In the name of God

Most Gracious & Beneficient

زيارة

His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of Kuwait

His Highness
Sheikh Nawaf Al - Ahmad Al-Jaber Al-Sabah
Crown Prince

His Highness
Sheikh Naser Al-Mohamad Al-Ahmad Al-Sabah
Prime Minister

Board of Directors

Mr. Mohammad Barak Al-Mutair
Chairman

Mr. Hamad Mohammed Al-Saad
Vice Chairaman

Mr. Abdulrahman Mahmoud Zaman
Board Member

Mr. Naji Abdullah Al-Abdulhadi
Board Member

Mr. Faisal Ali Al-Osaimi
Board Member

Mr. Feras Yousef Al-Ghanem
Board Member

Mr.Yousef Ali Al-Loqman
Board Member

Executive Management

Mr. Khalid Fahad Ben Shokor
General Manager

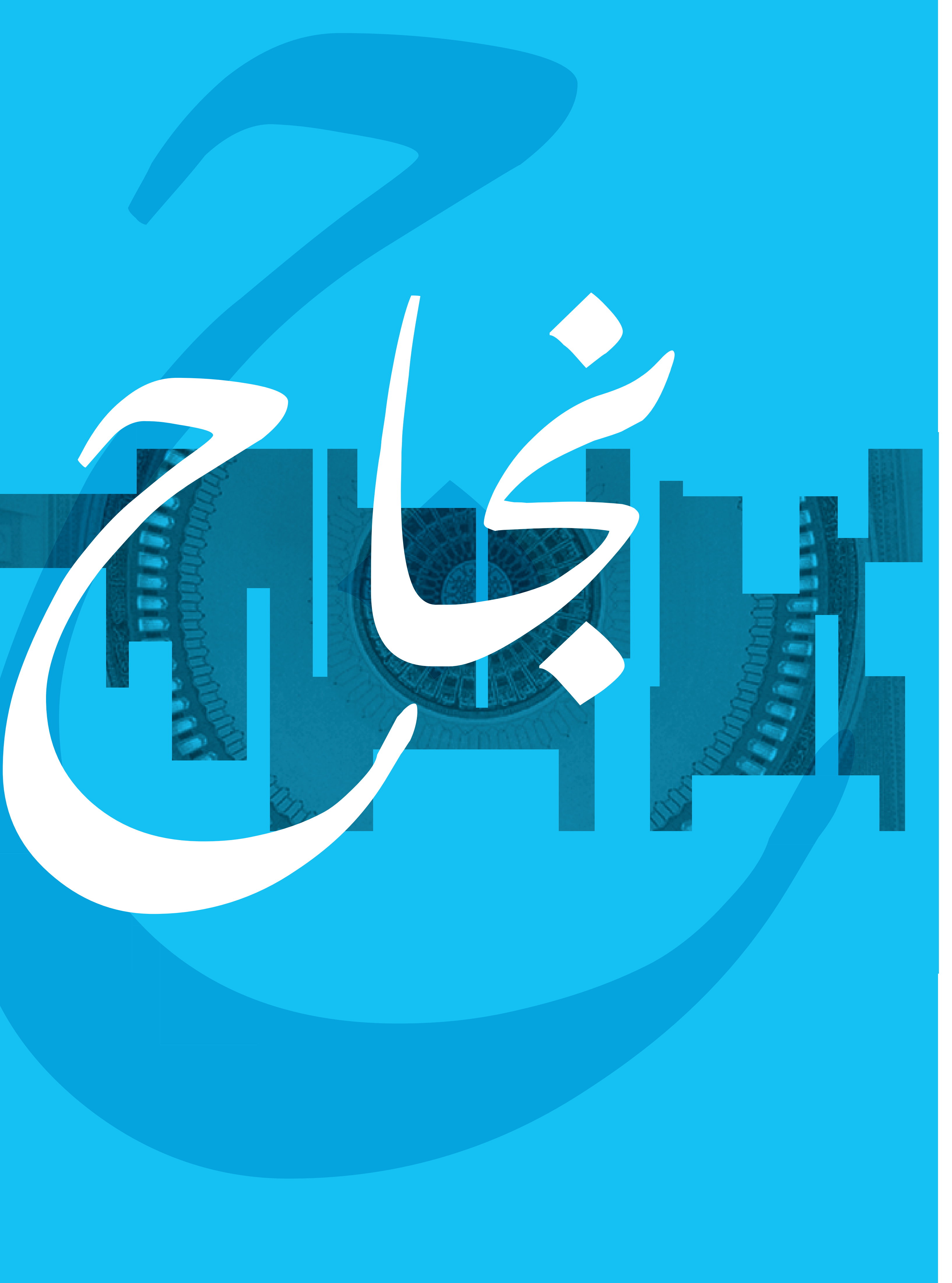
Mr. Tarek Ibrahim Al-Mansour
Deputy General Manager investments Divisions

Mr. Sulaiman Ahmad Al-Houti
Manager - Admin & Personal Affairs

Mr. Mohammad Fahad Al-Nemah
Manager - Direct Investments Department

Mr. Sayed Husseini Mohammad
Deputy Financial Manager

Mrs. Dana Khalifa Al-Sagabi
Legal Department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Chairman's Message

Honorable Shareholders,

For myself, and on behalf of my fellow directors and all the employees of the Kuwait Real Estate Holding Company, It gives me a great pleasure to welcome you at the General Assembly for the year ended 31 December 2009.

Venerable Audience,

The past year was one of the most difficult years for the economies of the entire world. Tremendous difficulties were encountered not only by Al-Aqariah whose Board of Directors, executive management and all employees made immense efforts to limit the implications of the financial crisis and stand up to the challenges it presented.

With the grace of Allah, Al-Aqariah weathered the storm despite the difficult circumstances and overwhelming adversity, for it had to live with the reduced financing from the banking and financing sector in general, and all financing channels were practically closed.

Yes, despite those difficulties, Al-Aqariah continued to perform its obligations toward all parties, both creditors and other parties with which the company had contracts and operational or executive obligations under contracts or otherwise. The company stood firm in the face of the devastating crisis and did not fail to honor its obligations, neither did it default in meeting its liabilities.

These facts underline the soundness of the conservative strategy followed by your company from the beginning as well as its balanced operations and the loans it has obtained. There have been no excesses or reckless actions that would have rocked the company's financial structure.

Honorable Shareholders,

Despite the circumstances created by the global financial crisis and the harshness of its implications, I am pleased and honored to report to you that your company has not disposed of any of its assets under the pressures or burdens of the crisis, or for lack of funding. Quite to the contrary, it succeeded in providing the liquidity it needed to manage its affairs, conduct its operations and settle some of its obligations as they matured. Indeed, the company enjoys a good relationship with the banks with which it deals.

Venerable Brothers,

The diversification adopted by Al-Aqariah during the pre-crisis years and the actual steps it took, represented by converting several of its departments into independent entities all of which proved successful despite the difficult circumstances brought about by the crisis, has proved to be the right choice, for all those companies have provided the required collaterals to the banks.

