investments in foreign shares - unquoted	634,980	634,980	634,980
Investments in local funds - unquoted	62,251,155	62,469,931	58,050,564
Investments in foreign funds - unquoted	<u>5,332,655</u>	<u>-</u>	<u>-</u>
	<u>91,633,605</u>	<u>81,731,132</u>	<u>87,795,593</u>

5. Investments available for sale

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Investments in local shares - quoted	536,339	565,195	149,875,528
Investments in local shares - unquoted	40,256,512	125,391,910	125,767,255
Investments in foreign shares - unquoted	925,584	2,887,246	2,893,497
Investment in local funds – unquoted	3,221,539	1,917,293	2,468,225
Investments in local portfolios	<u>11,183,208</u>	<u>11,183,451</u>	<u>11,122,115</u>
	<u>56,123,182</u>	<u>141,945,095</u>	<u>292,126,620</u>

5.1 Investments available for sale include an amount of KD 1,839,721 as of 30 September 2008 (KD 128,279,156 as of 31 December 2007 and KD 128,382,051 as of 30 September 2007) represents investments in unquoted shares carried at cost as it was not possible to determine their fair values and there is no indication of impairment in their value.

5.2 During the period ended 30 September 2008, The Group has reclassified its investment in Rehal Logistics Company from investments available for sale to investment in associate (Note 8.2), as the Group is exercising significant influence over the financial and operating policies of this associate, through representation in the board of directors of this company.

**The Investment Dar Company K.S.C. (Closed)
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**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30
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(Unaudited)**

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6. Finance receivables

During the period ended 30 September 2008, the Group has reclassified the balance of the finance granted to an associate with GBP equivalent to KD 20,710,226 to investment in associate (Note 8.4). This amount includes KD 17,432,792 which represents the Group's share in finance granted to this associate which has been transferred to the equity of this associate. The additional amount of KD 3,277,256 has been granted against the Group's acquisition of additional shares in this associate.

The average yield rate on finance receivables is 13.64% as of 30 September 2008 (12% as of 31 December 2007 and 13.6% as of 30 September 2007).

7. Investment properties

	30 September 2008	31 December 2007 (Audited)	30 September 2007
Opening balance for the period / year	113,404,245	80,830,463	80,830,463
Additions	66,219,433	133,939,773	96,877,844
Disposals	(23,468,495)	(121,947,902)	(118,241,770)
Transfer to land and real estate under development	(61,798,494)	19,248,435	19,248,435
Change in fair value (Note 15)	12,408,202	15,042,755	10,932,606
Effect of sale of a subsidiary	-	(13,709,279)	(13,709,279)
Effect of foreign currency translation from consolidating a subsidiary	(1,018,057)	-	-
Ending balance for the period / year	<u>105,746,834</u>	<u>113,404,245</u>	<u>75,938,299</u>

8. Investments in associates

8.1 The Group is in the process of allocating the purchase price of its investment in Boubyan Bank over the identifiable assets and liabilities of the associate and calculating the goodwill (if any). The excess of cost of the investment over the Group's share of the net book value of this investment has amounted to KD 121,618,005 as of 30 September 2008 (KD 122,222,425 as of 31 December 2007).

8.2 During the period ended 30 September 2008, the Group has reclassified its investment in Rehal Logistics Company from investment available for sale to investment in associate, as the Group has significant influence over the financial and operational policies of the company through representation in the Board of Directors. The effect of reclassification is the increase in retained earnings by an amount of KD 10,107,687 which represents the Group's share in results of Rehal Logistics Company in the previous years until 31 December 2007. The Group is in the process of allocating the purchase price over the identifiable assets and liabilities of the associate and identifying the goodwill (if any). The excess of cost of the investment over the Group's share of the net book value of this investment has amounted to KD 70,989,036 as of 30 September 2008.

8.3 During the period ended 30 September 2008, the Group has acquired additional shares to its acquisition in Oqyana Real Estate Company's shares to reach the total of 22% as of 30 September 2008.

8.4 During the period ended 30 September 2008, The Group, along with the other shareholders, increased its investment in Aston Martin Holding through the finance granted in GBP equivalent to KD 17,432,970. No change in The Group's ownership

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percentage resulted from that action. Moreover, The Group participated in the capital increase of Aston Martin Holding in an amount KD 3,277,256 to reach an ownership percentage 56.21% as of 30 September 2008 (55.51% as of 31 December 2007). This increase didn't result in a change in the associate's board of directors and hence The Group still exercise significant influence, but don't exercise control over this associate.

