H.H. Sheikh
Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

H.H. Sheikh
Nawaf Al-Ahmad Al-Sabah
Crown Prince of the State of Kuwait

H.H. Sheikh
Naser Al-Mohammad Al-Sabah
Prime Minister of the State of Kuwait

صكوك
SOKOUK
Sokouk Holding Company K.S.C.C

Establish date
23 August 1998

Paid-up Capital
KD 100,000,000

Divided into
1,000,000,000 shares

Nominal value per share 100 Fils

Integrated Real Estate Synergy . . .

صكوك العقارية
SOKOUK REAL ESTATE

بيت الإعمار الخليجي
Gulf Development House

منشآت
قيمة متنامية

بنك إيلاف
ELAF BANK

بيت المال الخليجي
Gulf Money House

SIA
Cayman Island
SOKOUK INVESTMENT ADVISORY

MAS
ماس

Contents

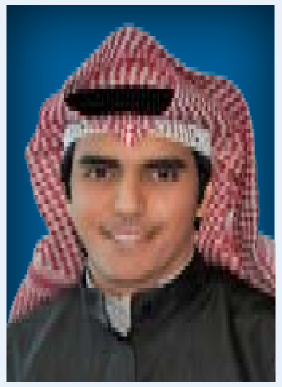
The Board of Directors

Mr. Abdul Aziz Al Ibrahim
Chairman & Managing Director

Mr. Bader Bu Rashed
Vice Chairman

Mr. Hamad Al Atiqi
Board Member

Mr. Feras Al Bahar
Board Member



Mr. Abdullah Al Kulaib
Board Member

Chairman's Statement

Chairman's Statement

Mr. Abdul Aziz Al Ibrahim
Chairman & Managing Director

Honorable Shareholders ...

It is my great pleasure to present the annual report of Sokouk Holding Co. for the year ended december 31, 2009 .

Valued Shareholders,

The financial crisis that swept throughout the world in 2008 had an extremely negative impact on the global business environment resulting in the worst economic performance. These unfavorable conditions of the sluggish global markets continued during 2009 and inevitably all the companies in various sectors of local economy including the Real estate Sector were also badly affected and Sokouk Holding was no exception. However, within the constraints of these challenges, Sokouk continues to focus on restructuring within the Group to position itself for a better future.

Dear Shareholders,

Due to the continuing repercussions of the global economic crisis , the Company realized a net loss of KD 28.91 million compared to a net loss of KD 15.6M for the year 2008 which translates into a loss of 28.91 fils per share versus a loss of 15.68 fils for the last year. This loss has resulted primarily due to a provision of KD 17M against the decline in assets due to the general business environment of the declining values of the assets in almost all the sectors. An additional provision of KD 12 M was taken for an investment in an associated company again for the same reasons.

The value of the assets at the end of the year was KD 105.8 million, lower by 22.6% as compared to last year, whereas Shareholders' Equity also fell by 23.1%, from KD 119.2 million in 2008 to KD 91.6 million by the end of 2009.

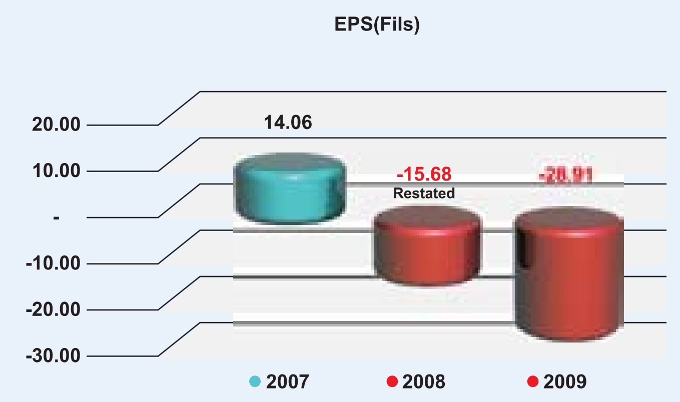
We are confident that with the expected recovery in financial and Real Estate markets, the performance of the company will improve and the financial results in future will be much better.

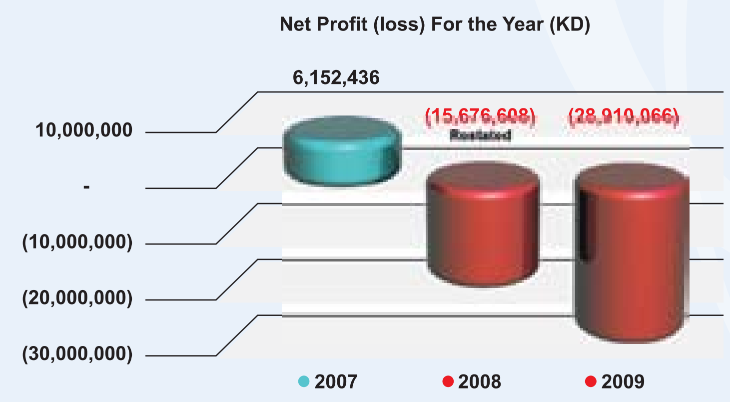
Finally, on behalf the Board of Directors and myself, I would like to take this opportunity to extend our sincere thanks, to our partners, shareholders and employees for their continued support to the Company wishing that 2010 will Insha'Allah be profitable in line with the improving outlook for the recovery of global and local economic conditions.

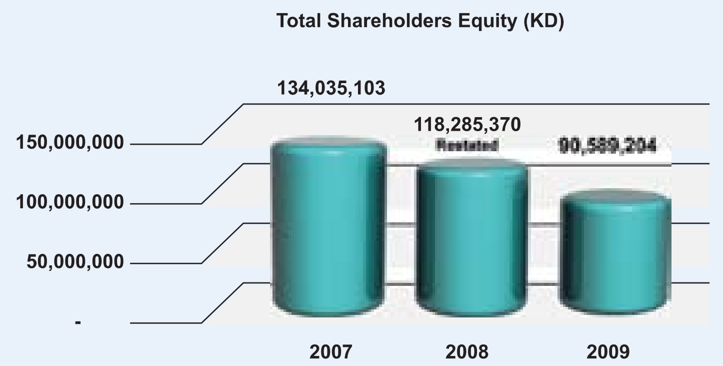
Report of the Executive Management

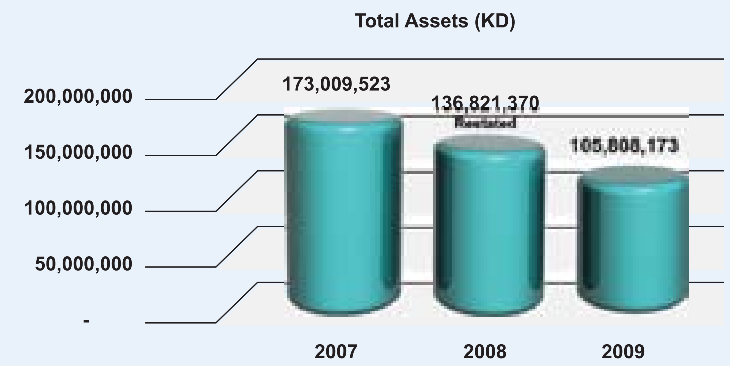
Financial Performance

Net Loss amounted to KD 28.91M as compared to KD 15.6M last year. The total assets decreased to KD 105.8M from KD 136.8M, a decrease of 22.6% year over year. The Shareholders' equity decreased by 23.1%, from KD 119.2M in 2008 to KD 91.6M at the end of 2009. The loss per share was 28.91 Fils compared to earnings of 15.68 Fils in year 2008.









Report of the Executive Management

Sharia and Legal Control of Transactions:

Al-Mashora and Al-Rayah for islamic financial consulting Company performs the functions of Sharia supervisor and appointing a Sharia supervision panel for the company.

The following distinguished persons have been appointed as members of the panel:

Dr. Abdul Aziz Al-Qassar
Dr. Issa Zaki Issa
Dr. Ali Al-Rashed

The panel carries on its duties by supervising the works of the company and providing Sharia advice. The office of Mishari Al-Ghazali Consulting and Legal Office is retained for providing legal advice for all legal aspects of the company's activities and deals. In view of the expansion of the company's activities, the work team is supported by a legal advisor whose duty is to follow up the finalizing of urgent matters, coordinating with the law offices and the Sharia Supervision Panel and following up the procedural aspects of the company’s dealings.