The policy of hedging and cohesion on which the company heavily relied during the crisis has formed a strong platform from which Al-Aqariah confidently entered the new year 2010, armed, as it has always been, with a prudent strategy and supported, as it is, by a well-balanced policy. Pursuant to this philosophy the company continues to identify and select opportunities that stand to provide attractive operational returns, without burdening the company with loans or other burdens or exposing it to risks that would be too big to handle.

Dear Brothers,

As you are aware, The consequences of the crisis and its implications on the economic situation have weakened the performance of the Kuwaiti economy with negative effects on the Kuwait Stock Exchange which lost 9.999% of its value. This was the result of the absence of a clear government plan related to development or increased spending under the budget of 2009/2010. Although both plan and spending were essential under the circumstances of the crisis, the Government reduced expenditure under the budget by 36.2%, a measure totally out of line with the global financial crisis.

The Government should have increased public expenditure on development projects in order to keep the economic wheel turning and maintain the vitality of the Kuwaiti economy, thereby saving private sector units which constitute the back-bone of the economy from default and failure.

Honorable Shareholders,

All governments of the world, hastened to face the crisis with clear-cut plans, injected huge amounts of money into their economies and initiated large projects, and, in several cases, nationalized a number of vital sectors, such as the banking sector, as we saw in the United States of America.

Brothers,

We have started to light at the end of the tunnel, such as the promising development plan presented by the Government and approved by the National Assembly, involving the spending of KD 37 billion over a period of four years on a number of gigantic development projects essential for the Kuwaiti economy which should have been undertaken in the 1980's, but were delayed because of the bureaucracy which is deep-rooted in government bodies.

The private sector hopes that the government will get up and lead the economy out of the abyss in which it was pushed down by the crisis. The Government can do so by adopting an unprecedented attitude leading to a real prosperity in which the development plan will be only the beginning, thereby enabling Kuwait to recover its natural position and resume its pivotal role as a leading financial center in this region.

As an economic entity which owns a number of activities and companies operating both inside and outside Kuwait, Al-Aqariah suffered by the impact of the economic depression that rocked the markets.

Nevertheless, we thank Allah that the effects we suffered were within the normal, range acceptable under the circumstances, and were much less than those suffered by other, much larger, entities. This should help us recover and resume our positive drive toward further prosperity.

The results of 2009 clearly reflect the situation that prevailed during the year, rather than the result of poor operation or any other reason, for we have a wealth of human resources in every field and in each of our activities.

For the year 2009, the company registered a loss of 9,044,819 In light of these circumstances and in the best interests of the company, the board of directors proposes that no dividends be distributed for that year.

Additional provisions were set aside in the year 2009. This should enable the company to embark on a fresh start after the global financial crisis.

Finally, your board of directors looks forward to further achievements and better performance during the coming periods encouraged by the atmosphere of optimism for our national economy.

For myself and on behalf of my colleagues on the Board of Directors and all the employees of the company, I take this opportunity to pray to Allah almighty to continue to bless our country with security, safety and prosperity under the auspices of the wise leadership of His Highness the Amir, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, His Highness the Crown Prince, Sheikh Nawwaf Al-Ahmad Al-Jaber Al-Sabah, and His Highness the Prime Minister, Sheikh Nasser Al-Mohammed Al-Sabah, in the best interests of our country.

In conclusion, I take this opportunity to express my deepest appreciation and pride in the valuable trust placed in us by the shareholders of the company. I would also like to thank all the employees of the company for their tremendous efforts made in the service of the company.

May peace be upon you and Allah's mercy and blessings.

Chairman,
Mohammed Barak Al-Mutair

Beit Al Machoura for Sharia Consulting

As at 31st December 2009

Report of the Sharia Supervisory Board

To the Shareholders of Kuwait Real Estate Holding Company,

Greetings,

In accordance with the contract concluded with us, we have audited the contracts and transactions concluded by the Company in order to give our opinion concerning the abidance of the Company by the provisions of the Islamic Sharia Law as mentioned in the legal opinions, directives and decisions issued by us during the period ending on 31/12/2009 AD.

The Company's management shall bear the responsibility of abiding by the execution of the contracts and transactions according to the provisions of the Islamic Sharia Law as mentioned by us. However, our responsibility shall be limited to giving an independent opinion on the abidance of the Company by the same, based on our auditing.

We have carried out our auditing in accordance with the standards of regulations issued by the Accounting and Auditing Organization for Islamic Financial Institutions requiring us to plan and execute the auditing and review procedures in order to get all the information, explanations and declarations we consider necessary as evidences to give a reasonable confirmation that the Company abides by the provisions of the Islamic Sharia Law as mentioned by us.

We have carried out our auditing based on testing every type of the contracts and transactions executed during the said period and we believe that the auditing activities we have performed constitute an appropriate base for us to give our opinion.

In Our Opinion:

1- The Company is, during the specified term, committed to its obligations towards the execution of the contracts and transactions according to the provisions of the Islamic Sharia as mentioned in the legal opinions, directives and decisions issued by us during the said period. In addition, we did not find any Sharia violations that may object with this opinion.
2- The Company is not authorized to pay Al-Zakat and the responsibility thereof shall be borne by the shareholders.

SHARIA CONTROL COMMITTEE

A.D. Abdullah Al-Razak Al-Shayji	**A. Mohammad Al-Jaser**	**D. Abdul Aziz Al-Kassar**
Chairman	Member President	Executive member

Independent auditors' report and consolidated financial statements for the year ended **31 December 2009**

AL-ATEEQI CERTIFIED ACCOUNTANTS

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Ali Al-Salem Str., Thuwaini Bldg. 3rd Flr.
E-Mail : alateeqi@ateeqicpac.com
Website : www.ateeqicpa.com

MOORE STEPHENS
PUBLIC ACCOUNTANTS
AL NISF & PARTNERS

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Tel +965 2426 999
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Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Kuwait Real Estate Holding Company K.S.C (Holding) ("the Parent Company") and its subsidiaries (together referred to as "the Group") which comprise of the consolidated statement of financial position as at 31 December 2009, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. .

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 consolidated financial statements that are free from 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 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 auditors consider 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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009, 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

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Kuwait Commercial Companies Law of 1960, and the Parent Company's articles and memorandum of association, as amended. In our opinion, proper books of account have been kept by the parent company, an inventory count was carried out in accordance with recognized procedures and the accounting information given in the board of directors' report agrees with the books of account. We have not become aware of any contravention, during the year ended 31 December 2009, of the Kuwait Commercial Companies Law of 1960, or of the Parent Company's articles and memorandum of association, as amended that would materially affect the Group's activities or its consolidated financial position.

