

**Grand Real Estate Projects Company**  
**K.S.C. (Closed)**  
**and its Subsidiaries**  
**State of Kuwait**  
**Interim condensed consolidated**  
**financial information**  
**for the three months ended March 31, 2009**  
**with**  
**Review report**  
**(unaudited)**

**Grand Real Estate Projects Company  
K.S.C. (Closed)  
and its Subsidiaries  
State of Kuwait  
Interim condensed consolidated  
financial information  
for the three months ended March 31, 2009  
with  
Review report  
(unaudited)**

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# Rödl

## Middle East

Burgan – International Accountants

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### **Messrs/ Board of Directors**

**Grand Real Estate Projects Company- K.S.C. (Closed)**

**And its subsidiaries**

**State of Kuwait**

# PKF

### **PKF Bouresli & Co.**

### **Accountants & Business Advisers**

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## **Review Report on the interim condensed consolidated financial information**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Grand Real Estate Projects Company K.S.C. (Closed) - (the Parent Company) and its subsidiaries (together refer to as the Group) as of March 31, 2009 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three months then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No (34) "Interim Financial reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity".

A review of interim condensed consolidated 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.

### **The basis of qualified conclusion**

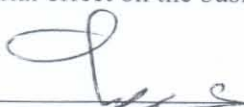
The Group's share in the associates' results has not been recorded as shown in (Note 5) about the interim condensed consolidated financial information as there was no interim condensed financial information for these companies for the three months ended March 31, 2009.

### **Qualified conclusion**

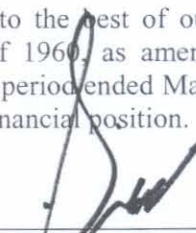
Based on our review and the adjustments that may be required as a result of what mentioned above in the basis of qualified conclusion, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

### **Report on review of other legal and regulatory matters**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. Also, to the best of our knowledge and belief, no violations neither of the Commercial Companies' Law of 1960, as amended, nor of the Articles of Association of the Parent Company has occurred during the period ended March 31, 2009 that might have had a material effect on the business of the Group or on its financial position.

  
Ali A. Al-Hasawi  
License No. 30 (A)

**Rödl Middle East – Burgan International  
Accountants**

  
Tariq Majid Bouresli  
License No. 75 (A)  
**PKF Bouresli & Co.**  
**Member of PKF International**



**Grand Real Estate Projects Company K.S.C. (Closed)  
and its subsidiaries  
State of Kuwait**

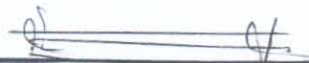
**Exhibit - A**

**Interim Condensed consolidated statement of financial position as of March 31, 2009  
(Unaudited)**

*"All amounts are in Kuwaiti Dinars"*

	Note	March 31, 2009	December 31, 2008 (Audited)	March 31, 2008
<b>Assets</b>				
<b>Non-Current assets</b>				
Investments properties	4	49,140,575	52,550,152	65,022,491
Investments in associates	5	54,414,327	54,414,327	24,028,316
Investments in unconsolidated subsidiaries		1,911,871	1,911,539	-
Intangible assets		19,831,355	19,851,076	24,053,654
Projects in progress		6,392,870	6,392,870	1,383,761
Property and equipment		207,526	216,304	188,824
Joint ventures		1	1	1
Available for sale investments		8,088,790	8,391,084	9,778,594
		<u>139,987,315</u>	<u>143,727,353</u>	<u>124,455,641</u>
<b>Current assets</b>				
Accounts receivable and other debit balances	6	18,435,584	9,219,468	46,754,030
Investments at fair value - statement of income	7	2,817,099	3,353,217	26,922,855
Investment in Mudarabat		-	-	25,455,479
Cash and cash equivalents		1,882,533	1,506,595	1,219,672
		<u>23,135,216</u>	<u>14,079,280</u>	<u>100,352,036</u>
<b>Total assets</b>		<u>163,122,531</u>	<u>157,806,633</u>	<u>224,807,677</u>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital		45,480,162	45,480,162	36,384,130
Share premium		24,692,918	24,692,918	24,708,688
Statutory reserve		6,032,791	6,032,791	6,032,791
Voluntary reserve		6,032,791	6,032,791	6,032,791
Treasury shares		(229,218)	(229,218)	(229,218)
Profit on sale of treasury shares		101,100	101,100	101,100
Foreign currency translation reserve		299,416	299,416	(88,336)
Accumulated changes in fair value		527,139	756,554	77,873
Share option plan reserve		228,637	228,637	262,148
Group's share in associates' reserves		(1,015,849)	(1,015,849)	(212,456)
(Accumulated losses)/retained earnings		(18,469,177)	(18,712,794)	31,546,568
<b>Equity attributable to the Parent Company's Shareholders</b>		<u>63,680,710</u>	<u>63,666,508</u>	<u>104,616,079</u>
Non controlling interests		30,884,686	30,913,588	29,492,296
<b>Total Equity</b>		<u>94,565,396</u>	<u>94,580,096</u>	<u>134,108,375</u>
<b>Non-Current Liabilities</b>				
Provision for end of service indemnity		133,165	142,928	78,865
Islamic debt instruments	8	-	-	3,866,577
		<u>133,165</u>	<u>142,928</u>	<u>3,945,442</u>
<b>Current Liabilities</b>				
Islamic debt instruments	8	17,172,305	19,678,390	47,328,328
Accounts payable and other credit balances	9	51,251,665	43,405,219	39,425,532
		<u>68,423,970</u>	<u>63,083,609</u>	<u>86,753,860</u>
<b>Total liabilities</b>		<u>68,557,135</u>	<u>63,226,537</u>	<u>90,699,302</u>
<b>Total equity and liabilities</b>		<u>163,122,531</u>	<u>157,806,633</u>	<u>224,807,677</u>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