External Control and Audit:

The external auditors of the company are Al-Bazie and partners and Al-Waha External Audit Bureau, who are in charge of conducting the external audit functions; preparing the data and financial reports.

Subsidiaries and Affiliates

Sokouk Real Estate Company

Sokouk Real Estate Company (KCSC) was established in June 2006 with a capital of KD 5 million. In June 2008, the capital was increased to KD 15 million. The company trades in freehold real estates, develops, manages real estate investment portfolios and funds that are Sharia compliant and consistent with its articles of association.

The company's vision is to attain leadership and specialization in high quality real estate projects in order to achieve added value for its investors.

Ramada Plaza - Kuwait

Gulf Development House Company

A Kuwaiti closed shareholding company with an authorized and paid up capital of KD 3 million, Gulf Development House is 75% owned by Sokouk Holding Company. GDH is Sokouk's major arm for specialized real estate development business, in addition to real estate investment and trading projects, and managing real estate investment funds and portfolios. Gulf Development House is active in various real estate-related activities such as acquisition, development and sale of real estates in Kuwait.

The company is currently building the Salmiya Hotel on an area 6,000 square meters in Salmiya at the intersection of the Fahaheel Expressway and the Fourth Ring Road, which is a prime location very important for all the districts of Kuwait. The building will have a total floor area of 69,000 square meters covering the complete range of hotel services. The Hotel will provide all services, restaurants, multi-purpose halls, a spacious banqueting and wedding ceremonies hall, a health and fitness club, which will be managed by a specialized operator, a swimming pool, and other amenities. The hotel will consist of 22 floors, including 3 basement floors, a ground floor 4-floors of multipurpose halls and 14 floors of guest rooms. There will be 300 rooms, ranging from studios to hotel suites.

The building of the project skeleton structure is almost completed. The project building, furnishing and operation as a four-star hotel is expected to be completed during the 2011 and will operate under the name Ramada Plaza - Kuwait.

GDH has also started excavation activity on phase II of the project which is located adjacent to Salmiya Hotel. Initially phase II will comprise of two floors of hotel apartments in addition to four levels of parking at basement level.

MUNSHAAT Real Estate Projects Company K.C.S.C.

Munshaat Real Estate Projects Company k.c.s.c.was established on 8 April 2003 with a capital of KD 32,200,000 million.

Munshaat's Real Estate Projects Company's activity focuses on the local and international real estate sector. This has positioned Munshaat over the short period since its establishment as a leader among global companies that operate according to the Sharia.

Munshaat creates and manages real estate investment funds, provides advisory services to real estate projects, supervises project construction and development, and participates in projects through B.O.T. arrangements.

The Company's Projects

Zamzam Tower

Location: Makkah, Kingdom of Saudi Arabia. This is one of the towers of Al-Beit Towers Compound located within the Holy Mosque squares in Makkah, facing King Abdulaziz Gate .

Dar Al-Qeblah

Location: Madina, Kingdom of Saudi Arabia, 150 meters from the Prophet's Holy Mosque
1- Tower (A) Hotel Apartments . 2- Tower (B) Hotel Rooms .
3- Tower (C) Commercial Complex .

Bakkah Tower

Location: Makkah, Kingdom of Saudi Arabia, directly overlooking the squares of the Holy Makkah Mosque, at a distance of 50 meters from the King Abdulaziz Gate.

Al-Mehrab Tower - Company, REIT

Al-Mehrab Company REIT owns Al-Mehrab Tower, one of Al-Safwa residential and commercial project towers.

Location: Makkah, Kingdom of Saudi Arabia, directly overlooking the squares of the Holy Makkah Mosque, at a distance of 50 meters from the King Abdulaziz Gate .

Al Safwa Tower

Dar Al-Qeblah

Subsidiaries and Affiliates

بيت المال الخليجي
Gulf Money House

Gulf Money House Company

Established in March 2006, with a capital of KD 250,000, this is a Kuwaiti limited liability company in which Sokouk Holding Company is the major partner.
Gulf Money House Company's main objective is to manage collection of funds related to the credit sales of the portfolios owned by Sokouk Holding Company and group companies. Going forward, the company plans to offer its services to other companies..

بنك إيلاف
ELAF BANK

Elaf Bank

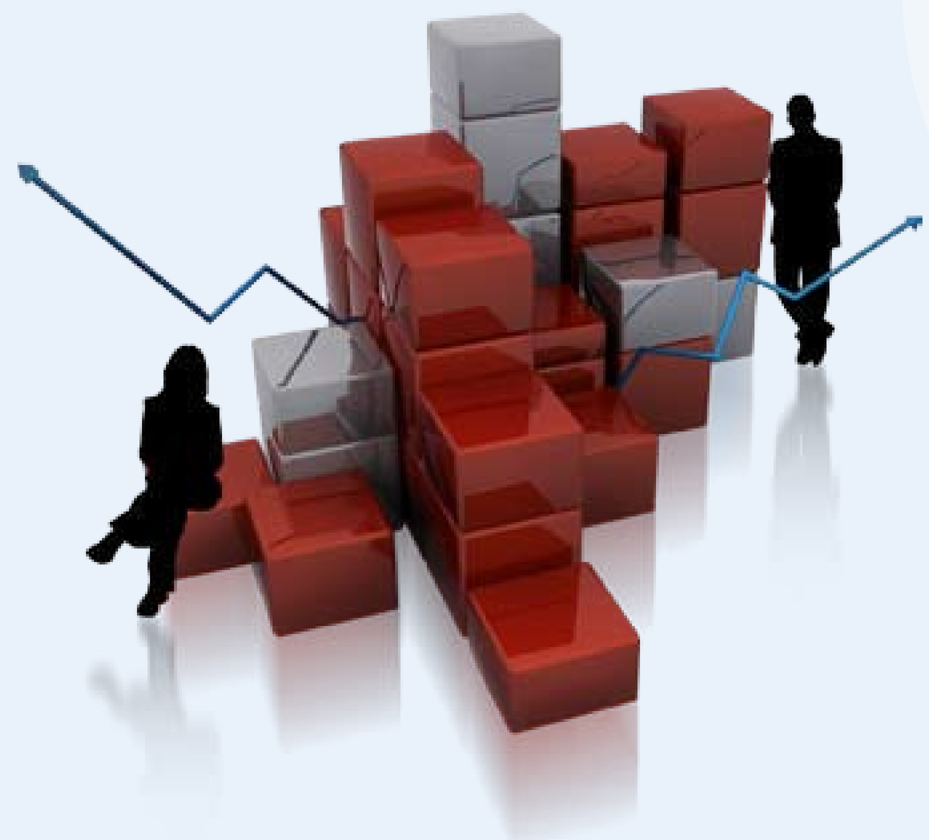
An Islamic investment bank established in the Kingdom of Bahrain with an authorized capital of US$ 500 million, of which US$ 200 million is paid up.

In June 2007, the sponsors acquired a license from the Central Bank of Bahrain to set up an Islamic Wholesale Bank named Sokouk Exchange Centre Bank TADAWUL, now Known as ELAF Bank. The primary aim was to develop the sukuk secondary market and act as a market-maker. TADAWUL broadened its aim, not limited to only the development of the sukuk market, but to encompass the full spectrum of wholesale Islamic banking.
A plan was put in place to transform TADAWUL into an Islamic Investment Bank at the forefront of the industry. As a result, Elaf Bank was born with a vision to become a global and prominent wholesale Islamic Banking institution, renowned for bringing value-added solutions in the Shari'a-compliant Capital Markets.

Subsidiaries and Affiliates

MAS HOLDING k.s.c.c.

MAS Holding Company was established in 2007 with a capital of KD 1 million through a strategic alliance between Munshaat Real Estate Projects Company 60% and Sokouk Holding Company 40%.



Sokouk Investment Advisory Company

Sokouk Investment Advisory Company’s main activity is to provide advisory services to Sokouk Holding Company and its subsidiary companies.

