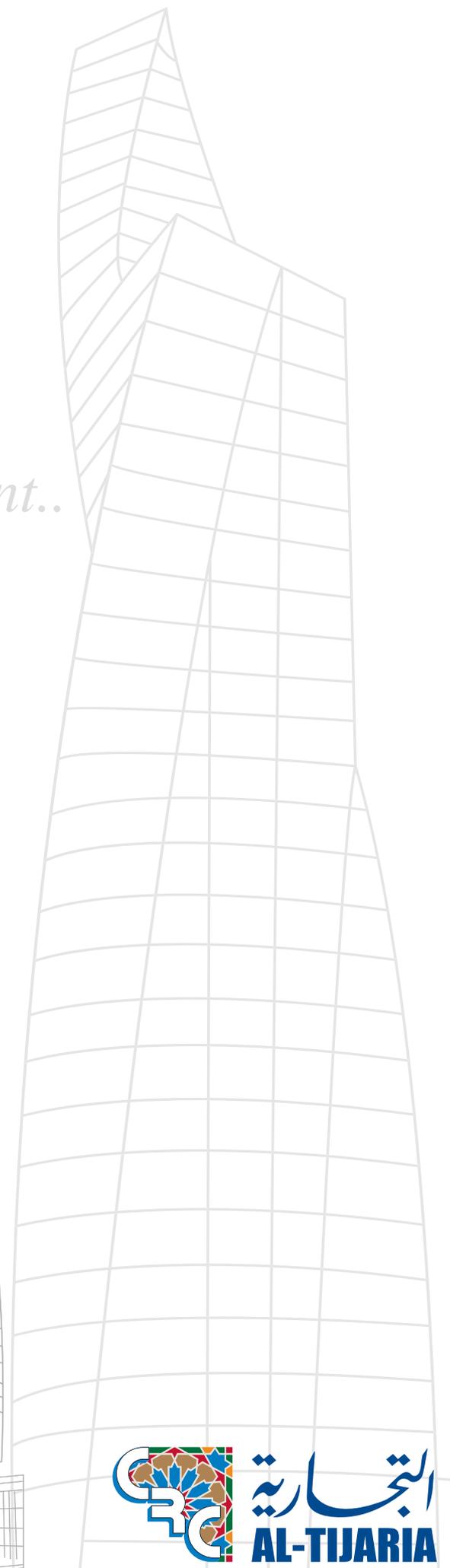
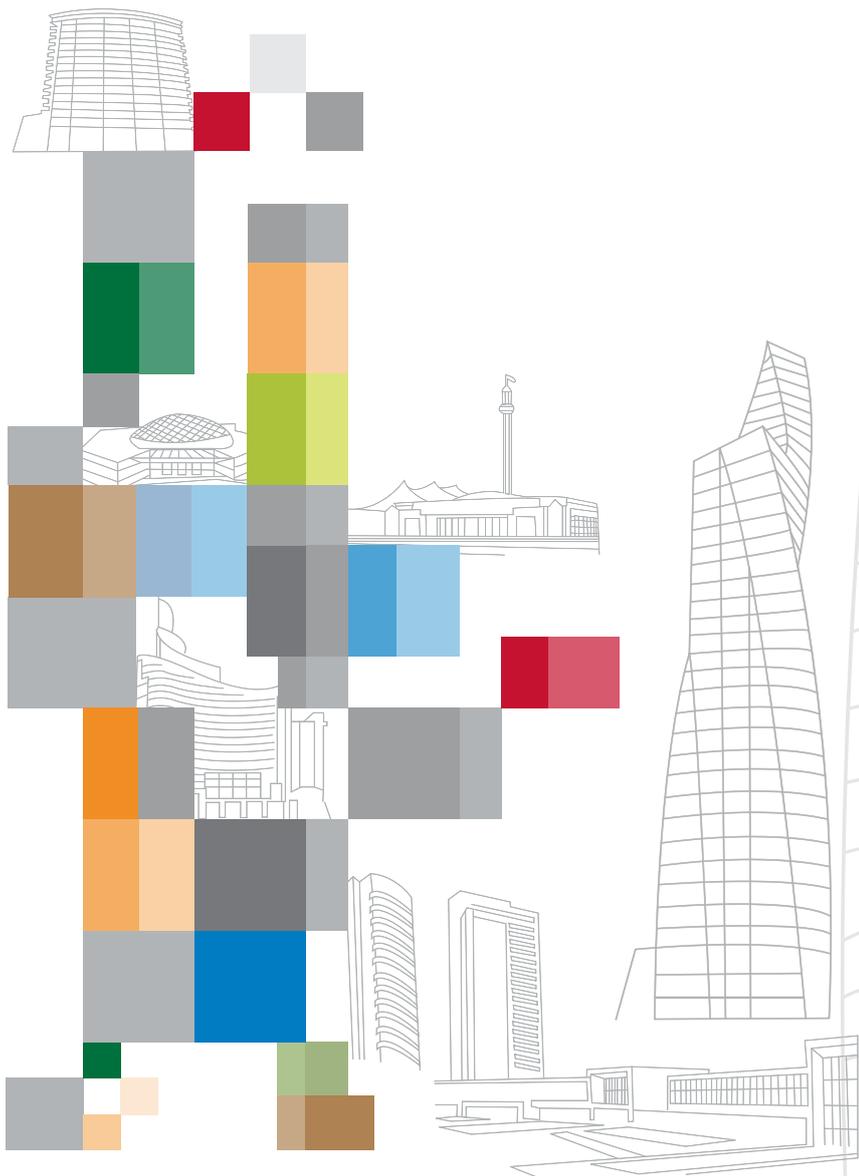


ANNUAL REPORT
2007

Your Successful Investment..