8.5 During the period ended 30 September 2008, the Group has participated in incorporating ASMAR Limited in Jersey British Channel Islands. The Group's share in Asmar Limited is 57%. The Group believes that it has significant influence rather than a control over the financial and operational policies of the company; therefore, it is classified as an investment in associate. During the period ended 30 September 2008, the Group has recorded KD 14,524,352 as its share of profit from this associate, which represents the partial disposal of the associate's investment in its subsidiary company Aston Martin Middle East and North Africa Limited. As of 30 September 2008, the associate has recorded a receivable of KD 30,000,000 in respect of this partial disposal of its subsidiary which is due within the next three month as per the terms of the agreement.

8.6 The Group has recorded its share of profit from associates amounting to KD 162,906,734 which includes an amount of KD 12,486,422 based on audited financial statements as of 31 December 2007 which have been recorded in the three months period ended 31 March 2008, and share of results in associates with an amount of KD 150,681,578 has been recognized based on reviewed financial information by associates independent auditors as of 30 September 2008, in addition to share in losses of associates with an amount of KD 261,266 recognized based on management accounts provided by management of these companies as at 30 September 2008.

8.7 The following table represent a summary of the Group's share of profit from associate:

Companies	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Boubyan Bank K.S.C.C.	1,104,314	-	3,803,085	-
Bahrain Islamic Bank B.S.C.	1,707,363	-	8,975,910	2,439,691
Al Dar National Real Estate K.S.C.C.	(1,324,160)	-	-702,588	-
Oqyana Real Estate Company K.S.C.C.	(1,175,715)	-	34,957,176	-
Al-Bilad Real Estate Investment Company W.L.L.	47,364,752	29,899,655	69,385,246	64,669,637
Aston Martin Holding W.L.L.	262,639	-	6,567,164	-
Manazel Holding Company K.S.C.C.	411,665	221,305	4,579,031	221,305
Khabari Holding Company K.S.C.C.	(855,120)	1,487,291	1,638,063	340,827
Park Lane Properties Limited Company W.L.L.	-	-	17,530,509	-
ASMAR Limited	14,524,352	-	14,524,352	-
Other	(735,750)	278,168	1,648,786	313,915
	<u>61,284,340</u>	<u>31,886,419</u>	<u>162,906,734</u>	<u>67,985,375</u>

8.8 The Group's share of profit from Al-Bilad Real Estate, Oqyana Real Estate and Park Lane Properties were mainly originated from the valuation of the Investment Properties of these companies based on valuation reports from independent valuers in Kingdom of Bahrain, United Arab Emirates and United Kingdom respectively.

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9. Property and Equipment

During the period ended 30 September 2008, the Group has acquired a private aircraft with an amount of KD 6,641,258 through a subsidiary company working in the aviation industry.

10. Murabaha and Wakala payables

- 10.1 This represents Murabaha and Wakala contracts which mature over a period of three months to four years. The average effective yield rate is 8.53 % as of 30 September 2008 (8.30% as of 31 December 2007 and 8.20% as of 30 September 2007).
- 10.2 Subsequent to the balance sheet date, out of the total outstanding Murabaha payable balance of KD 974,350,031, The Group has repaid KD 95,123,844 and has obtained renewal for an amount of KD 477,624,001.
- 10.3 The average yield rates of Murabaha and Wakala are in line with the market rates.
- 10.4 Due to the international financial crisis that took place recently and its subsequent impacts which led to shortage of liquidity in the money market, the Group as similar to investment companies is currently negotiating the restructure of its liabilities.

11. Share capital

The general assembly held on 7 May 2008 approved the proposal of the Board of Directors of the Parent company to increase the Parent company's capital by issuing bonus shares of 25%. Accordingly, the issued and paid up capital amounts to KD 95,415,110 distributed over 954,151,095 shares as of 30 September 2008 (KD 76,332,088 distributed over 763,320,876 shares as of 31 December 2007 and as of 30 September 2007).

On 21 May 2008 the share capital increase was registered in the commercial register.

12. Treasury shares

	30 September 2008	31 December 2007	30 September 2007
Number of treasury shares (Share)	14,097,720	12,860,676	3,803,176
Treasury shares to total share capital ratio (%)	1.48	1.68	0.50
Market value	10,291,336	12,860,676	4,031,367