A wholly-owned subsidiary of Sokouk Holding Company, receives full support and back-office services from the strength and resources of Sokouk Holding Company and its Group . Sokouk Investment Advisory Company was established in January 2006 as a limited liability company under the laws of the Cayman Islands, with a capital of US$ 50,000.

The Sharia Supervisory Board Report

The Sharia Report of

In the name of Allah the merciful,

We, Al Mashora and al Raya for Islamic Financial Consultancy, confirm that we have verified all applied principles and relevant contracts pertaining to all transactions carried out by **SOKOUK HOLDING CAMPANY .** for the financial year ending in 31/12/2009. We have performed all relevant assessments and given the appropriate guidance to ensure whether or not the company's activities comply with the Sharia principles.

Through our Sharia Management, we have revised the Company's transactions, by reviewing both the contracts and the procedures being implemented.

Al Mashora and al Raya for Islamic Financial Consultancy conclude the following:

1. All transactions and business matters executed by the company during the financial year ending in 31/12/2009 have been conducted in accordance with the Sharia principles.
2. Profit distributions and sustained losses in investment accounts adhere to the Sharia Principles.
3. We would like to indicated that the Company does not implement Zakat payments on its shares, the Zakat is to be borne by the shareholders and the owners.

We seize this opportunity to express our gratitude and appreciation to the Company's Management for its collaboration and compliance with Al Mashora and al Raya for Islamic Financial Consultancy and it Sharia Management, and also, we would like to express our high regards to all the Company's shareholders and clientele.

Regards,

Dr. Abdul Aziz Khalifa Al Qassar
Chairman of the Sharia Committee

Dr. Issa Zaki Issa
Shaira Committee Member

Dr. Ali Ibrahim Al Rashed
Shaira Committee Member

Tel: +965 22960555 - Fax: +965 22960556 - Al Mirqab - Al Sour Street - Jassem Al Asfour Tower - 7th Floor. info@mandr.com.kw www.mandr.com.kw

Consolidated Financial Statements

For the Year Ended December 31 , 2008
With
Independent Autditors' Report

SOKOUK HOLDING COMPANY

KUWAITI SHAREHOLDING COMPANY (HOLDING)

AND SUBSIDIARIES

STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

WITH

INDEPENDENT AUDITORS' REPORT

AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

Member of The International Group of Accounting Firms

P.O. Box 27387 Safat
13134 - State of Kuwait
Telephone: (965) 22423415
Facsimile : (965) 22423417

Albazie & Co.
Member of RSM International
Public Accountants
Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait
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F + 965 22412761
www.albazie.com

INDEPENDENT AUDITORS' REPORT

The Shareholders
Sokouk Holding Company
Kuwaiti Shareholding Company (Holding)
State of Kuwait

Auditors' report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sokouk Holding Company - Kuwaiti Shareholding Company (Holding) (the Parent Company) and subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2009, and the 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

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 financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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.

AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

Albazie & Co.
Member of RSM International

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sokouk Holding Company - Kuwaiti Holding Company (Holding) as of December 31, 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

Also in our opinion, the consolidated financial statements include the disclosures required by the Commercial Companies Law and the Parent Company's Articles of Association and we obtained the information we required to perform our audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to us, there were no contraventions during the year ended December 31, 2009 of either the Commercial Companies Law or of the Parent Company's Articles of Association which might have affected the Group's financial position or results of its operations.

Ali Owaid Rukheyes
Licence No. 72-A
Member of the International Group
of Accounting Firms

Dr. Shuaib A. Shuaib
Licence No. 33-A
Albazie & Co.
Member of RSM International

State of Kuwait
March 30, 2010

SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2009	2008 (Restated)
Cash on hand and at banks	3	**1,369,339**	2,311,187
Accounts receivable and other debit balances	4	**3,745,393**	5,310,898
Sokouk utilization rights	5	**7,284,200**	7,284,200
Investments in Wakala	6	**1,871,748**	4,302,351
Due from related parties	7	**43,557,520**	43,515,463
Investments available for sale	8	**9,965,122**	5,978,746
Investment in associates	9	**17,600,030**	49,346,631
Project under construction	10	**16,453,439**	14,137,543
Investment in joint venture	11	**2,618,041**	2,474,608
Investment in unconsolidated subsidiaries		**-**	750,000
Property and equipment	12	**31,312**	93,214
Intangible assets		**-**	4,500
Goodwill		**1,312,029**	1,312,029
Total assets		**105,808,173**	136,821,370
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable and other credit balances	13	**5,065,518**	2,390,729
Due to related parties	7	**3,125,855**	3,584,642
Murabaha payables	14	**5,850,788**	11,498,436
Provision for end of service indemnity	15	**80,613**	81,155
Total liabilities		**14,122,774**	17,554,962
Equity:			
Capital	16	**100,000,000**	100,000,000
Share premium	17	**17,500,000**	17,500,000
Statutory reserve	18	**2,229,106**	2,229,106
Voluntary reserve	19	**2,229,106**	2,229,106
Foreign currency translation adjustments		**(9,137)**	(463,365)
Cumulative changes in fair value		**196,038**	-
Effect of changes in associates' equity		**(260,597)**	(824,231)
Accumulated losses		**(31,295,312)**	(2,385,246)
Equity attributable to parent company's shareholders		**90,589,204**	118,285,370
Non-controlling interests		**1,096,195**	981,038
Total equity		**91,685,399**	119,266,408
Total liabilities and equity		**105,808,173**	136,821,370

The accompanying notes (1) to (34) form an integral part of the consolidated financial statements

Abdul Aziz Abdul Latif Al Ebrahim
Chairman & Managing Director

Bader Jassem Bu Rashed
Vice Chairman

SOKOUK HOLDING COMPANY- KUWAITI SHAREHOLDING COMPANY(HOLDING) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31,2009
(All amounts are in Kuwaiti Dinars)

	Note	2009	2008 (Restated)
Operating revenue		**-**	626,322
Operating cost		**-**	(626,322)
Gross profit		**-**	-
Other operating income	20	**870,495**	1,738,133
Expenses and charges:			
General and administrative	21	**1,040,118**	1,033,353
Depreciation and amortization		**36,148**	47,270
		1,076,266	1,080,623
Operating (loss) profit		**(205,771)**	657,510
Net investments income (loss)	22	**312,011**	(2,730,972)
Gain from investments in Murabaha		**-**	830,017
Gain from investments in Wakala		**127,882**	417,444
Group>s share of results from associates	9	**(13,099,318)**	4,196,021
Gain (loss) on sale of investment in an associate	9	**8,839**	(4,431,579)
Impairment loss of investment in an associate	9	**(11,747,142)**	(8,357,578)
Group>s share of results from joint ventures	11	**46,590**	(4,946,910)
Gain on sale of investment in joint venture	11	**-**	502,690
Loss from sale of property and equipment		**(8,912)**	-
Property and Equipment written-off		**(17,034)**	-
Finance charges		**(587,143)**	(1,497,848)
Provision for doubtful debts	23	**(2,410,800)**	(1,047,222)
Provision for investment in wakala	6	**(2,600,002)**	(707,945)
Foreign currency exchange gain		**1,385,891**	1,551,774
Net loss for the year		**(28,794,909)**	(15,564,598)
Attributable to :			
Parent company's shareholders		**(28,910,066)**	(15,676,608)
Non-controlling interests		**115,157**	112,010
Net loss for the year		**(28,794,909)**	(15,564,598)
		Fils	Fils
Loss per share attributable to the equity holders of the parent company	28	**(28.91)**	(15.68)

The accompanying notes (1) to (34) form an integral part of the consolidated financial statements

SOKOUK HOLDING COMPANY- KUWAITI SHAREHOLDING COMPANY(HOLDING) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31,2009
(All amounts are in Kuwaiti Dinars)

	Note	2009	2008 (Restated)
Net loss for the year		**(28,794,909)**	(15,564,598)
Other comprehensive income (loss):			
Exchange differences on translating foreign operations		**421,401**	(527,823)
Investments available for sale	8	**196,038**	31,112
Change in associates' equity	9	**549,023**	(824,231)
Reversal of foreign currency translation reserve due to sale of investment in associate		**32,827**	-
Reversal of change in associate's equity due to sale of investment in associate		**14,611**	-
Reversal due to sale of investment in joint venture	11	**-**	1,247,817
Other comprehensive income (loss) for the year		**1,213,900**	(73,125)
Total comprehensive loss for the year		**(27,581,009)**	(15,637,723)
Attributable to :			
Shareholders of the parent company		**(27,696,166)**	(15,749,733)
Non-controlling interests		**115,157**	112,010
Total comprehensive loss for the year		**(27,581,009)**	(15,637,723)