A Creative Real Estate Approach In Accordance With “Sharia” Laws



ANNUAL REPORT 2007



A Creative Real Estate Approach In Accordance With "Sharia" Laws

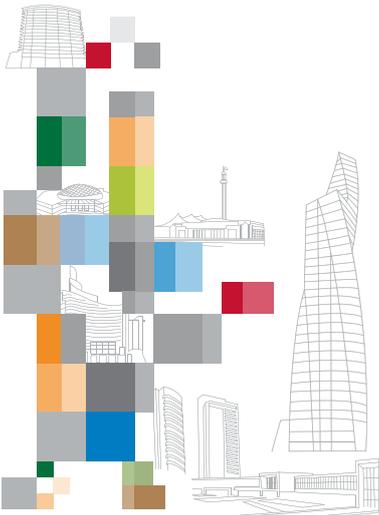
The Commercial Real Estate Co. k.s.c.c

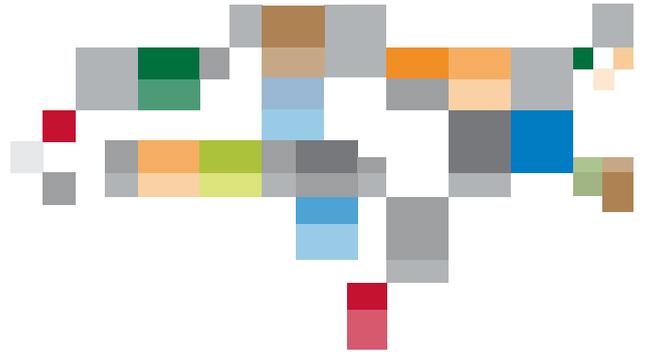
 **+965 805252**
 **www.altijaria.com**





His Highness Sheikh
Sabah Al Ahmad Al Sabah
Amir of the State of Kuwait

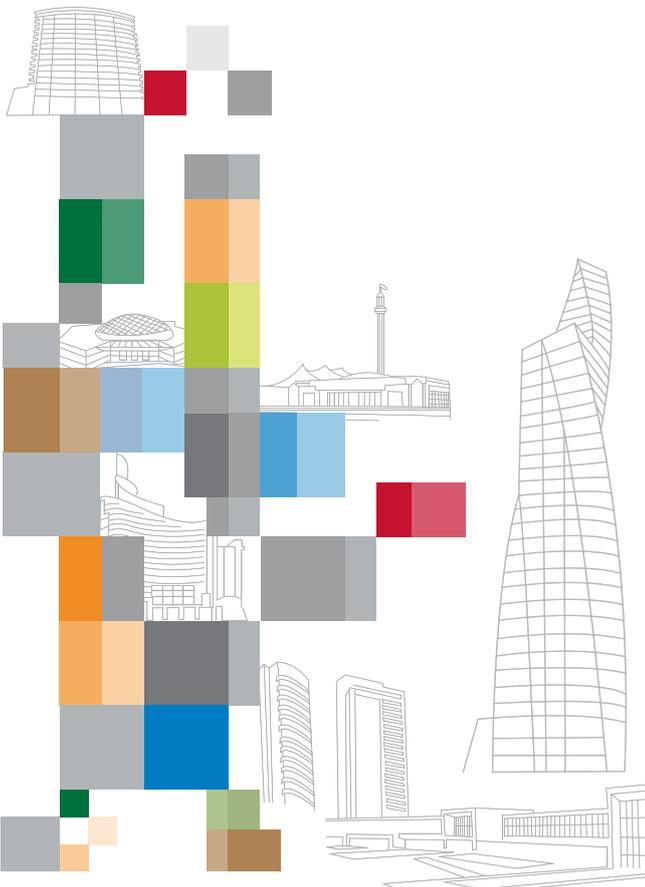


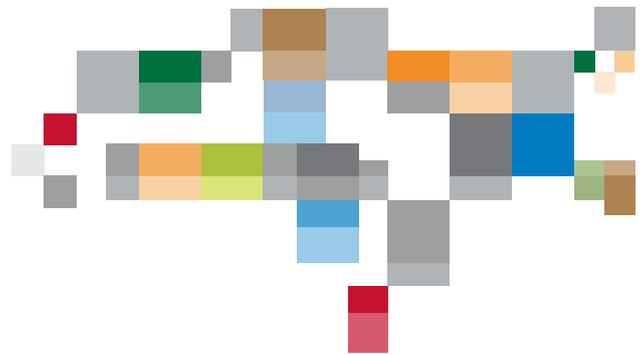


His Highness Sheikh
Nawwaf Al Ahmad Al Sabah
Crown Prince of the State of Kuwait



A Creative Real Estate Approach In Accordance With “Sharia” Laws





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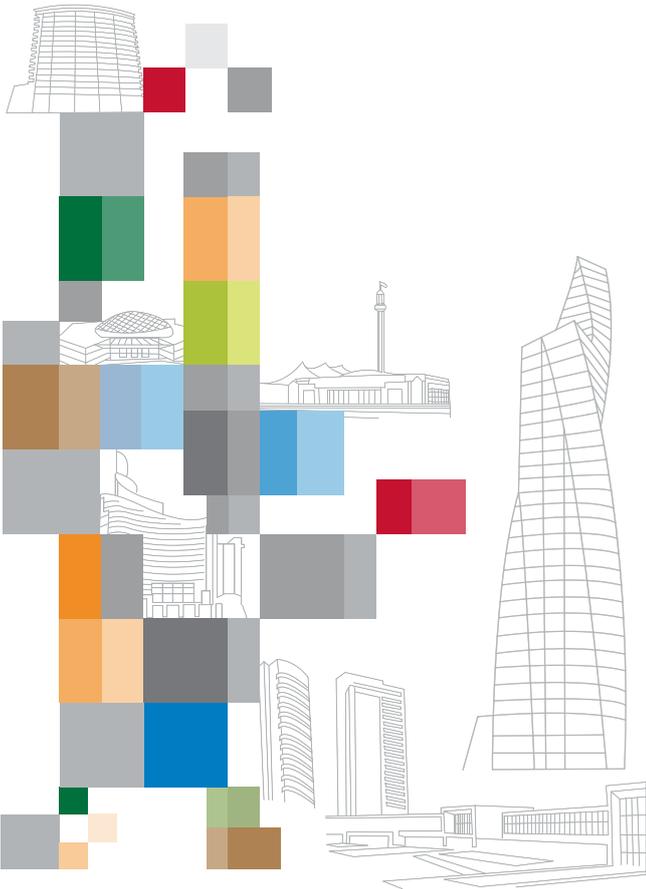
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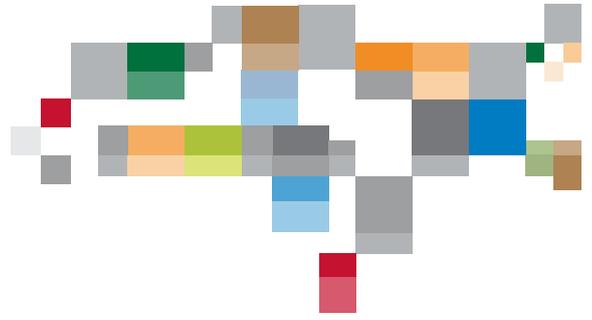
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Perseverance in Performance and Continuity in Achievements





Board of Directors



Adwan M. Al Adwani
Deputy Chairman



Abdul Fatah M. R. Marafie
Chairman & Managing Director



Jamal A. Al Mutawa
Board Member



Sheikh Fahad Y. Al Sabah
Board Member



Ibrahim M. Al Ghanim
Board Member



Hussain Abdullah Jowher
Board Member



Abdul Aziz M. Al Hassawi
Board Member



Mohammed J. Al Wazzan
Board Member

Chairman's Message

In the Name of Allah, Most Merciful, Most Compassionate

Dear Shareholders,