  
**Mohammad Abdulsalam Shuaib**  
Chairman and Managing Director

**Grand Real Estate Projects Company K.S.C. (Closed)  
and its subsidiaries  
State of Kuwait**

**Exhibit - B**

**Interim condensed consolidated statement of income for the three months ended March 31, 2009  
(Unaudited)**

*"All amounts are in Kuwaiti Dinars"*

	Note	The three months ended March 31	
		2009	2008
Change in fair value of investment properties		-	9,114,178
Profit from sale of investment properties		367,049	13,413
Profit from sale of property held for sale		-	105,192
Net losses from investments in securities	10	(570,572)	(112,096)
Gain from investment in Mudarabat		-	761,572
Gains / (losses) from sale of share in a subsidiary	11	504,359	(901,769)
Other income		67,373	141
Profit from foreign currency translation		424,231	-
General and administrative expenses		(234,751)	(597,305)
Finance charges		(208,633)	(730,971)
<b>Net profit for the period before Contribution to Kuwait Foundation for the Advancement of Science, National Labor Support Tax and Zakat</b>		<b>349,056</b>	<b>7,652,355</b>
Kuwait Foundation for the Advancement of Science		-	(68,871)
National Labor Support Tax		(8,726)	(156,251)
Zakat		(3,491)	(62,501)
<b>Net profit for the period</b>		<b>336,839</b>	<b>7,364,732</b>
<b>Attributable to:</b>			
Shareholders of the parent Company		243,617	5,996,588
Non controlling interests		93,222	1,368,144
<b>Net profit for the period</b>		<b>336,839</b>	<b>7,364,732</b>
<b>Earning per share attributable to the Parent Company's Shareholders (Fils)</b>	12	<b>0.54</b>	<b>13.21</b>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

**Real Estate Projects Company K.S.C. (Closed)**  
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**State of Kuwait**

**Exhibit - C**

**Interim condensed consolidated statement of comprehensive income for the three months ended**  
**March 31, 2009**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinars"*

	<b>The three months ended</b>	
	<b>March 31</b>	
	<b>2009</b>	<b>2008</b>
Net profit for the period	<b>336,839</b>	<b>7,364,732</b>
<b>Other comprehensive income</b>		
Foreign currency translation reserve	-	22,135
Accumulated changes in fair value	<b>(229,415)</b>	<b>37,821</b>
Total other comprehensive (loss)/income for the period	<b>(229,415)</b>	<b>59,956</b>
<b>Total comprehensive income for the period</b>	<b>107,424</b>	<b>7,424,688</b>
<b>Attributable to:</b>		
Shareholders of the parent company	<b>14,202</b>	<b>6,056,544</b>
Non controlling interests	<b>93,222</b>	<b>1,368,144</b>
	<b>107,424</b>	<b>7,424,688</b>

The accompanying notes are an integral part of this interim condensed consolidated financial information.