The accompanying notes (1) to (34) form an integral part of the consolidated financial statements

SOKOUK HOLDING COMPANY- KUWAITI SHAREHOLDING COMPANY(HOLDING) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31,2009
(All amounts are in Kuwaiti Dinars)

	Attributable to the parent company's shareholders										
	Capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Effect of changes in associates' equity	Retained earnings (Accumulated losses)	Total equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
Balance at December 31, 2007	100,000,000	17,500,000	2,229,106	2,229,106	(1,047,661)	(166,810)	-	13,291,362	134,035,103	869,028	134,904,131
Total comprehensive income (loss) for the year	-	-	-	-	719,994	31,112	(824,231)	(14,939,070)	(15,012,195)	112,010	(14,900,185)
Due to transfer of an investment available for sale to investment in a joint venture	-	-	-	-	(135,698)	135,698	-	-	-	-	-
Balance at December 31, 2008	100,000,000	17,500,000	2,229,106	2,229,106	(463,365)	-	(824,231)	(1,647,708)	119,022,908	981,038	120,003,946
Effect of correction of prior period error (Note 33)	-	-	-	-	-	-	-	(737,538)	(737,538)	-	(737,538)
Adjusted balance at December 31, 2008	100,000,000	17,500,000	2,229,106	2,229,106	(463,365)	-	(824,231)	(2,385,246)	118,285,370	981,038	119,266,408
Total comprehensive income (loss) for the year	-	-	-	-	454,228	196,038	563,634	(28,910,066)	(27,696,166)	115,157	(27,581,009)
Balance at December 31, 2009	100,000,000	17,500,000	2,229,106	2,229,106	(9,137)	196,038	(260,597)	(31,295,312)	90,589,204	1,096,195	91,685,399

The accompanying notes (1) to (34) form an integral part of the consolidated financial statements

SOKOUK HOLDING COMPANY- KUWAITI SHAREHOLDING COMPANY(HOLDING) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,2009
(All amounts are in Kuwaiti Dinars)

	2009	2008 (Restated)
Cash flows from operating activities:		
Net loss for the year	**(28,794,909)**	(15,564,598)
Adjustments for:		
Depreciation and amortization	**36,148**	47,270
Loss from sale of property and equipment	**8,912**	-
Property and equipment written off	**17,034**	-
Unrealized gain from changes in fair value of investments at fair value through income statement	**-**	(7,822)
Realized gain from sale of investments at fair value through income statement	**-**	(383,898)
Impairment loss for investments available for sale	**-**	2,897,336
Dividend income from investments available for sale	**(68,280)**	(8,968)
Realized (gain) loss from sale of investments available for sale	**(243,731)**	234,324
Gain from investments in Murabaha	**-**	(830,017)
Gain from investments in Wakala	**(127,882)**	(417,444)
Group>s share of results from associates	**13,099,318**	(4,196,021)
(Gain) loss on sale of investment in an associate	**(8,839)**	4,431,579
Impairment loss for investment in an associate	**11,747,142**	8,357,578
Group>s share of results from joint ventures and elimination of profit on intercompany transactions	**(46,590)**	5,360,804
Gain on sale of investment in joint venture	**-**	(502,690)
Finance charges	**587,143**	1,497,848
Provision for doubtful debts	**2,410,800**	1,047,222
Provision for investment in Wakala	**2,600,002**	707,945
Provision for end of service indemnity	**50,552**	51,742
	1,266,820	2,722,190
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**965,505**	6,744,889
Due from related parties	**832,035**	10,448,547
Accounts payable and other credit balances	**(2,510,523)**	1,690,807
Due to related parties	**(4,418,467)**	(16,621,440)
Cash used in (generated from) operations	**(3,864,630)**	4,984,993
Payment for Zakat	**(4,695)**	(6,467)
Payment for KFAS	**-**	(95,092)
Payment for NLST	**-**	(148,449)
Payment for board of directors remuneration	**-**	(60,000)
Payment for end of service indemnity	**(51,094)**	(39,829)
Net cash (used in) generated from operating activities	**(3,920,419)**	4,635,156

	2009	2008 (Restated)
Cash flows from investing activities:		
Paid for purchase of investments at fair value through income statement	-	(9,611,920)
Proceeds from sale of investments at fair value through income statement	-	21,626,654
Net proceeds from investments in Murabaha	-	23,953,047
Net paid for investments in Wakala	**(257,572)**	(7,138,342)
Paid for purchase of investments available for sale	**(24,771)**	(9,146,995)
Proceeds from sale of investments available for sale	**1,982,573**	3,181,081
Dividends received from investments available for sale	**68,280**	8,968
Paid for purchase of investment in associates	-	(2,868,964)
Proceeds from sale of investment in associates	**2,315,087**	2,042,073
Paid for purchase of investment in joint ventures	-	(10,637,000)
Paid for project under construction	**(2,315,896)**	(2,517,591)
Dividends received from associate	-	773,950
Paid for investment in unconsolidated subsidiaries	-	(750,000)
Paid for purchase of property and equipment	-	(31,456)
Proceeds from sale of property and equipment	**600**	-
Net cash generated from investing activities	**1,768,301**	8,883,505
Cash flows from financing activities:		
Proceeds from (paid for) Murabaha payables	**1,210,270**	(12,763,343)
Net cash generated from (used in) financing activities	**1,210,270**	(12,763,343)
Net (decrease) increase in cash on hand and at banks	**(941,848)**	755,318
Cash on hand and at banks at the beginning of the year	**2,311,187**	1,538,886
Cash at bank due to increase of Group's ownership percentage in a joint venture	-	16,983
Cash on hand and at banks at the end of the year	**1,369,339**	2,311,187

The accompanying notes (1) to (34) form an integral part of the consolidated financial statements

1. Incorporation and activities

Sokouk Holding Company – Kuwaiti Shareholding Company (Holding) "the parent company", (previously known as Sokouk Real Estate Development Company – Kuwaiti Shareholding Company (Closed) and prior before as Al-Wasta Real Estate Development Company – Kuwaiti Shareholding Company (Closed)), is registered in the State of Kuwait and was incorporated and authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 1909/Volume 1 on August 23, 1998 and registered on commercial register under Ref. No. 74323 dated August 29, 1998.

According to the memorandum issued by the Ministry of Commerce and Industry under Ref. No. 259/2005 dated August 29, 2005 and based on the extraordinary General Assembly held on August 28, 2005, it was approved and recorded in the commercial register the following:

1. Amending the 2nd item of the article of incorporation and the first item of the company's article of association to be as follows:

   The company's name is: Sokouk Holding Company – Kuwaiti Shareholding Company (Holding).

2. Amending the 5th item of the article of incorporation and the 4th item of article of association attributable to main activities of the company would be as follows:

   1. Ownership of shares of Kuwaiti or foreign shareholding companies or units in Kuwaiti or foreign limited liability companies, or establishing, managing, financing and sponsoring such companies.
   2. Financing and sponsoring entities in which the Company has an ownership interest of not less than 20% of those entities.
   3. Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such rights for the benefit of companies inside or outside State of Kuwait.
   4. Ownership of movable assets or real estates required to pursue the Company's activities within the limits acceptable by law.
   5. Utilizing available surplus funds by investing these funds in portfolios managed by specialized parties.

The Company shall have the right to have an interest or to take part in any manner with the authorities that practice similar operations, or that may help the Company to achieve its objectives inside and outside Kuwait. The Company shall also acquire these authorities or merge them with the Company. The objectives for which the Company was established shall be practiced according to Islamic Shari'a, and the Company shall not analyze the above objectives as it allows the Company directly or indirectly to deal in usury in the form of interest or any other form.

The parent company's registered address is P.O. Box 29110 – Safat – Postal code 13152 - State of Kuwait.

The parent company was listed on Kuwait Stock Exchange on December 27, 2005.