On behalf of my colleagues, members of the Board of Directors and myself, I have the pleasure to welcome you and present the annual report of Al-Tijaria Real Estate Co. I would like to thank Allah for granting us success in our endeavors and to improve our performance.

I extend my thanks and appreciation to our shareholders for their continuous support, trust and belief in our capabilities to work as a team to reach our targets.

Our strong and effective communication with our customers and shareholders, our clear vision, our transparency and our business plans have come together to make this success we share today. Such success is real proof of what we have achieved as a team during previous years and during 2007 in particular.

The story of Al-Tijaria's success and our achievements in 2007 are a result of a continuation of a series of successes and the continuous development of our company at the local and regional markets. Our long term objective is to market our products and services at an international level. We have laid down the foundations for this and we are working hard to achieve this objective.

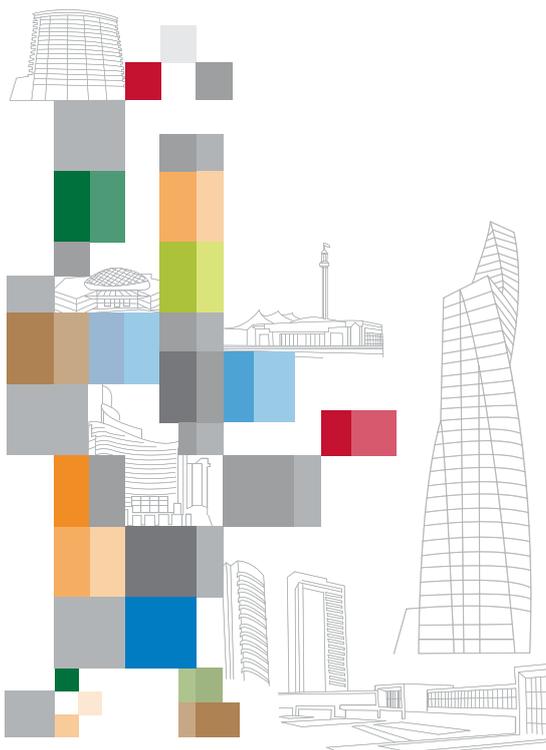
Today, we present to you the annual report of Al-Tijaria Real Estate Co. and review the achievements of our company. The report includes the financial statements, the auditors' report and the report of the Sharia' Supervisory Committee for the year ended on 31st December, 2007.