**Grand Real Estate Projects Company K.S.C. (Closed)  
and its subsidiaries  
State of Kuwait**

**Interim condensed consolidated statement of cash flows for the three months ended March 31, 2009  
(Unaudited)**

*"All amounts are in Kuwaiti Dinars"*

	The three months ended March 31	
	2009	2008
<b>Cash flows from operating activities</b>		
Net profit for the period	336,839	7,364,732
<b>Adjustments</b>		
Depreciation of property and equipment	8,778	11,473
Gain from investment in Mudarabat	-	(761,572)
Change in fair value of investments at fair value – statement of income	570,572	26,363
Losses from sale of investments at fair value – statement of income	-	85,733
Gains from sale of property held for sale	-	(105,192)
Change in fair value of investment properties	-	(9,114,178)
Gains from sale of investment properties	(367,049)	(13,413)
Gains /(losses) from sale of share in a subsidiary	(504,359)	901,769
Operating gains/ (losses) before changes in working capital	44,781	(1,604,285)
Investments at fair value – statement of income	-	(2,006,568)
Proceeds from sale of property held for sale	-	242,887
Accounts receivable and other debit balances	1,149,373	(205,981)
Accounts payable and other credit balances	(1,475,341)	(131,160)
Cash used in operating activities	(281,187)	(3,705,107)
End of service indemnity	(9,763)	(10,260)
<b>Net cash used in operating activities</b>	<b>(290,950)</b>	<b>(3,715,367)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment properties	1,313,515	2,171,274
Paid for purchase of investment properties	(550,651)	-
Paid for purchase of property and equipment	-	(734)
<b>Net cash generated from investing activities</b>	<b>762,864</b>	<b>2,170,540</b>
<b>Cash flows from financing activities</b>		
Net movement on non controlling interests	122,124	1,771,593
Islamic debt instruments	(218,100)	(3,255,931)
<b>Net cash used in financing activities</b>	<b>(95,976)</b>	<b>(1,484,338)</b>
Foreign currency translation differences	-	22,135
<b>Net change in cash and cash equivalents</b>	<b>375,938</b>	<b>(3,007,030)</b>
Cash and cash equivalents at beginning of the period	1,506,595	29,682,181
Cash and cash equivalents at end of the period	1,882,533	26,675,151

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Grand Real Estate Projects Company K.S.C. (Closed)  
and its subsidiaries  
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Exhibit - E

Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2009

(Unaudited)

"All amounts are in Kuwaiti Dinars"

Equity attributable to the Parent Company's Shareholders

	Share Capital	Share Premium	Reserves	Treasury shares	(Accumulated losses ) / Retained earnings	Equity attributable to the Parent Company's Shareholders	Non controlling interests	Total
Balance as of January 1, 2009	45,480,162	24,692,918	12,435,440	(229,218)	(18,712,794)	63,666,508	30,913,588	94,580,096
Total other comprehensive loss during the period	-	-	(229,415)	-	-	(229,415)	-	(229,415)
Net profit for the period	-	-	-	-	243,617	243,617	93,222	336,839
Total comprehensive income during the period	-	-	(229,415)	-	243,617	14,202	93,222	107,424
Net movement on non controlling interests	-	-	-	-	-	-	(122,124)	(122,124)
<b>Balance as of March 31, 2009</b>	<b>45,480,162</b>	<b>24,692,918</b>	<b>12,206,025</b>	<b>(229,218)</b>	<b>(18,469,177)</b>	<b>63,680,710</b>	<b>30,884,686</b>	<b>94,565,396</b>

The accompanying notes are an integral part of this interim condensed consolidated financial information.