Qais M. Al-Nisf
License No. 38-A
Moore Stephens Al Nisf & Partners
Member of Moore Stephens
International

Barak Abdul Mohsen Al-Ateeqi
Licence No. 69"A"
Al-Ateeqi Certified Accountants
Member firm of B.K.R International

Kuwait: 31st March 2009

Financial Reports

for the year ended 31 December 2009

Consolidated statement of financial position

	Note	2009 KD	2008 KD
Assets			
Non-current asset			
Property, plant and equipment	6	1,048,329	1,835,442
Investment properties	7	27,934,238	33,008,420
Investments in associates	8	7,753,524	8,044,639
Investments in unconsolidated subsidiaries	9	1,082,571	1,082,571
Available for sale investments	10	15,105,707	17,616,354
		52,924,369	61,587,426
Current assets			
Spare parts and materials inventory		25,948	40,125
Receivables and other debit balances	11	1,668,110	1,420,931
Due from related party	12	205,875	96,687
Investments at fair value through statement of income	13	8,077,219	11,157,188
Cash and cash equivalents	14	2,755,814	3,188,021
		12,732,966	15,902,952
Total assets		65,657,335	77,490,378
Equity and liabilities			
Equity			
Share capital	15	31,500,000	31,500,000
Statutory reserve	16	1,532,115	1,532,115
Voluntary reserve	17	1,532,115	1,532,115
Treasury shares	18	(1,452,034)	(1,452,034)
Profit from sale of treasury shares		46,038	46,038
Change in fair value reserve		(788,797)	(870,962)
Group's share in associate's reserves		(118,355)	155,125
Retained (losses)/earnings		(4,722,763)	4,322,155
Total equity of the parent company's shareholders		27,528,319	36,764,552
Non-controlling interests		42,135	55,054
		27,570,454	36,819,606
Non current liabilities			
Long-term Murabaha payable	19	5,454,532	5,929,195
Provision for employees' end of service indemnity		708,946	570,429
		6,163,478	6,499,624
Current liabilities			
Payables and other credit balances	20	3,384,995	3,744,640
Short-term Murabaha payable	19	28,331,156	30,387,268
Due to related parties	12	207,252	39,240
		31,923,403	34,171,148
Total liabilities		38,086,881	40,670,772
Total equity and liabilities		65,657,335	77,490,378

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

Mohammad Barak Al-Mutair
Chairman

Khaled Fahad Ben Shokr
General Manager

Consolidated statement of Income

For Year Ended 31st December 2009

	Note	2009 KD	2008 KD
Income / loss			
Net income from rent		199,329	160,789
Net (losses)/profits from management and maintenance of third party properties		(15,950)	49,146
Net (losses)/profits from construction contracts		(64,594)	90,253
Net losses from cleaning contracts		(159,739)	(452,129)
Unrealized (losses)/profits on investments at fair value through statement of income		(439,545)	1,032,397
Gains on sale of available for sale investments		58,970	1,560,456
Impairment losses on available for sale investments		(3,006,080)	(2,445,777)
Gains from investment portfolio		3,073,078	-
Dividends		-	917,564
Change in fair value of investment properties		(4,956,390)	287,032
Gains on sale of investment properties		7,500	1,409,886
Gains on disposal of equipments		222,358	-
Provision no longer required		250,000	-
Group's share of an associate's business results		(117,635)	(27,727)
Other income		5,625	74,414
Net revenue from financial institutions		802	34,940
		(4,942,271)	2,691,244
Expenses and other charges			
General and administration expenses	21	(1,528,860)	(2,216,011)
Financing charges		(2,586,706)	(1,904,108)
		(4,115,566)	(4,120,119)
Net loss for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and national labour support tax and Zakat		(9,057,837)	(1,428,875)
		(9,057,837)	(1,428,875)
Attributable to :-			
The Parent Company's equity shareholders		(9,044,918)	(1,431,850)
Non-controlling interests		(12,919)	2,975
		(9,057,837)	(1,428,875)
Basic and diluted loss per share attributable to the Parent Company's shareholders	22	(29.31) fils	(4.64) fils

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For Year Ended 31st December 2009

	2009 KD	2008 KD
Net loss for the year	(9,057,837)	(1,428,875)
Other comprehensive income/(expense) for the year		
Change in value of available for sale investments	28,486	(870,962)
Transferred to statement of income from sale of available for sale investments	53,679	(366,251)
Group's share in associates' reserves	(273,480)	155,125
Other comprehensive expenses for the period	(191,315)	(1,082,088)
Total comprehensive expenses for the period	(9,249,152)	(2,510,963)
Attributable to :		
Parent Company's equity shareholders	(9,236,233)	(2,513,938)
Non-controlling interests	(12,919)	2,975
	(9,249,152)	(2,510,963)

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of Changes in Equity

For Year Ended 31st December 2009

	Share capital	Statutory reserve	Voluntary reserve	Treasury shares	Gains on sale of treasury shares	Change in fair value reserve	Group's share in associate's reserves	Retained earnings/ (loss)	Total equity of the parent company's shareholders	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2008	30,000,000	1,532,115	1,532,115	(1,452,034)	46,038	366,251	-	9,311,025	41,335,510	-	41,335,510
Total comprehensive (expenses)/ revenues for the year	-	-	-	-	-	(1,237,213)	155,125	(1,431,850)	(2,513,938)	2,975	(2,510,963)
Cash dividends	-	-	-	-	-	-	-	(2,057,020)	(2,057,020)	-	(2,057,020)
Distribution of bonus shares	1,500,000	-	-	-	-	-	-	(1,500,000)	-	-	-
Change in minority interest	-	-	-	-	-	-	-	-	-	52,079	52,079
Balance at 31 December 2008	31,500,000	1,532,115	1,532,115	(1,452,034)	46,038	(870,962)	155,125	4,322,155	36,764,552	55,054	36,819,606
Balance at 1 January 2009	31,500,000	1,532,115	1,532,115	(1,452,034)	46,038	(870,962)	155,125	4,322,155	36,764,552	55,054	36,819,606
Total comprehensive revenues/ (expenses) for the year	-	-	-	-	-	82,165	(273,480)	(9,044,918)	(9,236,233)	(12,919)	(9,249,152)
Balance at 31 December 2009	31,500,000	1,532,115	1,532,115	(1,452,034)	46,038	(788,797)	(118,355)	(4,722,763)	27,528,319	42,135	27,570,454