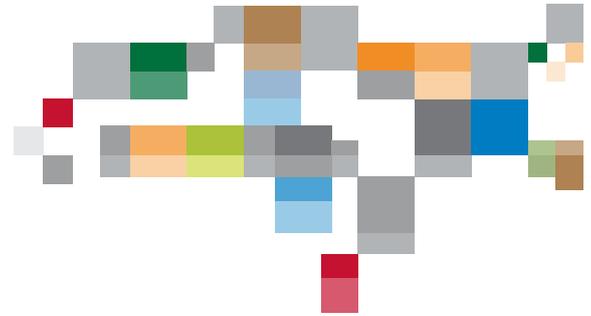
The company's management has set a strategy that focuses on conservative risk management, effective capital management, organized development plans and capitalizing on opportunities in the real estate and investment sectors. This strategy has enabled your company to achieve maximum growth as well as maintain diversity of income sources. The positive outcome of this strategy was evident during 2006 and has continued during 2007.

Net profits for 2007 amounted to KD44.6 million as compared to KD35.6 million in 2006 translating into a year on year increase of 25.2%.

Shareholders' equity at the end of 2007 stands at KD225.5 million as compared to KD198.5 million at the end of 2006 translating into a year on year increase of 13.6%.

Total assets at the end of 2007 stands at KD337.5 million as compared





to KD311.1 million at the end of 2006 translating into a year on year increase of 8.5%.

Return on shareholders' equity for 2007 was 19.80% compared to 17.93% in 2006. Return on Capital employed for 2007 was 30.83% compared to 26.55% in 2006.

Based on the results achieved in 2007, the boards of directors recommend the following:

- Cash dividend of 14% of the nominal share's value.
- Bonus shares of 10% of the total company's capital.

The recommendations of the board of directors are based on current year results and expectations of future performance of the company. The recommendations are correlated to the growth and prosperity of the company and the growth in revenues and profits which were achieved due to the high returns on investments whilst being well protected from inherent market risks.

Your company's progress over the years starting from 2001 was made possible due to a flexible strategy which is continuously monitored and reviewed and refined in line with growth trends, both locally and regionally

At the local level, the company strengthened its existence in Kuwait Stock Exchange through the listing of Kuwait Resorts Co (Al Muntazahat) during June 2007.

Several distinguished real estate projects are currently under execution. They have unique construction and architectural designs which follows modern architectural styles and incorporate smart building systems. Al-Tijaria Real Estate has the unique record of transforming advanced technology into modern architecture in Kuwait.

At the local level we have several strategic partnerships which have helped create investment and real estate opportunities for the company. Our various alliances enhanced by our local expertise have resulted in promising investments that have added value to our investment portfolio. Some of the alliances include participation in Afkar Holding Company, Al-Furas Gulf Co, International Educational Integrated Service Co, and Technical Company for the Industrial Gases Production.

On a regional level, Al-Tijaria Real Estate has enhanced its existence in the GCC markets through cooperation with a group of strategic partners. Our investments expansion includes countries of the GCC and Kingdom of Morocco.

The volume of our investments and this geographic expansion is a clear indication of continuous efforts, careful planning and our focus and devotion to achieve the ambitions and targets of the company and to crystallize the pioneer role at the local and regional levels.

Dear Shareholders,

In conclusion, I would like to renew our promise that we will exert every possible effort to continue in our growth strategy. Your trust and continuous support is the motivation, which supports our ambitions and strengthens our efforts. We once again extend our appreciation and thanks to you for your role in driving the momentum of our drive and development and to achieve the highest returns. We repeat our invitation to you for more open communication and advice in line with our policy of transparency in making decisions. This is an integral element which reflects the crucial image of your company's success.

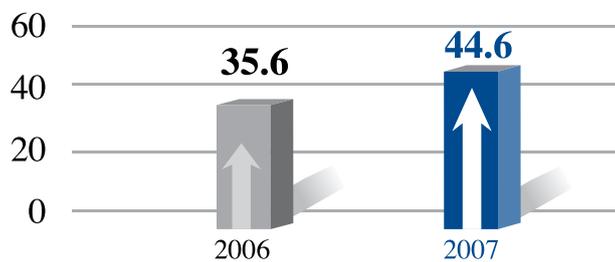
I would like to thank all members of the Board, the executive management and staff of the company for their distinguished efforts, which deserve praise and appreciation. We ask Allah to grant us success and the will to achieve our goals for the interests of our company and country under the guidance and wise management of His Royal Highness Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, the Amir of Kuwait, His Royal Highness the Crown Prince Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah and the Prime Minister Sheikh Nasser Al-Mohammed Al-Ahmed Al-Sabah. May Allah protect them all.