The Group's number of employees is 22 employees as at December 31,2009 (2008 - 45 employees).

The consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2010. The shareholders' General Assembly has the power to amend the consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention, except that investments available for sale are stated at their fair value .

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2009.

IAS 1 (revised) "Presentation of Financial Statements" effective January 1, 2009

The Group has applied IAS 1 (Revised), which has impacted the presentation of financial statements to enhance the usefulness of the information presented. The revised standard has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. The revised IAS 1 has introduced a new statement of comprehensive income, wherein all changes in equity arising from transactions other than with owners in their capacity as owners should be presented. Accordingly only changes in equity arising from transactions with owners in their capacity as owners are permitted to be presented in the statement of changes in equity. Comparative information has been re-presented so that it also is in conformity with the revised standard.

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 a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 23 "Borrowing Cost" (Revised) effective January 1, 2009

The Group has applied IAS 23 (Revised), which requires an entity to capitalize borrowing costs attributable to the acquisition, construction or production of a qualifying asset for which the commencement date for capitalization is on or after January 1, 2009 as a part of the cost of that asset and removing an option of expensing these borrowing costs in the consolidated statement of income. The Group previously recognized all borrowing costs as an expense immediately. In accordance with the transition provisions of the standard. It did not have an impact on the financial position or performance of the Group.

IFRS 2 Share-based Payment (Revised) effective January 1, 2009

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of January 1, 2009. It did not have an impact on the financial position or performance of the Group.

IAS 36 Impairment of Assets

When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

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IAS 38 Intangible Assets

The amendment is part of the IASB's annual improvements project published in May 2008. the amendment removes the reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method. The Group reassessed the useful lives of its intangible assets and concluded that the straight-line method was still appropriate.

IAS 40 Investment property

The amendment is part of the IASB's annual improvements project published in May 2008. The amendment requires properties under construction to be used as investment properties on completion to be classified as investment properties instead of property, plant and equipment. The Group adopted this amendment as of January 1, 2009. It did not have an impact on the financial position or performance of the Group.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(v).

Standards and Interpretations issued but not effective

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

Revised IFRS 3 Business Combinations (2008)

Revised IFRS 3, which will be effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009, incorporates the following changes:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognized in consolidated statement of income.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in the consolidated statement of income.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Amended IAS 27 Consolidated and Separate Financial Statements (2008)

Amended IAS 27, which will be effective for annual periods beginning on or after July 1, 2009 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the consolidated statement of income.

IFRIC 17, 'Distribution of non-cash assets to owners' (effective for annual periods beginning on or after 1 July 2009).

The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IAS 38 (amendment), 'Intangible Assets'.

The amendment is part of the IASB's annual improvements project published in April 2009 and the Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group's financial statements.

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'.

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

IAS 1 (amendment), 'Presentation of financial statements'.

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply IAS 1 (amendment) from 1 January 2010.

IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'.

In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

IFRIC 18 Transfers of Assets from Customers

The Interpretation applicable for transfers effected on or after financial periods beginning on or after July 1, 2009, addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 Revenue. It is not expected to have a material impact on the Group's financial statements.

IAS 7 Statement of Cash Flows:

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities.

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IFRS 9 Financial Instruments:

The standard, which will be effective for annual periods beginning on or after January 1, 2013, specifies how the group should classify and measure its financial assets. It requires all financial assets to be classified entirely based on the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach for classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Sokouk Holding Company - Kuwaiti Shareholding Company (Holding) and the following subsidiaries:

		Percentage of holding %	
Subsidiaries	Country of incorporation	**2009**	2008
Gulf Real Estate Development House Co. K.S.C. (Closed)	Kuwait	**75**	75
Sokouk Investment Advisory Co.	Cayman Island	**100**	100
Sokouk Real Estate Co.– K.S.C. (Closed)	Kuwait	**100**	100
Gulf Money House for Money Collection - W.L.L.	Kuwait	**100**	100
Sokouk Al Aqlemiya Trading Co.-W.L.L.	Kuwait	**100**	-
Sokouk Al Arabia Trading Co.-W.L.L.	Kuwait	**100**	-
Sokouk Al Oula Trading Co.-W.L.L.	Kuwait	**100**	-
Sokouk Al Kuwaitia Trading Co.-W.L.L.	Kuwait	**100**	-
Sokouk Al Islamia Trading Co.-W.L.L.	Kuwait	**100**	-

The consolidated financial statements includes also the financial statements of the following joint venture:

		Percentage of holding %	
Joint venture	Country of incorporation	**2009**	2008
Joint Venture Al-Salmiya Hotel Project	Kuwait	**74.25**	74.25

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination.

Losses applicable to the non-controlling in excess of the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling shareholders has a binding obligation and is able to make an additional investment to cover the losses.

c) Accounts receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective yield method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective yield rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of income within "general and administrative expense". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of income.

d) Sokouk utilization rights

Sokouk utilization rights represent Sokouks that are held by the group either for trading purposes or to keep as long term investment, and are stated at cost less impairment loss in value (if any).

e) Wakala

Wakala represents an agreement whereby the Group gives certain amount of cash to another party to be invested according to specific conditions in return for certain fee.

Investments in Wakala is stated at amortized cost using the effective yield method.

f) Investments

The Group classifies its investments in the following categories: Investments at fair value through income statement, and available for sale investments. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(i) Investments at fair value through income statement

This category has two sub-categories: investments held for trading, and those designated at fair value through income statement at inception.

- An investment is classified as held for trading if acquired principally for the purpose of selling in the short term or if it forms part of an identified portfolio of investments that are managed together and has a recent actual pattern of short-term profit making or it is a derivative that is not designated and effective as a hedging instrument.

- An investment is designated by the management on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or; if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy.

Investments in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

(ii) Investments available for sale

Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Purchases and sales of investments are recognized on settlement date – the date on which an asset is delivered to or by the Group. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income statement.

After initial recognition, investments at fair value through income statement and investments available for sale are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from investments at fair value through income statement are included in the consolidated statement of income. Unrealized gains and losses arising from changes in the fair value of investments available for sale are recognized in cumulative changes in fair value in the consolidated statement of comprehensive income.

Where investments available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When investments available for sale are disposed off or impaired, any prior fair value earlier reported in the other comprehensive income are transferred to the consolidated statement of income.

An investment (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the investment have expired; or the Group has transferred its rights to receive cash flows from the investment and either:

(a) has transferred substantially all the risks and rewards of ownership of the investment, or

(b) has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment. Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

The Group assesses at each reporting period date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as investments available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those investments previously recognized in the consolidated statement of comprehensive income – is removed from the consolidated statement of comprehensive income and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated statement of income on available for sale equity instruments are not reversed through the consolidated statement of income.

g) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policy decisions. The consolidated financial statements include the Group's share of the results and assets and liabilities of associates under the equity method of accounting from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of income.

h) Project under construction

All projects costs are included in the capital work in progress till the date of its completion and preparation to be ready for use, at which date, it is reclassified as investment properties or fixed assets according to the intention of the Group's management.

i) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

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

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investment.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of an associate.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

j) Property and equipment

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Depreciation is computed on a straight-line basis over the estimated useful lives of these property and equipment as follows:

	Years
Furniture and fixtures	5
Computer equipment & softwares	3
Office equipment	3

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

k) Intangible assets

Key money is stated at cost less accumulated amortization. Key money is amortized on a straight-line basis over 5 years.

l) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment losses (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment losses is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

m) Goodwill

Goodwill arising on an acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities as at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment losses recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Investment in associates' in note 2(g).

Where there is an excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost, the Group is required to reassess the identification and measurement of the net identifiable assets and measurement of the cost of the acquisition and recognize immediately in the consolidated statement of income any excess remaining after that re-measurement.

n) Accounts payable

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

o) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period and approximates the present value of the final obligation.

p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

q) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of Sokouk and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of Sokouk

Sales represent the total of Sokouks sold during the year. Revenue from sale of Sokouks is recognized when the significant risks and rewards of ownership of Sokouk are transferred to the buyer.

Gain from investments in wakala

Gain from investment in wakala is accounted for on a time proportion basis.

Dividend income

Dividend income is recognized when the group's right to receive payments is established.