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of cash flow

For Year Ended 31st December 2009

	Note	2009 KD	2008 KD
Operating activities			
Net loss for the year attributable to equity holders of the parent		(9,044,918)	(1,431,850)
Adjustment for:			
Depreciation		459,412	416,902
Unrealized losses/(gains) on investments at fair value through statement of income		439,545	(1,032,397)
Group's share of an associate results		117,635	27,727
Gains on sale of available for sale investments		(58,970)	(1,560,456)
Impairment losses on available for sale investments		3,006,080	2,445,777
Change in fair value of investment properties		4,956,390	(287,032)
Gains on sale of investment properties		(7,500)	(1,409,886)
Gains of disposal of property, plant and equipment		(222,358)	-
Provision for doubtful debts		-	59,079
Cash dividend		(3,073,078)	(917,564)
Financing charges		2,586,706	1,904,108
Net revenue from financial institutions		(802)	(34,940)
Provision for employees' end of service indemnity		190,506	462,982
		(651,352)	(1,357,550)
Changes in working capital:			
Decrease in spare parts and materials inventory		14,177	5,875
(Increase)/decrease in debtors and other debit balances		(248,741)	443,533
Increase in due from related parties		(109,188)	(73,628)
Decrease/(increase) in investments at fair value through statement of income		2,640,424	(12,386,758)
(Decrease) / Increase in payables & other credit balances		(359,645)	487,404
Increase in due to related parties		168,012	39,240
Cash generated from / (used in) operation activities		1,453,687	(12,841,884)
Employees' end of service indemnity, paid		(51,989)	(270,302)
Net cash from/(used in) operation activities		1,401,698	(13,112,186)
Investing activities			
Net payment for purchase of investment in associates		(98,440)	(1,457,166)
Payment for the acquisition of property, plant and equipment		(3,240)	(10,595)
Paid for purchase of investment properties		(34,708)	(17,613,816)
Proceeds from disposal of investment properties		160,000	10,963,462
Paid for purchase of available for sale investments		(936,691)	(262,500)
Proceeds on sale of available for sale investments		582,393	7,459,258
Gains received from financial institutions		802	34,940
Proceeds from disposal of property, plant and equipment		553,301	-
Cash dividends received		3,073,078	917,564
Net cash from investment activities		3,296,495	31,147
Financing activities			
Cash dividends paid		-	(2,057,020)
(Decrease) / increase in murahaba payables		(5,117,481)	11,660,517
(Decrease) / increase in non-controlling interests		(12,919)	55,054
Net cash (used in) / from financing activities		(5,130,400)	9,658,551
Net decrease in cash and equivalents		(432,207)	(3,422,488)
Amendments arising from consolidation of subsidiaries		-	287,570
Cash and cash equivalents at the beginning of year		3,188,021	6,322,939
Cash and cash equivalent at the end of the year	14	2,755,814	3,188,021

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

1. Incorporation and activities

Kuwait Real Estate Holding Company K.S.C (Holding) ("the parent company") is a closed Kuwaiti shareholding company incorporated on 19 January 1980 in accordance with the Commercial Companies Law in the State of Kuwait. The Company's share was listed on the Kuwait Stock Exchange on 12 April 2005.

The parent company's objectives:

• Acquisition of shares of Kuwaiti or foreign shareholding and limited liability companies as well as participation in those companies' incorporation, administration, lending and providing third party guarantees for these companies.

• Grant loans to the companies in which the Company holds shares, guarantees them before third parties and in this case the contributions ratio of the Company in the capital of the investee companies shall not be less than 20% minimum.

• Acquisition of industrial rights and related intellectual properties or any other industrial trade marks or drawings and any other rights thereto, and renting thereof to other companies whether inside or outside Kuwait.

• Acquisition of movables and properties necessary for the Company to practice its activities pursuant to the limits prescribed by law.

• Utilization of the financial surpluses available with the Parent Company through investing the same in financial portfolios managed by specialized companies and entities.

• The Parent Company shall, in conducting its business activities, comply with the Noble Islamic Sharia principles.

• Any of the above .objectives may not be interpreted to mean that it permits the Company to undertake, either directly or indirectly, any usury [riba] activities or activities that contradicts the provisions of Islamic Shari`a.

The group comprises the parent company and its subsidiaries (together referred to as"the Group"). Details of subsidiary companies are set out in Note (5).

The address of the Company is P.O. Box 26371, Safat 13124, State of Kuwait.

The consolidated financial statements of Kuwait Real Estate Holding Company K.S.C (Holding) and its subsidiaries (the group) for the year ended 31 December 2009 were authorized for issue by the parent company's board of directors on 30 March 2010 and are subject to the approval of the Annual General Assembly of the shareholders. The shareholders of the parent company have the power to amend these consolidated financial statements at the Annual General Assembly.

2. Adoption of new and revised international financial reporting standards (IFRSs)

2.2.1 Standards and Interpretations adopted by the Group

The following new and revised Standards and Interpretations have been adopted by the Group for the annual period beginning 1 January 2009:

• IAS 1 (revised) 'Presentation of Financial Statements' - effective 1 January 2009. The revised standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The company has elected to present the 'Statement of comprehensive income' in two statements: the 'Statement of Income' and a 'Statement of comprehensive income'. The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in income) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in the statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on the reported results or financial position of the company.

• IFRS 7 'Financial Instruments - Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value measurement hierarchy. The company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments. As the change in accounting policy only results in additional disclosures, there is no impact on the results of the company.

• IFRS 8 'Operating Segments'- effective 1 January 2009. The new standard which replaced IAS 14 'Segment Reporting' requires a management approach for segment reporting under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any change in the Group's reportable segments and had no impact on the reported results or financial position of the Group.

• IAS 23 'Borrowing Costs'(Revised 2007). The revised standard requires the capitalisation of borrowing costs, to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. In prior periods, the Group's policy was to immediately expense those borrowing costs. In accordance with the transitional provisions of the revised standard, the Group has capitalised borrowing costs relating to qualifying assets for which the commencement date for capitalisation was on or after the effective date, being 1 January 2009. No retrospective restatement has been made for borrowing costs that have been expensed for qualifying assets with a commencement date before the effective date. The change in accounting policy had no material impact on the results of the Group.

2. Adoption of new and revised international financial reporting standards (IFRSs) (continued)

2.2.1 Standards and Interpretations adopted by the Group (continued)

• IAS 40 (revised 2008) 'Investment Property'- effective 1 January 2009. The revised standard has included within its scope investment property in the course of construction. The change has been applied prospectively from 1 January 2009 in accordance with the relevant transitional provisions, resulting in a reclassification of investment property under construction with its carrying amount of KD 34,708 (KD 98,134 as at 31 December 2008) under "investment properties". The revised standard had no impact on the previously [or currently] reported results of the Company.

• IFRIC 15 Agreements for the Construction of Real Estate – effective 1 January 2009. The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised. [The requirements have not affected the accounting for the Group's construction activities].

2.2.2 Application of new and revised international financial reporting standards (IFRSs)

• IAS 27 (revised): Consolidated and separate financial statements
  Effective for annual periods beginning on or after 1 July 2009.

• IAS 39 (revised), 'Financial Instruments: Recognition and Measurement'
  Effective for annual periods beginning on or after 1 July 2009.

• IFRS 3 (revised), 'Business Combinations'
  Effective for annual periods beginning on or after 1 July 2009.

• IFRS 5 (revised), 'Non-current Assets Held for Sale and Discontinued Operation'-Effective for annual periods beginning on or after 1 July 2009.

• IAS 38 (amendment), 'Intangible Assets' Effective for annual periods beginning on or after 1 July 2009.

• IAS 1 (amendment), 'Presentation of Financial Statements'
  Effective for annual periods beginning on or after 1 July 2009.

• IFRIC 17 'Distributions of Non-cash Assets to Owners' Effective for annual periods beginning on or after 1 July 2009.