Abdul Fatah M. R. Marafie

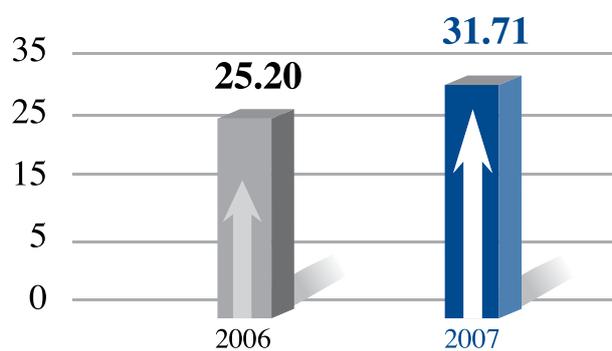
Chairman of the Board and Managing Director

Financial Ratios

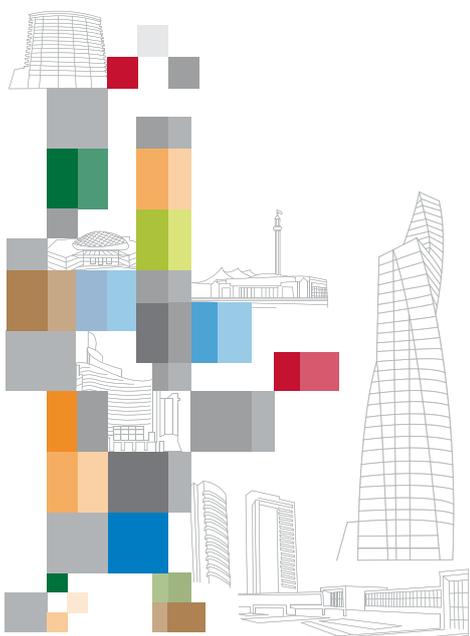
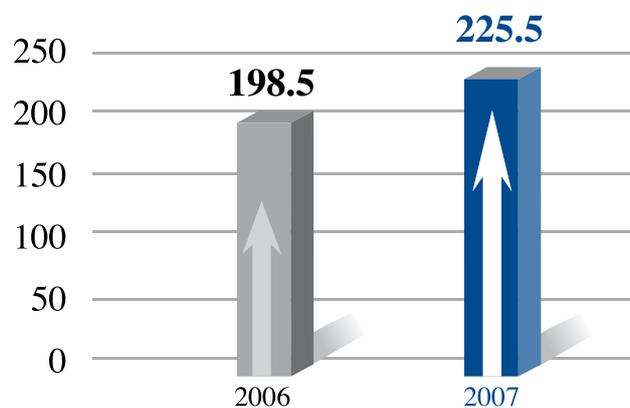
Net Profit (Million)

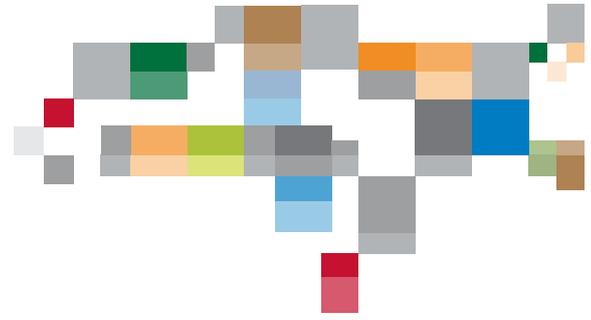


Earning Per Share (Fils)

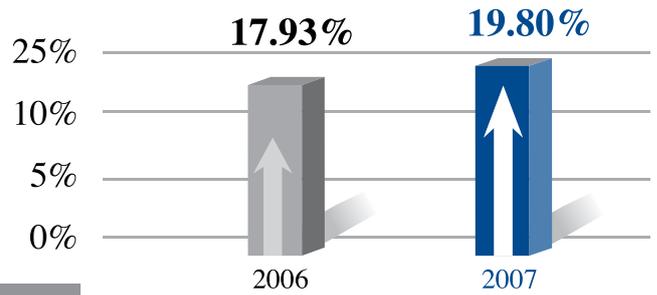


Shareholders' Equity (Million)

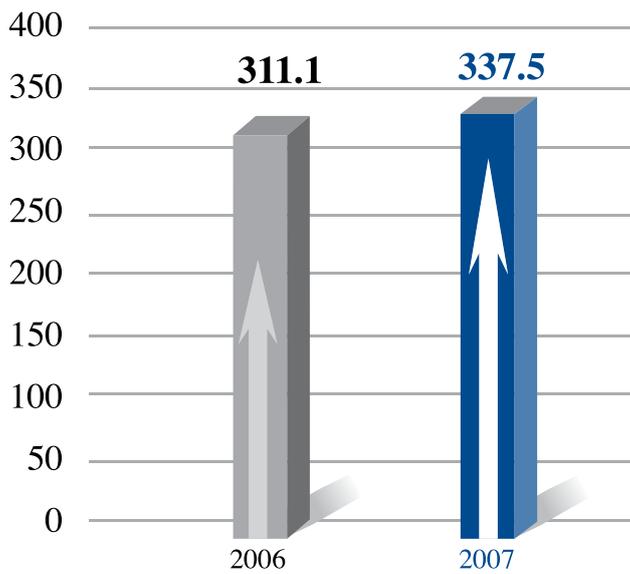




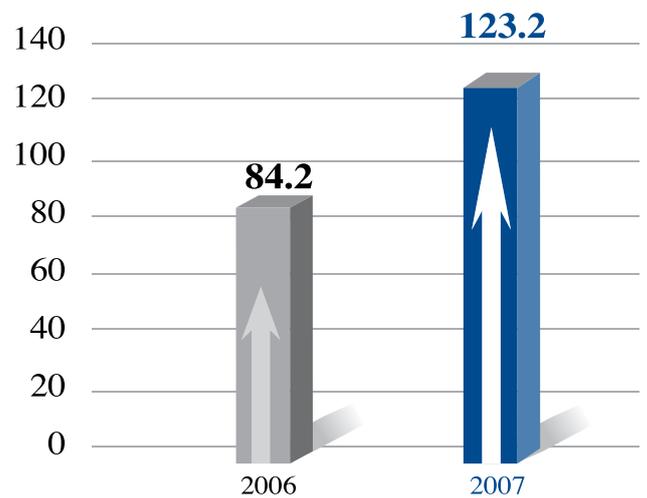
Return On Equity (%)