Gain on sale of investments

Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

r) Borrowing costs

Borrowing costs are recognized in the consolidated statement of income in the period in which they are incurred.

s) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of the reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of income for the period. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through income statement are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in the other comprehensive income.

t) Financial instruments

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, investment in wakala, receivables, due from related parties, investments, accounts payables, due to related parties and murabaha payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

u) Contingencies

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

A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

v) Critical accounting judgments, estimates and assumptions

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Provision for doubtful debts

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

(iii) Classification of investments

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through statement of income" or "available for sale". The Group follows the guidance of IAS 39 on classifying its investments.

The Group classifies investments as "at fair value through statement of income" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through statement of income at inception, provided their fair values can be reliably estimated. All other investments are classified as "available for sale".

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(iv) Impairment of investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted equity investments

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the asset or the cash-generating unit to which the goodwill is allocated. Estimating a value in use requires the Group to make an estimate of the expected future cash-flows from the asset or the cash-generating unit and also choose an appropriate discount rate in order to calculate the present-value of the cash-flows.

(iii) Provision for doubtful debts

The extent of provision for doubtful debts involves estimation process. Provision for doubtful debts is made when there is an objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable are subject to management approval.

(iv) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. Cash on hand and at banks

	2009	2008
Cash on hand	**522**	717
Cash at portfolio manager	**39,075**	415,215
Cash at banks	**1,329,742**	1,895,255
	1,369,339	2,311,187

4. Accounts receivable and other debit balances

	2009	2008
Trade receivables(a)	**4,078,367**	5,795,826
Less: Provision for doubtful debts (b)	**(1,647,222)**	(1,047,222)
	2,431,145	4,748,604
Staff receivables	**4,258**	18,804
Advance payments to contractors	**329,402**	476,148
Prepaid expenses	**39,736**	26,825
Accrued income	**20,049**	31,217
Refundable deposits	**-**	50
Other receivables	**920,803**	9,250
	3,745,393	5,310,898

The fair values of accounts receivable and other debit balances approximated their carrying values as at December 31, 2009.

a) Trade receivables

Trade receivables that are less than 4 months past due are not considered impaired. As of December 31, 2009, trade receivables amounting to KD 259,609 (2008 - KD 575,690) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009	2008
3 to 6 months	**1,364,177**	1,748,399
6 to 12 months	**873,359**	1,092,477
Over 1 year	**1,840,831**	2,954,950
	4,078,367	5,795,826

As of December 31, 2009, trade receivables amounting to KD 600,000 (2008 - KD 1,047,222) were impaired and provided for. The amount of the provision was KD 1,647,222 as of December 31, 2009 (2008 – KD 1,047,222). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations.

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b) Provision for doubtful debts

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

	2009	2008
Balance at the beginning of the year	**1,047,222**	-
Provision for the year (Note 23)	**600,000**	1,047,222
Balance at the end of the year	**1,647,222**	1,047,222

Provisions, written off as uncollectible receivables and utilization of the provision for bad and doubtful debts are included in the consolidated statement of income.

c) The other classes within accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the date of consolidated financial statements is the fair value of each class of receivable mentioned above.

Trade receivables are represented as follows:

Current	2009	2008
Trade receivables	**2,426,207**	3,289,855
Deferred profit	**(188,671)**	(448,979)
	2,237,536	2,840,876
Non current		
Trade receivables	**1,937,452**	3,271,712
Deferred profit	**(96,621)**	(316,762)
	1,840,831	2,954,950
	4,078,367	5,795,826

The group preserves the deeds of the utilization rights that had been sold, as a guarantee of related amounts, and the deed is not transferred in the name of the buyer, until the settlement of the total amount.

5. Sokouk utilization rights

Sokouk utilization rights represent the subsidiary company's ownership of real estate sokouk related to Al-Qibla Tower (under development) in the Kingdom of Saudi Arabia. Sokouk are a certificate or deed that entitles its holder the right to utilize a specific real estate property for a specific duration of time per year over a determined number of years. This right is wholly owned by the Sokouk investor who is entitled to sell, grant, inherit or invest the Sokouk.

6. Investments in Wakala

Investments in Wakala represent a Wakala investment contract with Kuwaiti Financial Institutions – related parties. Investments in wakala earns an average variable rate of return 8.5% per annum (2008 – 8.5%).

Investments in Wakala are presented as follows:

	2009	2008
Current		
Investments in Wakala	**5,179,695**	5,010,296
Provision for investment in Wakala	**(3,307,947)**	(707,945)
	1,871,748	4,302,351

7. Related party balances and transactions

The Group has entered into various transactions with related parties, i.e. shareholders, key management personnel, associates, joint ventures and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position:	2009	2008 (Restated)
Due from related parties		
Due from associates	**43,823,870**	41,779,154
Due from joint ventures	**977,516**	625,411
Due from companies under common control	**566,934**	1,110,898
Provision for doubtful debts (Note 23)	**(1,810,800)**	-
Total due from related parties	**43,557,520**	43,515,463
Cash with portfolio manager	**39,075**	74,601
Investment available for sale managed by related parties	**1,988,725**	2,005,810
Investments in Wakala	**1,871,748**	1,702,349
Due to related parties		
Due to principal shareholders	**361,935**	-
Due to companies under common control	**2,763,920**	-
Due to unconsolidated subsidiaries	**-**	742,250
Due to other related parties	**-**	2,842,392
Total due to related parties	**3,125,855**	3,584,642
Murabaha payables	**5,850,788**	11,498,436

Due from / to related parties are represented as follows:

	Current	Non current	2009	2008 (Restated)
Due from related parties	11,890,471	31,667,049	**43,557,520**	43,515,463
Due to related parties	3,125,855	-	**3,125,855**	3,584,642

Due from related parties includes an amount of KD 45,652,364 including a deferred revenue of KD 7,209,644, receivable from Munshaat Real Estate Company – K.S.C. (Closed), payable in five equal annual installments of KD 9,130,472 starting from January 1, 2010 up to January 1, 2014.

	2009	2008 (Restated)
Transactions included in the consolidated statement of income:		
Gain from investments in Murabaha	**-**	280,603
Gain from investments in Wakala	**127,882**	417,444
Gain on sale of investment in joint venture	**-**	502,690
Other operating income	**351,588**	822,879
Finance charges	**(587,143)**	(1,399,041)
General and administrative expenses	**-**	(32,393)

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	2009	2008
Compensation to key management personnel		
Short term benefits and Board of Directors' remuneration	**175,371**	169,123
Termination benefits	**15,227**	17,629
	190,598	186,752

8. Investments available for sale

	2009	2008
Quoted:		
Investments in funds & portfolios	**2,010,460**	2,314,640
Unquoted:		
Equity securities	**7,954,662**	3,664,106
	9,965,122	5,978,746

Quoted securities available for sale include investments reclassified from investments held for trading amounting to KD 963,699 (2008 – KD 1,452,500).

Cumulative changes in fair value related to these investments accounted in the other comprehensive income as of December 31, 2009 amounted to KD 74,682 (2008 – KD 1,166,322).The movement during the year is as follows:

	2009	2008
Balance at the beginning of the year	**5,978,746**	4,172,707
Additions	**24,771**	9,146,995
Disposals	**(1,738,842)**	(3,415,404)
Reclassified from investments held for trading	**-**	1,452,500
Transferred from investment in associates (Note 9)	**5,504,409**	-
Transferred to investment in Joint Ventures (Note 11)	**-**	(2,511,828)
Changes in fair value	**196,038**	31,112
Impairment loss (Note 22)	**-**	(2,897,336)
Balance at the end of the year	**9,965,122**	5,978,746

It was not possible to reliably measure the fair value of unquoted investments amounting to KD 7,988,297 (December 31, 2008 – KD 3,664,106) due to non availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses, if any.