• IFRIC 18, 'Transfers of Assets from Customers' Effective for annual periods beginning on or after 1 July 2009.IAS 24 (amendment), 'Related Party Transactions' Effective for annual periods beginning on or after 1 January 2011.

• IFRS 9 'Financial Instruments'- Effective for annual periods beginning on or after 1 January 2013.

• Annual improvements 2009 - Effective for annual periods beginning on or after 1 July 2009.

The directors anticipate that the adoption of these Standards, amendments and interpretations in future periods will have no material financial impact on the financial statements of the Group in the period of initial application.

3. Significant accounting policies

3.1 Statement of Compliance

The financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee (IFRIC) and Kuwait Commercial Companies Law of 1960, as amended.

3.2 Basis of preparation

These financial statements are presented in Kuwaiti Dinars ("KD") and are prepared under the historical cost convention, except for fair value measurement of investments classified by fair value through statement of income, available for sale investments and investment properties.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.3 Property, plant and equipment

Property, plant and equipment are stated in the consolidated financial position at cost less accumulated depreciation and any accumulated impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy (see borrowing costs policy). Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalized.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in consolidated statement of income in the period in which they occur.

3. Significant accounting policies (continued)
3.4 Basis of consolidation

Subsidiaries are all entities over which the Parent Company has the power to control the financial and operating policies. 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. Equity and net income attributable to non-controlling interests are shown separately in the statement of financial position, statement of income and statement of comprehensive income, respectively. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The non-controlling interests are measured by the proportion of the pre-acquisition carrying amounts of the identifiable assets and liabilities of the subsidiaries.

3.5 Investment in associate companies

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not extend to control or joint control over those policies.

The Group's investment in associate is accounted for under the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the associate, less any impairment in value and the consolidated statement of income reflects the group's share of the results of operations of 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 and is assessed for impairment as part of that 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.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment. Distributions received from associates reduce the carrying amount of the investment.
Adjustments to the carrying amount may also be necessary for changes in the group's share in the associate arising from changes resulting from other comprehensive income of the associate or items recognised directly in the associate's or equity of the Group, as applicable.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.Unrealized gains on transactions with associate are eliminated to the extent of the group's share in the associate. Unrealized losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.

The associate's financial statements are prepared either to the parent company's reporting date or to a date not earlier than three months of the parent company's reporting date. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the parent company's reporting date.

3.6 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), are measured initially at their cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

Investment properties are revalued annually and are included in the statement of financial position at their open market values. These are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise.

3.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are initially measured at fair value plus transaction costs, except for those financial assets and financial liabilities carried at fair value through statement of income, which are initially measured at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.7.1 Financial assets

Financial assets are classified into the following specified categories:'investments at fair value through statement of income' (FVTSI), and 'available for sale investments' (AFS). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. Significant accounting policies (continued)

a) Investments at fair value through statement of income

Investments are classified as at FVTSI where the financial asset is either held for trading or it is designated as at FVTSI. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.

A financial asset, other than a financial asset held for trading, may be designated as at fair value through statement of income upon initial recognition if: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about consolidation that is provided internally on that basis.

Financial assets at FVTSI are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of income. The net gain or loss recognised in the consolidated statement of income incorporates any dividend or returns earned on the financial asset.

b) Available for sale investments

The Group's investments in equity securities are classified as available for sale investments and are stated at fair value. Fair value is determined in the manner described in note 24. Gains and losses arising from changes in fair value are recognized in other comprehensive income and reported within fair value reserve in equity with the exception of impairment losses, which are recognized in the statement of income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

3.7.2 Impairment of financial assets

Financial assets, other than those at FVTSI, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For receivables and loans and advances, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; or

(ii) default or delinquency in principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of murabaha and receivables, where the carrying amount is reduced through the use of an allowance account.

When receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Changes in the carrying amount of the allowance account are recognized in the consolidated statement of income.

When an AFS investment is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of equity sukuk, impairment losses previously recognised through the consolidated statement of income are not reversed through the consolidated statement of income. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

3.7.3 financial liabilities

The Group's financial liabilities include murabaha payables, borrowings, trade and other payables.

Financial liabilities are measured subsequently at amortized cost, except for financial liabilities held for trading or designated at fair value through statement of income, that are carried at fair value with gains or losses recognized in the statement of income.

3. Significant accounting policies (continued)
3.8 Inventories
Inventories, representing spare parts, are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the purchase of inventory. Net realizable value represents the estimated selling price less all completion costs necessary for the finalization of selling.
Spare parts are not intended for resale and are stated at cost after making allowance for any obsolete or slow moving items. Cost is determined on a weighted average basis.

3.9 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value with an original maturity of three months or less, net of bank overdrafts.

3.10 Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued.
Profits and losses resulting from some financial instruments are recognized under reserves for available for sale investments.Retained earnings / losses include all current and prior period retained earnings / losses.

Dividends are recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders.

3.11 Treasury shares
Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity, (gains 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 previously 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.

3.12 Provision for staff indemnity
Provision is made for amounts payable to employees under the Kuwait labor law and employment contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the statement of financial position date, and approximates the present value of the final obligation.

3.13 Provision

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Revenue recognition

Lease income is recognized on accrual basis, and the profit resulting from management and maintenance of third party properties, and construction and cleaning contracts is recognized on a time proportion basis according to the principles and rates stated in these contracts. Income from real estate investments is recognized on finalization of sale transaction and transfer of risks to the purchaser. Income from financial investments is recognized on finalization of sale transaction.

Dividend income, and yields from financial institutions other than those from investments in associates, are recognised at the time the right to receive payment is established.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

3.15 Foreign currency translation

The consolidated financial statements are presented in currency (KD), which is also the functional currency of the Parent Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.
Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than KD (the Group's presentation .

3. Significant accounting policies (continued)
3.15 Foreign currency translation

currency) are translated into KD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period.

3.16 Financing costs

Financing costs primarily comprise costs on the Group's borrowings. Financing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other financing costs are expensed in the period in which they are incurred and are recognised in consolidated statement of income in the period in which they are incurred.

4. Significant accounting judgments and estimation uncertainty
Accounting judgments

In the process of applying the group's accounting policies, management has used judgements in the consolidated financial statements.

Impairment of investments

The group treats available for sale investments 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 judgement. In addition, the group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

Investment classification

Management decides on acquisition of an investment whether it should be classified as held for trading, at fair value through statement of income, available for sale or held to maturity investments.

Financial investments at fair value are investments which are designated as held for trading investments and investments at fair value, at initial recognition, through consolidated statement of income on initial recognition.

Classification of investments as investments at fair value through statement of income depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as at fair value through statement of income. All other investments are classified as available for sale.

Classification of investment property

The group decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property. The group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate Lease income or for capital appreciation, or for undetermined future use.