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13. Reserves

	Statutory reserve	Voluntary Reserve	General Reserve	Change in fair value reserve	Foreign currency translation reserve	Gain on sale of treasury shares	Actuarial reserve	Total
Balance as of 1 January 2007	24,019,950	24,019,950	15,000,000	11,536,921	675,143	188,135	-	75,440,099
Change in fair value	-	-	-	4,524,365	-	-	-	4,524,365
Foreign currency translation reserve	-	-	-	-	(1,029,307)	-	-	(1,029,307)
Effect of acquisition of an associate	-	-	-	(11,863,288)	-	-	-	(11,863,288)
Gain on sale of treasury shares	-	-	-	-	-	2,068,011	-	2,068,011
Zakat for year 2006	-	(3,988,024)	-	-	-	-	-	(3,988,024)
Balance as of 30 September 2007	<u>24,019,950</u>	<u>20,031,926</u>	<u>15,000,000</u>	<u>4,197,998</u>	<u>(354,164)</u>	<u>2,256,146</u>	<u>-</u>	<u>65,151,856</u>
Balance as of 1 January 2008	37,044,566	37,044,566	15,000,000	(1,666,938)	(14,531,494)	2,314,517	-	75,205,217
Change in fair value	-	-	-	(15,128,739)	-	-	-	(15,128,739)
Foreign currency translation reserve	-	-	-	-	(26,074,564)	-	-	(26,074,564)
Gain on sale of treasury shares	-	-	-	-	-	139,044	-	139,044
Zakat for year 2007	-	(4,182,996)	-	-	-	-	-	(4,182,996)
Surplus in actuarial reserve	-	-	-	-	-	-	549,231	549,231
Balance as of 30 September 2008	<u>37,044,566</u>	<u>32,861,570</u>	<u>15,000,000</u>	<u>(16,795,677)</u>	<u>(40,606,058)</u>	<u>2,453,561</u>	<u>549,231</u>	<u>30,507,193</u>

14. Investments (losses)/ income

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
(Losses)/ gains on sale of investments at fair value through profit or loss	(362,647)	817,705	(236,346)	2,681,924
Change in fair value of investments at fair value through profit or loss *	(6,406,614)	522,241	(2,029,039)	5,622,769
Dividends	159,256	1,072,094	1,815,136	1,872,168
Gain on sale of investments available for sale	2,042,051	95,221	2,054,461	1,085,279
(Loss)/ gain on disposal of subsidiaries	(14,610)	194,591	(22,267)	50,630,563
(Loss)/ gain on disposal of associates	(189,066)	-	(188,392)	888,328
Impairment losses	-	(71,704)	(178,387)	(71,704)
	<u>(4,771,630)</u>	<u>2,630,148</u>	<u>1,215,166</u>	<u>62,709,327</u>

*Change in fair value of investments at fair value through profit or loss includes an amount of KD 683,688 for the period ended 30 September 2008 (KD 4,800,665 for the period ended 30 September 2007) pertaining to unquoted funds. Their fair value has been determined based on the net asset value for the period ended 30 September 2008.

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15. Land and real estate revenues

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Gain on sale of investment properties	2,371	2,703,224	4,443,567	16,621,149
Gain on sale of land and real estate under development	-	-	-	1,318,904
Change in fair value of investment properties	1,740,314	7,063,079	12,408,202	10,932,606
Rent income	25,832	2,420	421,343	224,855
Other	-	-	-	238,062
	<u>1,768,517</u>	<u>9,768,723</u>	<u>17,273,112</u>	<u>29,335,576</u>

Change in fair value of investment properties includes an amount of KD12,408,202 for the period ended 30 September 2008 (KD 10,932,606 for the period ended 30 September 2007) which represents gain on change in fair value for investment properties in Gulf Cooperation Council countries determined by independent appraisers in these countries.

16. Earnings per share attributable to the shareholders of the Parent Company

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Net profit for the period attributable to shareholders of the Parent company	36,172,520	30,571,939	132,119,113	122,099,476
Weighted average No. of issued and outstanding shares during the period/ (share)	<u>943,393,970</u>	<u>950,347,919</u>	<u>944,999,193</u>	<u>946,458,200</u>
Earnings per share (fils)	<u>38.34</u>	<u>32.17</u>	<u>139.81</u>	<u>129.01</u>

Bonus shares issued and approved in the General Assembly of the shareholders on 7 May 2008 were taken into consideration when computing earnings per share for the current and the comparative periods.

17. Dividends

Dividends for 2007:

The General Assembly for the shareholders held on 7 May 2008 approved cash dividends of 70 fils per share, and also approved the dividends of bonus shares with 25% of the paid up capital which is 25 shares for every 100 shares of The Parent Company's shares for the year ended 31 December 2007.

Dividends for 2006:

The General Assembly for the shareholders held on 26 March 2007 approved cash dividends of 50 fils per share, and also approved the dividends of bonus shares with 7.5% of the paid up capital which is 7.5 shares for every 100 shares of The Parent Company's shares for the year ended 31 December 2006.

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18. Segment distribution

The Group carries out the majority of its activities in the State of Kuwait through three major segments:

1. Financing segment: represents financing consumers and companies with all of their miscellaneous needs according to contracts complying with Noble Islamic Sharia principles.
2. Real estate segment: represents selling land and properties for trading or after development in cash or under Istisna'a contracts.
3. Investment segment: represents management of real estate portfolios and investment funds on behalf of third parties and management of the Group's investments.