Investments available for sale are denominated in the following currencies:

	2009	2008
US Dollar	**6,932,451**	2,641,895
KD Dinar	**3,010,934**	3,028,021
EGP	**21,737**	308,830
	9,965,122	5,978,746

9. Investment in associates

The investment in associates consists of the following:

Name of the associate	Country of Incorporation	Principal activities	Ownership percentage % 2009	Ownership percentage % 2008	2009	2008
ELAF Bank-B.S.C. (Closed)	Bahrain	Bank	**-**	15	**-**	7,976,113
Munshaat Real Estate Projects Company- K.S.C. (Closed)	Kuwait	Real estate	**27.67**	27.67	**16,491,932**	40,537,884
Mas Holding Company- K.S.C.	Kuwait	General trading	**40**	40	**1,108,098**	832,634
					17,600,030	49,346,631

The movement during the year was as follows:

	2009	2008
Balance at the beginning of the year	**49,346,631**	62,316,346
Acquisition of associates	**-**	3,903,945
Disposal of associates	**(2,258,811)**	(9,808,498)
Group>s share of results from associates	**(13,099,318)**	3,161,038
Change in associates> equity	**549,023**	(824,231)
Cash dividend received from an associate	**-**	(773,950)
Foreign currency translation adjustments	**314,056**	94,869
Provision for impairment in value	**(11,747,142)**	(8,357,578)
Elimination of profit on inter company transactions	**-**	(365,310)
Transferred to investments available for sale (Note 8)	**(5,504,409)**	-
Balance at the end of the year	**17,600,030**	49,346,631

In accordance with international accounting standard 36 "Impairment of assets", the management has performed an impairment exercise using the value in use by taking into consideration the present value of the estimated future cash flows expected to be generated by the associate including the cash flows from the operations of the associate and proceeds on the ultimate disposal of the investment.

The Group had accounted for an impairment loss of KD 11,747,142 (2008 – KD 8,357,578).

The market value of the Investment in Munshaat Real Estate Projects Company – K.S.C. (Closed) at the consolidated statement of financial position date is KD 7,662,106 (2008 – KD 7,483,917).

Goodwill amounting to KD Nil (2008 – KD 11,747,142) is included in the investment in Munshaat Real Estate Projects Company – K.S.C. (Closed).

The investment in ELAF Bank – B.S.C. (Closed) has been classified as investment available for sale due to the decrease in the Group's ownership from 15% to 10.64%.

The auditors' report for the consolidated financial statements of Munshaat Real Estate Projects Company – K.S.C. (Closed) for the year ended December 31, 2009 included an emphasis of matter which was as follows:

The consolidated financial statements which indicates that the associate made a loss of KD 43,889,404 for the year ended December 31, 2009 and that the associate's current liabilities exceeded its current assets by KD 26,916,841 (2008 - KD 11,920,341). The associate is in discussion with lenders which include a significant shareholder for restructuring the liabilities. The management is confident of a positive outcome of the discussion.The group's share of results from associates comprise of:

	2009	2008
Share of results from associates	**(13,099,318)**	3,161,038
Excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**-**	1,034,983
	(13,099,318)	4,196,021

The excess of acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition over cost resulting from the purchase of additional shares in Munshaat Real Estate Projects Company - K.S.C. (Closed) during 2008 was as follows:

	2008
Group's share of fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition	3,708,088
Less: consideration paid	(2,673,105)
Excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	1,034,983

During the year, the group sold a part of its investment in ELAF Bank – B.S.C. (Closed) to an Islamic financing company against its current account resulting in a gain of KD 8,839.

During 2008, the group sold a part of its share in Munshaat Real Estate Project – K.S.C (Closed) resulting in a loss of KD 4,431,579.

The aggregate assets, liabilities, net assets, revenues and results of the following associates as of December 31, 2009 are as follows:

	Assets		Liabilities		Net Assets	
Name of the associate	2009	2008	2009	2008	2009	2008
ELAF Bank -B.S.C. (Closed)	**-**	53,537,813	**-**	363,723	**-**	53,174,090
Munshaat Real Estate Projects Company- K.S.C.(Closed)	**225,861,324**	277,448,641	**164,996,468**	172,471,578	**60,864,856**	104,977,063
MAS Holding Company – K.S.C.	**14,980,155**	18,167,926	**11,922,835**	15,846,722	**3,057,320**	2,321,204
	240,841,479	349,154,380	**176,919,303**	188,682,023	**63,922,176**	160,472,357

	Revenues		Results	
Name of the associate	2009	2008	2009	2008
ELAF Bank -B.S.C. (Closed)	-	2,059,937	-	641,134
Munshaat Real Estate Projects Company-K.S.C.(Closed)	7,940,937	38,174,029	(44,271,414)	9,675,209
MAS Holding Company – K.S.C.	3,451,765	4,506,370	772,008	997,022
	11,392,702	44,740,336	(43,499,406)	11,313,365

The Group's share of results from MAS Holding Company – K.S.C and from Elaf Bank – B.S.C. (Closed) are based on management accounts as of December 31, 2009.

10. Project under construction

	2009	2008
Balance at the beginning of the year	14,137,543	3,682,629
Additions during the year	2,315,896	10,454,914
Balance at the end of the year	16,453,439	14,137,543

Borrowing cost amounting to KD 368,750 (2008 – KD 239,889) using a capitalization rate between 7% and 7.5% had been capitalized before being eliminated due to consolidation working.

It was not possible to determine reliably the fair value of the project under construction, for which future use is investment property, and hence it is stated at cost.

11. Investment in Joint Ventures

The investment in joint ventures consists of the following:

		Ownership Percentage %			
Name of the joint venture	Country of Incorporation	2009	2008	2009	2008
Joint Venture – Qitaf GCC	Kuwait	17.15	17.15	2,618,041	2,474,608

The movement during the year was as follows:

	2009	2008
Balance at the beginning of the year	2,474,608	28,436,483
Transferred from investments available for sale (Note 8)	-	2,511,828
Increase of investment in joint venture	-	10,637,000
Group's share of results from joint ventures	46,590	(4,946,910)
Elimination of profit on intercompany transactions	-	(423,938)
Foreign currency translation adjustments	96,843	(622,647)
Disposals	-	(33,117,208)
Balance at the end of the year	2,618,041	2,474,608

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The aggregate assets, liabilities, net assets, revenues and results of the following Joint Ventures as of December 31, 2009 are as follows:

	Assets		Liabilities		Net Assets	
Name of the joint venture	2009	2008	2009	2008	2009	2008
Joint Venture – Qitaf GCC	18,050,478	16,888,879	2,777,804	2,452,825	15,272,674	14,436,054
	18,050,478	16,888,879	2,777,804	2,452,825	15,272,674	14,436,054

	Revenue		Results	
Name of the joint venture	2009	2008	2009	2008
Joint Venture – Qitaf GCC	716,795	270,997	271,662	(170,988)
	716,795	270,997	271,662	(170,988)

During 2008, the group sold its investment in Joint Venture – Zamzam Tower to an associate resulting in a gain of KD 502,690 after eliminating group's share in the associate, also the group recognized its share of results from this joint venture till the date of sale.

12. Property and equipment

	2009	2008
Balance at the beginning of the year	93,214	109,028
Additions	-	31,456
Disposals	(8,720)	-
Depreciation	(36,148)	(47,270)
Write-off	(17,034)	-
Balance at the end of the year	31,312	93,214

13. Accounts payable and other credit balances

	2009	2008
Trade payables	-	2,680
Due to contractors	1,582,704	436,862
Retention	618,659	443,616
Accrued staff leave	48,352	37,038
Excess capital increase payable	2,419	2,790
Other accrued expenses	18,332	48,896
Dividends payable	23,777	24,258
Zakat Payable	5,524	9,406
KFAS payable	4,226	8,355
Other payables	2,761,525	1,376,828
	5,065,518	2,390,729

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

14. Murabaha payables

The balance of Murabaha payables represent payments received from Islamic Financing Company. Murabaha payables carry an annual average charge from 5% to 9% (2008 – 5% to 10.5%).

	2009	2008
Murabaha payables	**6,080,369**	12,107,788
Deferred expenses	**(229,581)**	(609,352)
	5,850,788	11,498,436

Murabaha payables are presented as follows:

	2009	2008
Current:		
Murabaha payables	**5,850,788**	7,058,954
Non Current:		
Murabaha payables	**-**	4,439,482
	5,850,788	11,498,436

A reconciliation has been made between the Group and certain number of Islamic financing companies and related parties within which a murabaha payable amounting to KD 7,491,812 has been settled against current accounts.