Estimation uncertainty

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 in the consolidated financial statements within the next financial year are discussed below:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following recent arm's length market transactions:

- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

5. Consolidated subsidiaries

The consolidated financial statements include the financial statements of the parent company and its subsidiary (the group) as follows:

Company name	Percentage of ownership interest 2009	Percentage of ownership interest 2008	Country of Incorporation	The company's objectives
Al Omran Real Estate Development Company K.S.C. (Closed)	100%	100%	State of Kuwait	Investment and development of real estates
Time Line Project Management K.S.C. (Closed)	80%	80%	State of Kuwait	Project management and maintenance in Kuwait and abroad
First Kuwaiti for Cleaning Company K.S.C. (Closed)	100%	100%	State of Kuwait	All cleaning & waste transport engagements

The total assets of subsidiaries amounted to KD 35,038,824 as at 31 December 2009 and their total losses amounted to KD 6,204,119 for the year ended 31 December 2009.

6. Property, plant and equipment

	Building	Vehicles	Cleaning equipments and containers	Tools	Office furniture and equipment	Total
	KD	KD	KD	KD	KD	KD
Cost						
Balance at 1 January 2008	417,849	4,741,532	663,733	6,492	597,721	6,427,327
Additions	-	370	-	-	10,225	10,595
Balance at 1 January 2009	417,849	4,741,902	663,733	6,492	607,946	6,437,922
Additions	-	-	-	-	3,240	3,240
Disposals	-	(2,350,331)	-	-	-	(2,350,331)
Balance at 31 December 2008	417,849	2,391,571	663,733	6,492	611,186	4,090,831
Accumulated depreciation						
Balance at 1 January 2008	417,849	2,997,674	468,742	6,492	294,821	4,185,578
Charge for the year	-	240,571	72,961	-	103,370	416,902
Related to disposals	-	-	-	-	-	-
Balance at 31 December 2008	417,849	3,238,245	541,703	6,492	398,191	4,602,480
Charge for the year	-	304,344	58,993	-	96,075	459,412
Disposals	-	(2,019,390)	-	-	-	(2,019,390)
Balance at 31 December 2009	417,849	1,523,199	600,696	6,492	494,266	3,042,502
Book value						
At 31 December 2009	-	868,372	63,037	-	116,920	1,048,329
At 31 December 2008	-	1,503,657	122,030	-	209,755	1,835,442
Annual depreciation rates	5%	8-25%	20-33.33%	20%	20%	

The building is constructed on land leased from the State of Kuwait.

7. Investment properties

	2009 KD	2008 KD
Balance at the beginning of the year	33,008,420	22,331,724
Addition	-	19,845,106
Disposals	(152,500)	(9,553,576)
Change in fair value	(4,956,390)	287,032
Project under progress	34,708	98,134
Balance at end of year	27,934,238	33,008,420

Investment properties were recognized at fair value determined on the basis of the average of evaluations performed by; KFH and Kuwait Real Estate Investment Consortium for evaluating investment properties in Kuwait; Silver Gate Properties (Al-Bawaba Al-Fadia) Real Estate for evaluating properties owned by the company in the Kingdom of Bahrain; Capital International and Siraj Real Estate company in Oman; Medmac company in UAE; and Al-Γmar Al-Omrani real estate office in KSA. The fair value of the properties was determined according to transactions done for similar properties known in the market because of the nature of the properties and availability of comparative data as at 31 December 2009.

The investment properties by geographical location are as follows:

	2009 KD	2008 KD
State of Kuwait	8,069,954	10,258,045
Kingdom of Bahrain	1,720,800	1,801,471
Sultanate of Oman	1,175,610	1,272,147
KSA	9,115,489	9,097,299
UAE	5,352,635	8,079,708
Qatar	2,499,750	2,499,750
	27,934,238	33,008,420

The investment properties item includes an amount of KD 2,499,750 (KD 2,499,750 as at 31 December 2008) at cost in a real estate development project managed by related party (note 12).

This item represents payments for engineering designs for projects implemented in or outside the state of Kuwait.

8. Investments in associates

Name of associates	Percentage of ownership interest 2009 %	2008 %	2009 KD	2008 KD
Al-Fanar Investment Company K.S.C. (Closed)	43.07	43.07	6,196,783	6,587,898
Olive VB (holding B.S.C (closed))	24.5	24.5	1,456,741	1,456,741
Olive VFM Facility Management Company K.S.C. (Closed).	40	-	100,000	-
			7,753,524	8,044,639

The movement on investments in associates is as follows:

	2009 KD	2008 KD
Balance at the beginning of the year	8,044,639	6,460,075
Additions during the year	100,000	1,457,166
Group's share of associates results	(117,635)	(27,727)
Group's share in associate's reserves	(273,480)	155,125
Balance at 31 December 2009	7,753,524	8,044,639

The group's share in business results of Al-Fanar Investment Company K.S.C. (Closed) is recognized as per the audited financial statements as at 31 December 2009.

During the year, the Group contributed by a percentage of 40%, equivalent to KD 100,000, in the capital of Olive VFM Facility Management Company K.S.C (closed) (under incorporation) in the state of Kuwait.

The Group's share in Olive VFM Facility Management Company is recognized at cost since it is newly established.

8. Investments in associates (continued)

The group's share in the assets, liabilities, revenues, and net profits of associates is as follows:-

Company name	Fair value	Assets	Liabilities and reserves	Revenues	Net profit
	KD	KD	KD	KD	KD
31 December 2009					
Al-Fanar Investment Company (K.S.C. closed)	Unquoted	7,686,247	1,489,464	394,542	(117,635)
Olive VB (holding B.S.C (closed))	Unquoted	1,456,741	-	-	-
Olive VFM Facility Management Company K.S.C. (Closed).	Unquoted	100,000	-	-	-
		9,242,988	1,489,464	394,542	(117,635)
31 December 2008					
Al-Fanar Investment Company (K.S.C. (Closed))	Unquoted	8,213,585	1,625,687	309,500	(27,727)
Olive VB (holding B.S.C (closed))	Unquoted	1,456,741	-	-	-
		9,670,326	1,625,687	309,500	(27,727)

9. Investments in unconsolidated subsidiaries

Analysis of unconsolidated subsidiaries is as follows:

Company name	Percentage of ownership interest		Book value		Country of incorporation	Activity
	2009	2008	2009 KD	2008 KD		
Jordanian River Kuwaiti for Investment Co.	65%	65%	795,121	795,121	The Hashemite Kingdom of Jordan	Financial investment
First National for Consulting Co.	100%	100%	104,055	104,055	Kuwait	Management consulting
Olive VFM Kuwait for investment Co.	100%	100%	108,395	108,395	Kuwait	Management consulting
National Vision for trading Co.	100%	100%	75,000	75,000	Kuwait	General Trading
			1,082,571	1,082,571		

Unconsolidated subsidiaries are recognized at cost because they have not commenced actual activities.

10. Available for sale Investments

	2009 KD	2008 KD
Investment in quoted local shares	1,139,562	10,414,376
Investment in unquoted local shares	9,876,909	1,488,113
Investment in quoted foreign shares	885,251	-
Investment in unquoted foreign shares	3,203,985	5,713,865
	15,105,707	17,616,354

As a result of the prevailing deteriorating economic conditions in the area, the group's management recognized impairment losses in local and foreign unquoted investments of KD 3,006,080 as at 31 December 2009 resulting from the sharp decline in the fair value of these investments (KD 2,445,777 as at 31 December 2008).