Total Assets (Million)



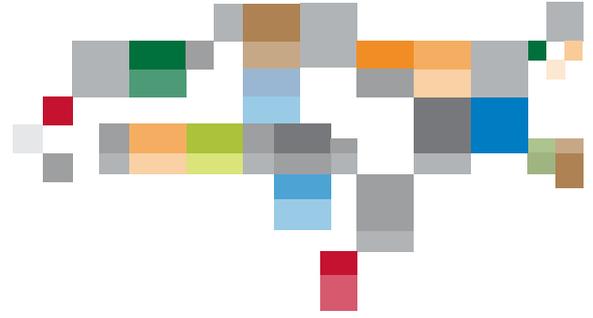
Investments Properties (Million)





Perseverance in Performance and Continuity in Achievements





Al Mashora House Report Sharia Audit Committee

The Shareholders of the Commercial Real Estate Co.

Dear Sirs,

According to the commitment contract signed with us, we have audited the contracts and transactions concluded by the company to give our opinion concerning the commitment of the company towards the provisions of the Islamic Sharia', as already stated in the opinions, directions and legal resolutions issued by us during the period ending on 31/12/2007.

The liability of compliance with the provision of Islamic Sharia as stated by us in the implementation of the contracts and transactions shall be borne by the management of the company. Our liability is limited to giving an independent opinion on the commitment of the company thereto according to our audit.

We performed our audit according to the control standards issued by the Accounting and Audit Authority of the Islamic Financial Institutions that require planning and performance of audit and review procedures to obtain all information, interpretations and declarations deemed necessary to provide us with sufficient proofs for a reasonable confirmation that the company is bound by the provisions of the Islamic Sharia' as stated by us.

Our audit was based upon samples of each type of contracts and transactions executed during the period as per the operation list approved by the company. We believe that the audit works we have performed provide appropriate basis for the statement of our opinion.

In our opinion, the company, during the specified period, performed its procedures to guarantee the commitment of the execution of the contracts and transactions in accordance with the provisions of the Islamic Sharia' as stated by the opinions, directions and legal declarations issued by us during the specified period.

The shareholders shall be responsible of paying Zakat.

Sharia Audit Committee

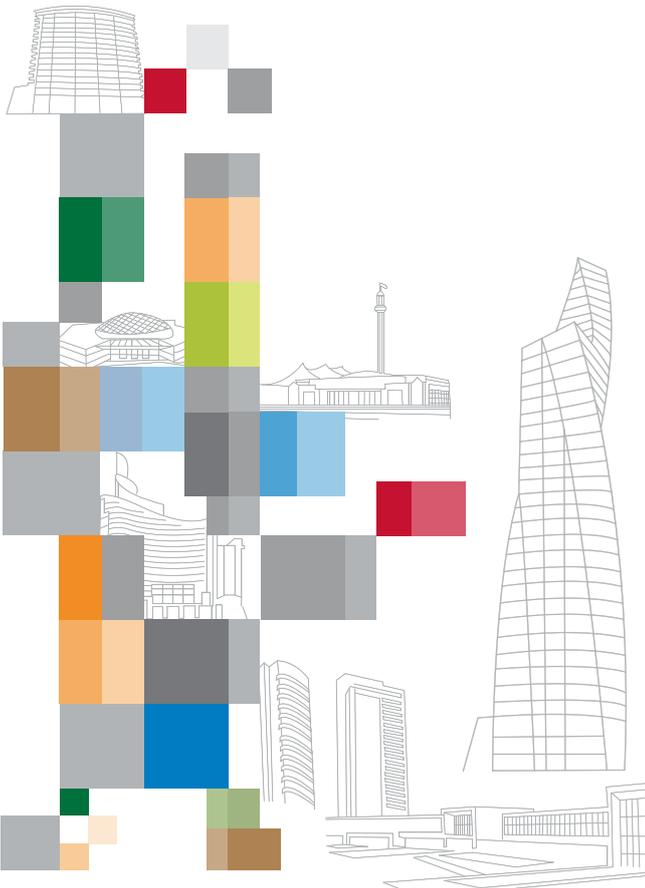
Dr. Abdul Razzaq Khalifah Al-Shayji
Head of Committee