**Grand Real Estate Projects Company K.S.C. (Closed)**  
**and its subsidiaries**  
**State of Kuwait**

**Continue exhibit - E**

**Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2009**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinars"*

**Equity attributable to the Parent Company's Shareholders**

	Share Capital	Share Premium	Reserves	Treasury shares	(Accumulated losses) / Retained earnings	Equity attributable to the Parent Company's Shareholders	Non controlling interests	Total
Balance as of January 1, 2008	36,384,130	24,710,977	12,146,877	(229,218)	25,549,980	98,562,746	26,352,559	124,915,305
Total other comprehensive income for the period	-	-	59,956	-	-	59,956	-	59,956
Net profit for the period	-	-	-	-	5,996,588	5,996,588	1,368,144	7,364,732
Total comprehensive income for the period	-	-	59,956	-	5,996,588	6,056,544	1,368,144	7,424,688
Group's share from subsidiary's share premium	-	(2,289)	-	-	-	(2,289)	-	(2,289)
Stock option reserve	-	-	(4,865)	-	-	(4,865)	-	(4,865)
Group's share in associate's reserves	-	-	3,943	-	-	3,943	-	3,943
Net movement on non controlling interests	-	-	-	-	-	-	1,771,593	1,771,593
<b>Balance as of March 31, 2008</b>	<b>36,384,130</b>	<b>24,708,688</b>	<b>12,205,911</b>	<b>(229,218)</b>	<b>31,546,568</b>	<b>104,616,079</b>	<b>29,492,296</b>	<b>134,108,375</b>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

**Grand Real Estate Projects Company K.S.C. (Closed)  
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State of Kuwait**

**Notes to the interim condensed consolidated financial information for the three months ended March 31, 2009  
(Unaudited)**

*"All amounts are in Kuwaiti Dinars unless stated otherwise"*

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**1- Incorporation and activities**

Grand Real Estate Projects Company K.S.C. (Closed) was incorporated on June 20, 1989 as per the Articles of Association No. 29 volume 216 under the name of Nour Al – Sharq Real Estate Company K.S.C (Closed).

Based on the resolutions of the Extraordinary General Assembly, it was registered at the Commercial register in the Ministry of Commerce and Industry to amend Article (2) of the Articles of Association and Article (1) of the Memorandum of Association related to the name of the Company several times to reach to the current name (Grand Real Estate Projects Co. K.S.C. (Closed)).

The objectives for which the company was established should be conducted according to the Islamic Sharia' and they are as follows:

- Acquiring, buying, selling and improving real estate and land, and importing their necessary materials, with the intention of selling or leasing them, as well as managing others' properties without violating the law.
- Utilizing the financial surpluses of the company through investing them in real estate and financial portfolios managed by the Company or specialized companies and institutions.
- Providing real estate studies and researches and other technical services connected to real estate investment operations.
- Performing real estate brokerage and consultancy operations.
- Performing real estate investment operations with the intention of development and promotion of land, residential and commercial complexes, for the purpose to manage or sell them in cash or through installments or leasing them.
- Acquiring and managing hotels, health clubs and touristic utilities to lease or rent.
- Performing maintenance works related to buildings and real estate owned by the company or by others including the civil, mechanical, electrical, elevators and air-conditioning works in order to maintain buildings and their safety.
- Managing, operating, investing, leasing and renting, hotels, clubs, motels, guest houses, rest houses, parks, gardens, exhibitions, residential complexes, entertainment and health resorts and recreational and sport projects in different classes and levels including all original and supporting services and utilities and all other services.
- Conducting real estate auctions.
- Establishing and managing real estate investment funds according to the law after the approval of concerned authorities.

The Company can conduct the above objectives inside and outside Kuwait, by representing itself or as an agent.

The Company may have an interest in, or may participate in any form with the institutions that have similar activities or that will assist the Company to achieve its objectives inside or outside Kuwait. Also it may establish or participate in or acquire these bodies or join them.

- The registered address of the Company is P.O. Box 2734 - Safat - 13028 – Kuwait.

The interim condensed consolidated financial information for the three months ended March 31, 2009 was authorized for issue by the Board of Directors on May 18, 2009.



**Grand Real Estate Projects Company K.S.C. (Closed)  
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**Notes to the interim condensed consolidated financial information for the three months ended March 31, 2009  
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*"All amounts are in Kuwaiti Dinars unless stated otherwise"*

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**2- Basis of presentation**

The interim condensed consolidated financial information has been prepared to present the interim financial information in compliance with the International Accounting Standard No. 34 which related to the interim financial reporting and the guidelines issued by the Kuwait Stock Exchange. The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The operating results for the interim period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the financial statements and notes thereto included in the company's annual report for the year ended December 31, 2008.

The interim condensed consolidated financial information has been prepared in accordance with the accounting principles and calculation methods followed in the last annual financial statements as of December 31, 2008 that prepared according to IFRS.