Available for sale investments include an amount of KD 2,934,225 representing an investment in the share capital of one of the major shareholders of the Parent Company "related party" (KD 3,483,750 as at 31 December 2008).

Movement on available for sale investments represents:

	2009 KD	2008 KD
Balance at the beginning of the year	17,616,354	20,071,702
Addition	936,691	262,500
Transferred from investments at fair value through statement of income	-	6,863,944
Disposals	(469,744)	(6,265,053)
Change in fair value	28,486	(870,962)
Impairment on available for sale investments	(3,006,080)	(2,445,777)
	15,105,707	17,616,354

11. Receivables and other debit balances

	2009 KD	2008 KD
Trade receivables	1,189,941	574,649
Other receivables	351,728	861,649
Provision for doubtful debts	(356,608)	(356,608)
	1,185,061	1,079,690
Prepaid expenses	40,805	52,297
Due from associate	17,110	18,670
Due from employees	289,181	229,584
Accrued revenues	21,628	28,524
Refundable deposits	114,325	12,166
	1,668,110	1,420,931

Most trade receivables are due from ministries and government bodies result from cleaning work contracts over a period of two to four years. The credit period agreed upon on in these contracts is 45 days. No interests or other charges are added to the overdue trade receivables . Based on an assessment by the group's management of the quality of the balances due from trade receivables, the management thinks it is not necessary to create an additional provision for the remaining overdue trade receivables.

Movement in provision for doubtful debts

	2009 KD	2008 KD
Balance at the beginning of the year	356,608	297,529
Provision created during the year	-	59,079
Balance at end of year	356,608	356,608

12. Related parties transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the group, and entities controlled or significantly influenced by the such parties.

Pricing policies and terms of these transactions are approved by the Group's management. Related parties transactions are as follows:

	2009 KD	2008 KD
Consolidated statement of financial position:		
Investments at fair value through statement of income (managed by a related party)	8,077,219	11,157,188
Investment properties managed by a major shareholder	2,499,750	2,499,750
Due from unconsolidated subsidiaries	205,875	96,687
Due from associate	17,110	18,670
Consolidated statement of income		
Dividends income	3,073,078	-
Senior management benefits and salaries	315,115	318,000
Portfolio management fees	2,459	3,584
Cleaning and maintenance contracts income	124,195	117,235
Finance charges	300,381	81,992

13. Investments at fair value through statement of income

	2009 KD	2008 KD
Designated on initial recognition:		
Local unquoted funds and financial portfolios	2,191,682	1,146,555
Foreign investments	5,885,537	10,010,633
	8,077,219	11,157,188

Investments at fair value through statement of income (managed by a related party) (note 12)

14. Cash and cash equivalents

	2009 KD	2008 KD
Cash in hand and at financial institutions	1,193,548	770,996
Cash in investment portfolios	1,256,281	1,879,724
Investment saving account	305,985	537,301
	2,755,814	3,188,021

A return on Company's saving account at 1.853% (2008: 2.867%) is realized annually.

15. Share capital

The parent company's authorized, issued and fully paid up share capital is KD 31,500,000 divided into 315,000,000 shares, each of a nominal value of 100 fils. All shares are cash shares.

16. Statutory reserve

In accordance with the Kuwait Commercial Companies' Law of 1960 and the company's articles aof association, as amended, 10% of the net profit for the year is required to be transferred to the statutory reserve until the reserve totals 50% of the paid up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount. The group's management did not make the transfer to statutory reserve because of the losses incurred.

17. Voluntary reserve

In accordance with the parent company's articles of association, a percentage is transferred to the voluntary reserves as proposed by the board and approved by the general assembly. This transfer was stopped by a resolution of the general assembly of shareholders based on a proposition from the Board of Directors. The group's management did not make the transfer to voluntary reserve because of the losses incurred.

18. Treasury shares

	2009	2008
Number of shares (No's)	6,447,000	6,447,000
Percentage of issued shares (%)	2.05	2.05
Market value (KD)	309,456	380,373
Cost (KD)	1,452,034	1,452,034

19. Murabaha payable

	2009	2008
	KD	KD
Maturing within one year	28,331,156	30,387,268
Maturing more than one year	5,454,532	5,929,195
	33,785,688	36,316,463

Murabaha payable is granted by local financial institutions against some investment properties (note 7) and available for sale investments (note 10). The average effective cost is 7.5% as at 31 December 2009 (31 December 2008: 8.5%)

20. Payables and other credit balances

	2009	2008
	KD	KD
Purchase of land payables	2,329,424	2,329,424
Trade payables	451,410	427,949
Accrued expenses and leave	428,856	824,472
Advance income	-	6,472
Third party insurance	77,153	78,502
Staff payable	6,541	9,755
Other credit balances	91,611	68,066
	3,384,995	3,744,640

Purchase of land payables represent due amounts from purchase of land in the UAE.

21. General and administration expenses

	2009 KD	2008 KD
Senior management benefits and salaries	315,115	318,000
Staff costs	773,862	967,303
Depreciation	59,727	416,902
Other	380,156	513,806
	1,528,860	2,216,011

22.Basic and diluted loss per share

Losses per share are calculated by dividing the net losses for the year attributable to the Parent Company shareholders by the weighted average number of ordinary shares outstanding during the year taking into account treasury shares, as follows:

	2009	2008
Net loss for the year (KD)	(9,044,918)	(1,431,850)
Weighted average number of shares outstanding (No's)	308,553,000	308,553,000
Basic and diluted loss per share (Fils)	(29.31)	(4.64)

23. Segment reporting

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 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 assess its performance. In prior years, Group segment reporting was based on business segments. Following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed and the management has grouped the Group's products and services into the following operating segments under IFRS 8"Operating Segments".

- Real Estate Management
- Constructions Management
- Investment properties
- Financial investments
- Cleaning
- Other

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8"Operating Segments".

The inter transactions between operating segments are priced at cost. Only the operating segments revenues from external clients are stated, whereas the inter transactions between these segments are excluded. The operating segments profit represents the profit realized from each segment without distributing the general and administrative expenses and other expenses according to the policy adopted in preparing and submitting the internal reports to the chairman and the managing director to take operating decision.