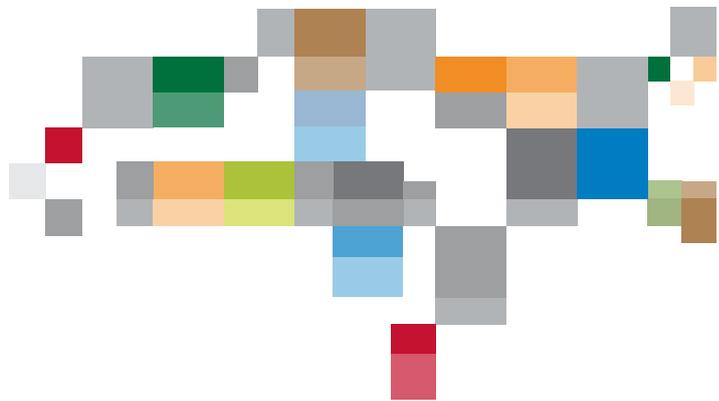
Dr. Essam Khalaf Al-Enezi
Member

Dr. Abdul Bari M. Ali Mushel
Executive Member

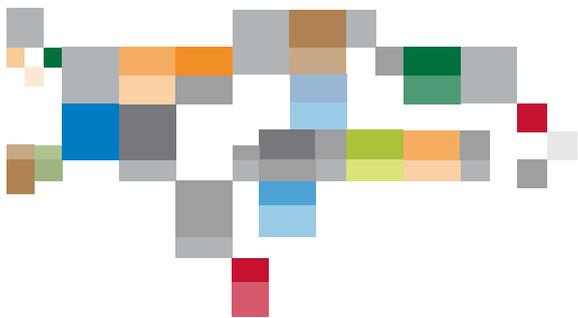


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Local Projects..



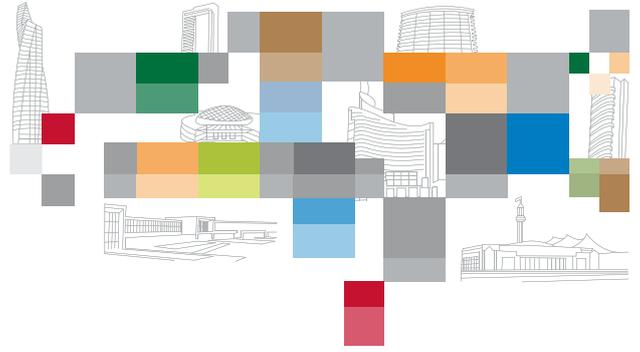
Kuwait Trade Center



The Kuwait Trade Center is a gem in the heart of the city as it highlights the urban developed face of Kuwait city. The project lies on Al-Sour Street in Kuwait city. The building is characterized by its height that reached up to 218 meter and it overlooks Al-Sour gardens. It includes a commercial complex consists of a basement, ground floor and 2 mezzanines which contain commercial stores, restaurants, and recreational facilities and the first floor includes a health club and a swimming pool.

The office building is 37 repeated floors. Every 6 floors overlook a lobby of a high - rise. The building is equipped with the most advanced smart service systems.



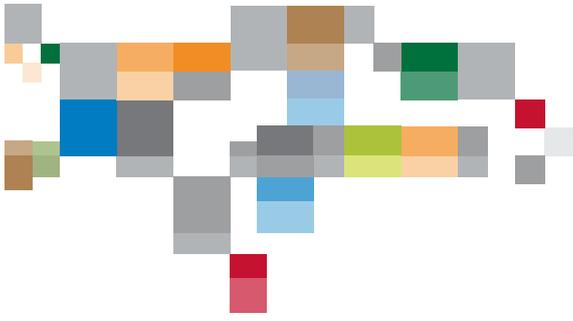


Symphony

Symphony project consists of three towers that contains an office building tower consists of 20 floors average. The second tower consists of 12 floors. In addition to a hotel of 15 floors. The project also contains a commercial complex of four floors that contains a high class commercial stores for the world famous fashion houses and a health club.

The project is distinguished by its location which overlooks the Gulf Road to the North and Salem Al-Mubarak Street to the South in Salmiyya with a total land area of 11,749 M² and a building area exceeds 90,000 M².



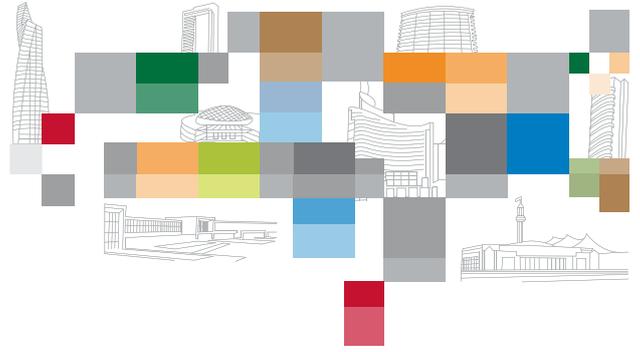


Dome Recreational Complex

Dome Recreational Complex is distinguished by its excellent location on the coastal road in Abou-Halifa area. The project area is 9,898 M² and contains a large glass dome. The project consists of two floors. The ground floor is a 4,525 M² area and the basement is 4,193 M² area.

The project contains a group of restaurants and special café in the ground floor overlooking gardens, fountains and waterfalls in addition to a large hall for video games and another one for bowling and billiard in the basement. The complex has a panoramic elevator and escalators and surrounded by car parks and external landscaping.

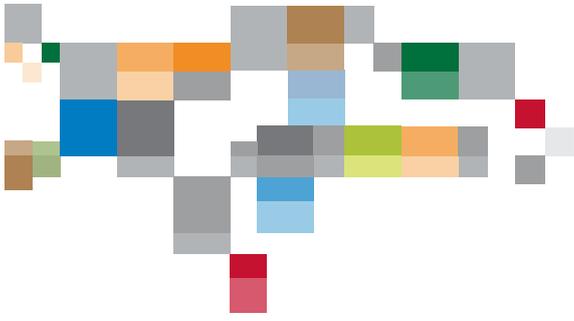




Juman Residential Complex

Juman Residential Complex is located in Mahboula area. The project is located on the Fahaheel Highway, with a total area of 7,950 M². It contains a residential apartments of various areas, penthouses and a group of town houses that enjoys privacy. The project also contains a sufficient number of car parks to serve the complex residents. The project is surrounded by gardens and beautiful landscape. In the center of the project there are gardens, swimming pools, recreational services, games and health club.