**3- Significant accounting policies**

This interim condensed consolidated financial information has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended December 31, 2008 except for the adoption of:

IAS 1 (revised 2007): *Presentation of Financial Statements*

IFRS 8: *Operating Segments*

IAS 23 (revised 2007): *Borrowing Costs*

The adoption of IAS 1 (revised 2007) affects certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognized directly in equity are now recognized in other comprehensive income.

The adoption of IFRS 8 has not affected the identified operating segments for the Group. However, reported segments results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

IAS 23 (revised 2007) Borrowing Costs requires the capitalization of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period time to get ready for their intended use or sale. In accordance with the transitional provisions, no retrospective restatement of borrowing costs has been made that would have been expensed under the previous accounting policy. Borrowing costs are capitalized only for qualifying assets with a commencement date after January 1, 2009. The application of this standard does not have effect on the current interim condensed financial information.

The accounting policies applied in preparation of this interim financial information are consistent with those used in preparation of the annual financial statements.

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**Notes to the interim condensed consolidated financial information for the three months ended March 31, 2009  
(Unaudited)**

*"All amounts are in Kuwaiti Dinars unless stated otherwise"*

**3/1) Consolidated financial information and subsidiaries**

The interim condensed consolidated financial information comprises the financial information of Grand Real Estate Projects Company K.S.C (Closed) and its following subsidiaries:

	<u>Country</u>	<u>Activity</u>	<u>Share percentage</u>		
			<u>March 31, 2009</u>	<u>December 31, 2008</u>	<u>March 31, 2008</u>
Investors Holding Group Co. K.S.C. (Closed) - Previously Grand Real Estate and Touristic Development Company K.S.C. (Closed).	Kuwait	Real Estate Investment	<b>67.25%</b>	67.25 %	77.1%
Esdarat Holding Company K.S.C (Closed).	Kuwait	Consultancy	<b>95%</b>	95%	95%
Lagoon Egypt for Real Estate and Touristic Investment Co. E.S.C.	Egypt	Real Estate Investment	<b>83.62%</b>	83.62%	88.55%
Grand Real Estate Projects Co. (Jordan) - Private Limited.	Jordan	Real Estate - Industrial	<b>100%</b>	100%	100%
Arabian Family Leisure Co. W.L.L.	Kuwait	Tourism Marketing	<b>95%</b>	95%	100%
IDG International Property Group Co. W.L.L.	Kuwait	Properties Management	<b>100%</b>	100%	100%
Sakani Housing Projects Co. K.S.C. (Closed)	Kuwait	Contracting	<b>100%</b>	100%	95%
International Projects Consultancy Co. W.L.L.	Kuwait	Consulting	<b>95 %</b>	95 %	-

The Parent company has used the interim condensed consolidated financial information (unaudited) of Investors Holding Group Company as of March 31, 2009 when preparing this interim condensed consolidated financial information. Total assets of the subsidiary were amounting to K.D 99,523,617 as at March 31, 2009, and net profit was KD 284,646 for the three months ended March 31, 2009.

The parent company has used the audited financial statements of remaining subsidiaries for the year ended December 31, 2008 when preparing the interim condensed consolidated financial information for the three months ended March 31, 2009. The total assets of these subsidiaries were amounting to KD 36,021,104.

**4- Investment properties**

The movement on the investment properties during the period/year is as follows:

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u> <u>(Audited)</u>	<u>March 31,</u> <u>2008</u>
Balance at beginning of the period/year	<b>52,550,152</b>	58,066,174	58,066,174
Additions during the period/year	<b>550,651</b>	-	-
Change in fair value	-	1,111,016	9,114,178
Disposals during the period /year	<b>(3,960,228)</b>	(6,627,038)	(2,157,861)
Balance at end of the period/year	<b>49,140,575</b>	52,550,152	65,022,491

Investment properties include a property mortgaged against credit Murabahat (Note 8), the value of the property as at March 31, 2009 was amounting to KD 7,611,416.



**Grand Real Estate Projects Company K.S.C. (Closed)**  
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Notes to the interim condensed consolidated financial information for the three months ended March 31, 2009  
(Unaudited)

"All amounts are in Kuwaiti Dinars unless stated otherwise"

**5- Investments in associates**

The Group's share in the associate's results has not been recorded as there was no financial information of these companies for the period ended March 31, 2009.