15. Provision for end of service indemnity

	2009	2008
Balance at the beginning of the year	**81,155**	69,242
Charge for the year	**50,552**	51,742
Paid during the year	**(51,094)**	(39,829)
Balance at the end of the year	**80,613**	81,155

16. Capital

Authorized, issued and fully paid-up capital consist of 1,000,000,000 shares (2008 - 1,000,000,000 shares) of 100 fils each.

17. Share premium

This represents cash received in excess of the par value of the shares issued.

Based on the capital increase approved by the ordinary shareholders' general assembly meeting held on September 30, 2007 and the extra ordinary shareholders' general assembly meeting held on October 22, 2007, the share premium amounted to KD 17,500,000. The share premium is not distributable except under specific circumstances as provided in Kuwait Commercial Companies Law.

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18. Statutory reserve

As required by the Commercial Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. No statutory reserve has been provided for the year ended December 31,2009 due to group's losses incurred during the year.

19. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. No voluntary reserve has been provided for the year ended December 31,2009 due to group's losses incurred during the year.

20. Other operating income

	2009	2008 (Restated)
Gain from financing activities	**413,069**	826,675
Commission income on sale of utilization rights	**-**	40,502
Income from consulting services	**258,888**	271,371
Management fees	**92,700**	511,006
Others	**105,838**	88,579
	870,495	1,738,133

21. General and administrative expenses

	2009	2008
Salaries and wages	**448,806**	444,957
Bonus	**6,700**	21,590
Other employees' benefits and allowances	**140,672**	154,021
Other general and administrative expenses	**443,940**	412,785
	1,040,118	1,033,353

22. Net investments income (loss)

	2009	2008
Unrealized gain from changes in fair value of investments at fair value through income statement	**-**	7,822
Realized gain from sale of investments at fair value through income statement	**-**	383,898
Impairment loss for investments available for sale (Note 8)	**-**	(2,897,336)
Dividend income from investments available for sale	**68,280**	8,968
Realized gain (loss) from sale of investments available for sale	**243,731**	(234,324)
	312,011	(2,730,972)

23. Provision for doubtful debts

	2009	2008
Provision for trade receivables (Note 4)	**600,000**	1,047,222
Provision for due from related party (Note 7)	**1,810,800**	-
	2,410,800	1,047,222

24. Contribution to Zakat

Contribution to Zakat is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates in accordance with Ministry of Finance resolution No. 58/2007 effective December 10, 2007.

Contribution to Zakat has not been calculated for the year ended December 31, 2009 due to the group's losses incurred during the year.

25. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve.

Contribution to KFAS has not been calculated for the year ended December 31, 2009 due to the group's losses incurred during the year.

26. National Labor Support Tax

National Labor Support Tax is calculated at 2.5% of the profit of the Parent Company after deducting its share of income from listed shareholding subsidiaries and associates and dividends from Kuwaiti listed shareholding companies.

National Labor Support Tax has not been calculated for the year ended December 31, 2009 due to current year losses.

27. Board of Directors' remuneration

The Board of Directors did not propose any board of directors' remuneration for the year ended December 31,2009. This proposal is subject to the approval of the shareholders' General Assembly.

28. Loss per share

There are no potential dilutive ordinary shares. The information necessary to calculate basic loss per share based on the weighted average number of shares outstanding during the year is as follows:

	2009	2008 (Restated)
Net loss for the year attributable to equity holders of parent company	**(28,910,066)**	(15,676,608)
	Shares	Shares
Number of shares outstanding:		
Number of issued shares at the beginning of the year	**1,000,000,000**	1,000,000,000
Weighted average number of shares outstanding	**1,000,000,000**	1,000,000,000
	Fils	Fils
Loss per share	**(28.91)**	(15.68)

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29. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, investments in wakala, receivables, due from related parties, investments, accounts payable and murabaha payables and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Rate of return risk

Financial instruments are subject to the risk of changes in value due to changes in the level of rate of return. The effective rate of return and the periods in which rate of return bearing financial assets and liabilities are repriced or mature are indicated in the respective notes. The Group currently does not have any exposure to such risks.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of receivables and investments in wakala. Receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of receivables, due from related parties, investments in wakala.

c) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The Group has translational currency exposure on account of significant investments in foreign operations.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between USD, AED, SAR, QAR, EGP and Kuwaiti Dinar.

Year	Increase / (Decrease) against KD	Effect on consolidated statement of income	Effect on other comprehensive income
2009			
USD	**±5%**	**± 1,978,114**	**±420,008**
AED	**±5%**	**±3,508**	**-**
SAR	**±5%**	**±2,124**	**-**
QAR	**±5%**	**±75**	**-**
2008			
USD	±5%	±2,685,891	±688,327
AED	±5%	±3,587	-
SAR	±5%	±3,369	-
QAR	±5%	±261	-
EGP	±5%	-	±15,441

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in investments that are readily realizable.

Maturity Table for financial liabilities

2009

Financial Liabilities	1 month	1-3 months	3-12 months	1-3 years	Total
Accounts payable and other credit balances	2,509,913	1,870,108	353,087	332,410	5,065,518
Due to related parties	-	-	3,125,855	-	3,125,855
Murabaha payables	78,544	158,138	5,614,106	-	5,850,788
Total	**2,588,457**	**2,028,246**	**9,093,048**	**332,410**	**14,042,161**

2008

Financial Liabilities	1 month	1-3 months	3-12 months	1-3 years	Total
Accounts payable and other credit balances	-	674,000	1,557,877	158,852	2,390,729
Due to related parties	-	-	3,584,642	-	3,584,642
Murabaha payables	-	1,617,758	7,241,378	2,639,300	11,498,436
Total	-	2,291,758	12,383,897	2,798,152	17,473,807

e) Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as 'available for sale'.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at December 31, 2009:

	2009		2008	
	Change in equity price %	Effect on other comprehensive income	Change in equity price %	Effect on other comprehensive income
Funds	±5	±100,522	±5	±298,937

f) Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from current bid prices, discounted cash flow models and other models as appropriate. At December 31, the fair values of financial instruments approximate their carrying amounts, except that it was not possible to reliably measure the fair value of unquoted available-for-sale investments as indicated in Note 8.

Effective January 1, 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the Statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2009.

Assets	Level 1	Total
Investments available for sale	2,010,460	2,010,460

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily traded equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

30. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stockholders and to maintain an optimal capital resources structure to reduce the cost of capital. In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash on hand and at banks. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2009	2008 (Restated)
Murabaha Payables	**5,850,788**	11,498,436
Less : cash on hand and at banks	**(1,369,339)**	(2,311,187)
Net debt	**4,481,449**	9,187,249
Total equity	**91,685,399**	119,266,408
Total capital resources	96,166,848	128,453,657
Gearing ratio	**4.66%**	7.15%

31. Capital commitments and contingent liabilities

The Group had capital commitments in respect of future capital expenditure related to the construction of a hotel in a joint venture and capital commitments in respect of construction cost in an associate, and a contingent liabilities in respect of bank guarantees in an associate as follows:

	2009	2008
Capital commitments	**3,526,141**	6,230,437
Contingent liabilities	**23,838**	151,618
	3,549,979	6,382,055

32. Proposed dividend and bonus shares

The Board of Directors did not propose any cash dividends or bonus shares for the year ended December 31,2009. This proposal is subject to the approval of the shareholders' General Assembly.

The Shareholders' General Assembly held on June 8, 2009 approved non distribution of dividends for the year ended December 31, 2008.

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33. Correction of prior year error

The Group has wrongly applied IAS 18 "Revenue" since it has accounted for management fees from a joint venture after selling it. As a result, management fees has been reduced by KD 285,300.

Additionally, a reconciliation has been made between the Group and an associate relating to sukuks already been sold within the selling of the investment in Joint Venture – Zammzam Tower during 2008. As a result the gain from sale of an investment in Joint Venture and the receivable from the associate had been reduced by KD 452,238. This error has been corrected and hence the net loss for the year ended December 31, 2008 was increased by KD 737,538. The loss per share attributable to parent company's shareholders for the year ended December 31, 2008 has been increased by Kuwaiti fils 0.74.

34. Comparative figures

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