Analysis of the information according to segments for the nine-month period ended 30 September is as follows:

	Finance		Real Estate		Investment		Unallocated items		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Segment revenues	25,964,064	23,935,858	17,273,112	29,335,576	167,899,196	134,920,938	-	-	211,136,372	188,192,372
Segment expenses	(9,858,006)	(8,723,861)	(5,610,994)	(9,095,244)	(55,864,898)	(42,602,821)	(5,523,373)	(5,114,138)	(76,857,271)	(65,536,064)
Segment results	16,106,058	15,211,997	11,662,118	20,240,332	112,034,298	92,318,117	(5,523,373)	(5,114,138)	134,279,101	122,656,308
Segment assets	297,366,198	126,281,004	170,341,990	109,575,882	971,722,581	1,004,034,899	90,260,686	53,214,074	1,529,691,455	1,293,105,859
Segment liabilities	-	-	-	-	-	-	1,077,380,397	856,749,884	1,077,380,397	856,749,884

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18. Segment distribution (continued)

Analysis of the information according to segments for the three -month period ended 30 September is as follows:

	Finance		Real Estate		Investment		Unallocated items		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Segment revenues	5,601,696	11,474,028	1,768,517	9,768,723	57,037,239	33,781,348	-	-	64,407,452	55,024,099
Segment expenses	(3,448,282)	(5,079,406)	(988,360)	(3,583,715)	(22,294,153)	(14,114,143)	(1,598,468)	(1,404,832)	(28,329,263)	(24,182,096)
Segment results	2,153,414	6,394,622	780,157	6,185,008	34,743,086	19,667,205	(1,598,468)	(1,404,832)	36,078,189	30,842,003

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19. Geographical concentration of assets and liabilities

	Assets			Liabilities		
	30 September 2008	31 December 2007	30 September 2007	30 September 2008	31 December 2007	30 September 2007
Kuwait	952,989,046	875,228,951	906,539,753	413,788,530	661,018,912	667,435,795
Other GCC	396,043,681	266,183,239	227,551,247	493,838,988	101,682,197	96,749,202
Europe	177,329,140	138,216,861	156,444,533	147,406,342	99,182,809	92,564,887
Others	3,329,588	2,613,323	2,570,326	22,346,537	10,105,560	-
	<u>1,529,691,455</u>	<u>1,282,242,374</u>	<u>1,293,105,859</u>	<u>1,077,380,397</u>	<u>871,989,478</u>	<u>856,749,884</u>

20. Related parties transactions

Related parties represent the Group's shareholders who have representation in the Board of Directors, members of the Board of Directors, Senior Management and associates. In the normal course of business and on approval of the Group's management, the Group entered into transactions with related parties during the period ended 30 September 2008. The significant related party transactions and outstanding balances relating to these related parties are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Transactions				
Finance costs	78,124	1,538,541	4,069,917	2,022,292
Purchases for resale	-	2,318,346	400,655	3,187,438
Executive and senior management benefits	605,118	50,277	1,333,500	812,522
Cash dividends received	-	(862,577)	(851,676)	(862,577)
Balances	30 September 2008	31 December 2007	30 September 2007	
Investments at fair value through profit or loss	64,863,448	60,797,770	55,155,855	
Finance receivables	14,364,961	20,975,120	-	
Other debit balances	2,671,200	9,103,332	3,170,755	
Murabaha payables	(8,147,806)	(52,943,944)	(45,852,369)	
Payables and other credit balances	(2,325,150)	(6,832,919)	(10,531,267)	

All related parties transactions are subject to the approval of the shareholders in the General Assembly.

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21. Capital commitments

	30 September 2008	31 December 2007	30 September 2007
Uncalled capital installments on investment companies	1,520,000	240,000	240,000
Guarantee against the uncovered portion of Qard Hassan due to Aston Martin Holding Company	-	16,718,683	-
	<u>1,520,000</u>	<u>16,958,683</u>	<u>240,000</u>

22. Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the balance sheet of the Group. The net assets managed on behalf of others amounted to KD 561,362,367 as of 30 September 2008 (KD 252,416,423 as of 31 December 2007 and KD 268,732,342 as of 30 September 2007), out of which an amount of KD 141,819,542 as of 30 September 2008 for related parties (KD 172,265,464 as at 31 December 2007, KD 133,539,332 as of 30 September 2007).

23. Comparative figures

Certain comparative figures have been reclassified to conform to the current presentation of the interim condensed consolidated financial information as at 30 September 2008.