**6- Accounts receivable and other debit balances**

	March 31, 2009	December 31, 2008 (Audited)	March 31, 2008
Accounts receivable	3,480,950	2,235,629	7,548,878
Due from related parties	13,133,408	5,367,895	20,154,395
Advance payments for purchasing investments	1,240,789	1,227,880	14,641,101
Prepaid expenses	246	-	4,000
Accrued revenues	142,326	142,326	3,912,577
Other debit balances (net)	437,865	245,738	493,079
	<u>18,435,584</u>	<u>9,219,468</u>	<u>46,754,030</u>

**7- Investments at fair value – statement of income**

	March 31, 2009	December 31, 2008 (Audited)	March 31, 2008
Local securities - quoted	2,164,210	2,734,115	26,829,034
Foreign securities - quoted	652,889	619,102	93,821
	<u>2,817,099</u>	<u>3,353,217</u>	<u>26,922,855</u>

**8- Islamic debt instruments**

	March 31, 2009	December 31, 2008 (Audited)	March 31, 2008
Murabahat – Long term portion	-	-	3,866,577
Murabahat – Short term portion	2,137,336	2,024,420	3,866,577
Wakala investment – Short term	15,034,969	17,653,970	43,461,751
	<u>17,172,305</u>	<u>19,678,390</u>	<u>51,194,905</u>

The actual average cost is (7 %: 8.75%) as at March 31, 2009, (7 %: 8.75%) as of December 31, 2008. (5.5 %: 7.5 %) as of March 31, 2008.

Murabahat has been granted against mortgage of investment property (Note 4).

Wakala investment contracts are signed with related parties (Note 13).

**9- Accounts payable and other credit balances**

	March 31, 2009	December 31, 2008 (Audited)	March 31, 2008
Accounts payable	26,829,552	28,106,497	14,967,032
Due to related parties	19,832,535	11,819,656	18,373,813
Accrued expenses	1,809,215	1,809,273	4,280,428
Dividends	1,082,688	-	-
Board of Directors' remuneration	5,000	-	-
National labor support tax	1,087,406	1,078,680	1,234,931
Zakat	3,491	-	-
Kuwait Foundation for the Advancement of Science	228,886	228,886	450,344
Other credit balances	372,892	362,227	118,984
	<u>51,251,665</u>	<u>43,405,219</u>	<u>39,425,532</u>

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*"All amounts are in Kuwaiti Dinars unless stated otherwise"*

**10- Net losses from investments in securities**

	The three months ended	
	March 31	
	2009	2008
Losses from sale of investments at fair value - statement of income	-	(85,733)
Change in fair value of investments at fair value - statement of income	(570,572)	(26,363)
	<u>(570,572)</u>	<u>(112,096)</u>

**11- Gains /(losses) from sale of share in a subsidiary**

On March 20, 2009 one of subsidiaries has sold its share in a subsidiary which equals to 100 % (Kuwaiti Lebanese for Real Estate Development Company W.L.L Lebanon) to another party with amount of USD 5,000,000 (a cheque with an amount of USD 1,500,000 has been received when signing the contract and has been collected in April 2009) as per a primary contract with transferring the ownership at the official authorities within six months from signing the contract. The amount of KD 504,359 has been achieved as profit from the sale process and has been recorded in the interim condensed consolidated statement of income for the period.

**12- Earning per share**

Earning per share is calculated through dividing net profit for the period by the weighted average number of shares outstanding during the period as follows:

	The three months ended	
	March 31	
	2009	2008
Net profit for the period	<u>243,617</u>	<u>5,996,588</u>
Weighted average number of the company's shares issued and paid up in full (share)	454,801,620	454,801,620
Less: weighted average number of the company's purchased shares (share)	<u>(835,775)</u>	<u>(835,775)</u>
Weighted average number of outstanding shares (share)	<u>453,965,845</u>	<u>453,965,845</u>
Earning per share attributable to the parent company's shareholders (Fils)	<u>0.54</u>	<u>13.21</u>

The weighted average number of outstanding shares for the previous period has been adjusted to reflect the issue of bonus shares of 90,960,324 shares for the year ended December 31, 2007 which was approved by the shareholders' General Assembly on July 10, 2008.