	Revenues from operating segments		Operating segments net profit	
	2009	2008	2009	2008
	KD	KD	KD	KD
Real Estate Management	212,059	184,904	199,329	160,789
Constructions Management	101,364	190,877	(64,594)	90,253
Investment properties	(4,964,840)	2,346,513	(4,964,840)	1,746,064
Financial investments	(41,948)	1,302,500	(430,410)	1,071,853
Cleaning	1,861,075	1,398,111	(159,739)	(452,129)
Other	5,625	-	477,983	74,414
	(2,826,665)	5,422,905	(4,942,271)	2,691,244
General & administration expenses			(1,528,860)	(2,216,011)
Financing charges			(2,586,706)	(1,904,108)
Net loss for the year			(9,057,837)	(1,428,875)

The following is the analysis of assets and liabilities of operating segments for the purposes of monitoring segment performance and allocation of resources among them:

	As at 31 December	
	2009	2008
	KD	KD
Assets		
Real Estate Management	100,622	117,235
Constructions Management	248,273	329,068
Investment properties	30,136,357	38,090,036
Financial investments	33,053,221	36,735,240
Cleaning	1,908,964	2,063,674
Unallocated assets	209,898	155,125
	65,657,335	77,490,378

24. Financial Instruments (continued)

	As at 31 December	
	2009	2008
	KD	KD
Liabilities		
Real estates	129,731	140,115
Constructions	37,596	53,797
Investment properties	15,466,830	15,036,285
Financial investments	21,764,224	24,757,104
Cleaning	688,500	683,471
	38,086,881	40,670,772

Geographical Segments:

	Assets		Income	
	2009	2008	2009	2008
	KD	KD	KD	KD
State of Kuwait	35,910,166	48,979,514	(2,654,388)	(732,696)
Outside the State of Kuwait	29,747,169	28,510,864	(2,287,883)	3,423,940
	65,657,335	77,490,378	(4,942,271)	2,691,244

24. Financial Instruments
a) Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, through the optimisation of the debt and equity balance so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or debt and or sell assets to reduce debt.

Consistent with the industry norm, the group monitors capital on the basis of percentage of borrowing rate, which is calculated by net borrowing value divided by total invested capital. Net debt is calculated as total borrowings (murabaha payables) less cash and cash equivalents. Total invested capital is calculated by total equity and net borrowing.

b) Capital risk management

Gearing ratio

	2009 KD	2008 KD
Murabaha payable	33,785,688	36,316,463
Cash and cash equivalents	(2,755,814)	(3,188,021)
Net lending	31,029,874	33,128,442
Equity attributable to the equity holders of the parent	27,528,319	36,764,552
Capital invested	58,558,193	69,892,994
Net borrowing to invested capital	52.99 %	47.4 %

c) Credit risks

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group's credit policy and exposure to credit risk are monitored on an ongoing basis. The group seeks to avoid undue concentration of risks with individuals or group of customers in specific locations or business through diversification of lending activities and obtaining the suitable guarantees when appropriate. The maximum credit risk exposure is not materially different from the carrying values in the consolidated statement of financial position.

d) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. Financial instruments, which potentially subject the Group to equity price risk, consists principally of investments at fair value through statement of income and available for sale investments. The Group manages this risk by diversifying its investments on the basis of the pre-determined asset allocations across various categories, continuous appraisal of market conditions and trends and management estimate of long and short term changes in fair value.

24. Financial Instruments (continued)

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price	Effect on statement of income	Effect on statement of other omprehensive income	Change in equity price	Effect on statement of income	Effect on statement of other mprehensive income
	2009	2009	2009	2008	2008	2008
	%	KD	KD	%	KD	KD
Investments at fair value through statement of income Kuwait	±5	403,861	-	±5	557,859	-
Available for sale investments Kuwait	±5	-	755,285	±5	-	880,818

e) Foreign currency risk management

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The management monitors the positions on a daily basis to ensure positions are maintained within established limits.

The effect on profit (due to change in the fair value of monetary assets and liabilities), as a result of change in currency rate, with all other variables held constant is shown below:

	2009	2008
	KD	KD
Saudi Riyal	10,343,997	9,416,853
UAE Dirham	3,902,883	3,992,496
US Dollars	2,275,125	2,352,002
Qatar Riyal	2,745,221	2,747,500
Bahrain Dinar	2,320,800	2,454,108
OMR	1,175,610	1,175,610

Assuming an increase in foreign exchange by 5%, the statement of income shall be affected by an amount of KD 1,138,182 for the year ended 31 December 2009 (KD 1,106,928 for the year ended 31 December 2008).

f) Liquidity risks

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the company periodically invests in bank deposits or other instruments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The table below summarizes the maturity profile of the company's undiscounted financial liabilities at 31 December 2009 and 31 December 2008 based on contractual undiscounted repayment obligations.

31 December 2009	Within 1 month	1 - 3 months	3 to 12 months	1 – 5 years	Total
	KD	KD	KD	KD	KD
Murabaha payable	22,119	315,828	27,993,209	5,454,532	33,785,688
Payables and other credit balances	-	-	3,384,995	-	3,384,995
Due to related parties	-	-	207,252	-	207,252
Provision for employee' end of service indemnity	-	-	-	708,946	708,946
TOTAL LIABILITIES	22,119	315,828	31,585,456	6,163,478	38,086,881

31 December 2008	Within 1 month	1 - 3 months	3 to 12 months	1 – 5 years	Total
	KD	KD	KD	KD	KD
Murabaha payable	-	345,886	30,041,382	5,929,195	36,316,463
Payables and other credit balances	-	-	3,744,640	-	3,744,640
Due to related parties	-	-	39,240	-	39,240
Provision for employee' end of service indemnity	-	-	-	570,429	570,429
TOTAL LIABILITIES	-	345,886	33,825,262	6,499,624	40,670,772

24. Financial Instruments (continued)
g) Fair value of financial instruments
a) Fair value of financial instruments carried at amortised cost

In the opinion of management, carrying amounts of the financial instruments carried at amortized cost are not materially different from their respective fair values as at the reporting date, except for the amounts due from / to related parties, the fair value of which cannot be reasonably determined since they have no fixed maturity.

The fair values of financial assets and financial liabilities are determined as follows.

• The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures, and perpetual notes).
• The fair value of other financial assets is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

31 December 2009	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Investments at fair value through statement of income				
Unquoted equities	-	-	8,011,787	8,011,787
Investment funds	-	65,432	-	65,432
Available for sale investments				
Quoted equities	2,024,813	-	-	2,024,813
Unquoted equities	-	-	13,080,894	13,080,894
Total	2,024,813	65,432	21,092,681	23,182,926

h) Fair value of financial instruments

	Level 3		
	Investments at fair value through statement of income	Available for sale investments	Total
	KD	KD	KD
Balance at the beginning of the year	11,366,430	15,591,541	26,957,971
Total profit and loss			
– in the statement of income	-	(3,006,080)	(3,006,080)
– in the statement of other comprehensive income	-	28,486	28,486
Purchases / sales (net)	(3,354,643)	466,947	(2,887,696)
Balance at end of year	8,011,787	13,080,894	21,092,681

25. Dividends

The Board of Directors have recommended to the General Assembly which will be held latter not to distribute dividends for the year of 31 December 2009.

On 28 April 2009, the Parent Company's General Assembly of shareholders approved the financial statements for the year ended 31 December 2008 and not distributing dividends for the this financial year.

26. Commitments and contingent liabilities

	2009	2008
	KD	KD
Capital commitments		
Bank guarantees	1,692,158	1,651,177

27. Comparative figures

Certain comparative figures have been reclassified to conform to current presentation of consolidated financial statements.