**13- Transactions with related parties**

Related parties represent the Group's shareholders who have representation in the Board of Directors, members of the Board of Directors and key management personnel. Transactions with related parties are conducted in the normal course of business and subject to the approval of Group's management, there were transactions with related parties during the period ended March 31, 2009, and these transactions and balances which are related to these parties are as follows:

	March 31, 2009	December 31, 2008 (Audited)	March 31, 2008
<b>Transactions</b>			
(losses)/profit from investments in securities	(201,148)	(8,515,852)	10,994
Finance charges	(208,633)	(2,458,747)	(730,971)
(losses)/ revenues from Mudarabat	-	(967,170)	761,572
Impairment in due from related parties	-	(8,061,817)	-
Salaries, bonus and benefits of key management personnel	(19,757)	(167,635)	(45,900)



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<b>Balances</b>			
Due from related parties	<b>13,133,408</b>	5,367,895	20,154,395
Investments at fair value – statement of income	<b>1,329,616</b>	1,487,174	7,934,818
Advanced payments for purchasing investments	–	–	10,000,000
Accrued revenues	<b>142,326</b>	142,326	3,910,418
Investments in Mudarabat	–	–	25,455,479
Cash and cash equivalents	–	–	428,970
Islamic debt instruments	<b>15,034,969</b>	17,653,970	43,461,751
Due to related parties	<b>19,832,535</b>	11,819,656	18,373,813

Transactions with related parties are subject to the approval of the shareholder's General Assembly.

**14- Shareholders' General Assembly**

Up to the date of issuing the Group's interim condensed consolidated financial information as of March 31, 2009 the Shareholders' General Assembly has not been held for approving the Group's financial statements for the year ended December 31, 2008.

**15- Capital links**

	<b>March 31, 2009</b>	December 31, 2008 (Audited)	March 31, 2008
Against purchasing investments in securities	<b>625,000</b>	625,000	750,000
Against projects in progress	<b>449,741</b>	449,741	1,067,962

**16- Segmental analysis**

The Group has adopted IFRS 8 "operating Segments" with effect from January 1, 2009. IFRS 8 which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standards (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. However, there has been no change to the Group's reportable segments following the adoption of IFRS 8 as the Group's reporting segments under IAS 14 were consistent with the internal reporting being provided to the chief operating decision maker.

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The parent company's activities are in two primary business segments which are real estate investments and direct investments. The parent company operates in two geographical regions which are G.C.C. (Kuwait and the other G.C.C. countries) and International area (rest of the world).

	<b>Direct investments</b>		<b>Real estate investments</b>		<b>Unallocated</b>		<b>Total</b>	
	<b>March 31</b>		<b>March 31</b>		<b>March 31</b>		<b>March 31</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Primary segments</b>								
Operating revenues	(66,213)	(252,293)	434,422	9,232,783	424,231	141	792,440	8,980,631
Operating expenses	(234,751)	(597,305)	(208,633)	(730,971)	-	-	(443,384)	(1,328,276)
Other unallocated expenses	-	-	-	-	(12,217)	(287,623)	(12,217)	(287,623)
Net profit for the period	(300,964)	(849,598)	225,789	8,501,812	412,014	(287,482)	336,839	7,364,732
Assets	105,499,027	156,992,929	55,533,445	66,406,252	2,090,059	1,408,496	163,122,531	224,807,677
Liabilities	61,697,056	76,802,596	2,137,336	7,733,154	4,722,743	6,163,552	68,557,135	90,699,302

	<b>G.C.C.</b>		<b>International area</b>		<b>Total</b>	
	<b>March 31</b>		<b>March 31</b>		<b>March 31</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Geographic segments</b>						
Operating revenues	288,081	(238,880)	504,359	9,219,511	792,440	8,980,631
Operating expenses	(443,384)	(597,305)	-	(730,971)	(443,384)	(1,328,276)
Other unallocated expenses	(12,217)	(287,623)	-	-	(12,217)	(287,623)
Net profit for the period	(167,520)	(1,123,808)	504,359	8,488,540	336,839	7,364,732
Assets	132,333,225	174,772,747	30,789,306	50,034,930	163,122,531	224,807,677
Liabilities	68,542,439	90,694,901	14,696	4,401	68,557,135	90,699,302

**17-Comparative figures**

Certain comparative figures of previous year/period have been reclassified to conform with the current period presentation.