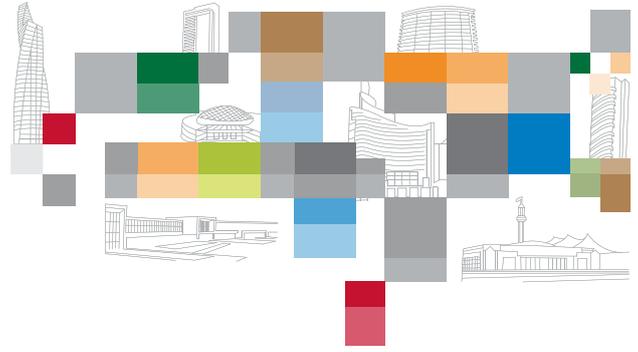




Ruba Residential Complex

Ruba complex is located in Mahboula area, directly opposite to Fahaheel Highway with a total area of 5,373 M². It is a residential complex build in modern architecture. The apartment tower has internal landscaping areas that gives a feeling of the beauty of green mountains. The project contains housing apartments of various areas and two-storey penthouses as well as villas with separate entrances (Townhouses). The center of the project contains landscaping, gardens, swimming pools, recreational facilities, health club and car parks to provide all amenities and means of convenience.





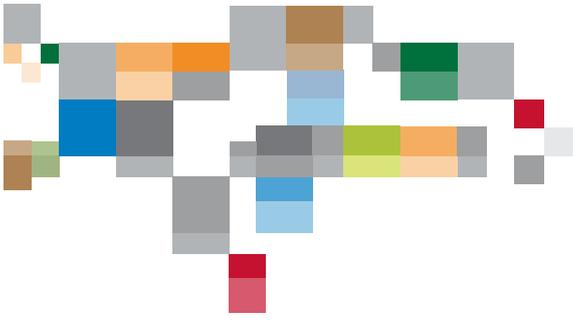
Al-Shorouq Tower

It is a tower of administrative offices and commercial stores that overlooks Jaber Al-Mubarak Street at Sharq area, which is the first business area in Kuwait.

The project consists of 21 repeated floors of offices in addition to commercial stores in the mezzanine and the basement.

The project is provided with all modern operational services.





The Aranda

The Aranda real estate projects is located 30 km south-east Kuwait and it is considered one of the largest project owned by the private sector in Kuwait on a total land area of 66,000 M² distributed on two plots separated by the south coastal road. The area of the first plot is about 54,000 M², while the area of the second plot is about 12,000 M². Aranda project idea is to construct a minor city or a large residential, commercial and tourist complex. The project will include two towers consist of various sizes of residential units with various specifications. In one tower there are office areas in one side, sporting and recreational club, a hospital of 150 beds capacity and a pediatrician clinic. The tower also contains a commercial complex to service the project and a health resort that contain 100 suites all overlooking the seafront. It also has clinics with various specializations.





Kuwait Hilton Hotel & Resort

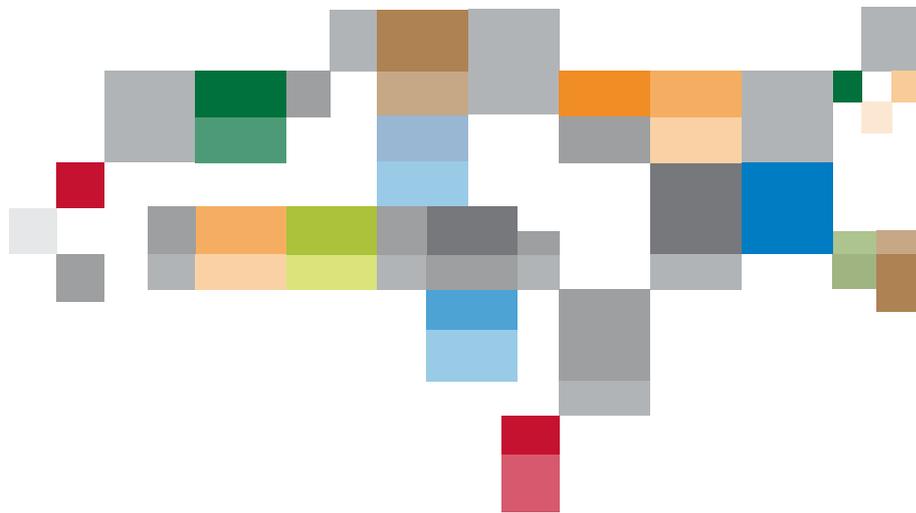
It provides a new concept of luxury life for relaxation and welfare. It is a 5 star Hotel & Resort with world classification and overlooks the most beautiful beaches of Kuwait. It contains all facilities and services to tell a lot about your prestige and style of life. It has furnished luxury rooms, chalets. It contains 52 President Chalet, 12 Royal Chalets, Studio Chalets, 5 restaurants, health resort, fully equipped sporting club, and recreational facilities. Al-Tijaria Real Estate Co, is one of the major shareholders in Kuwait Resorts Company which is the owner of the project with a 31% of the total capital of the company, together with a group of strategic partners.



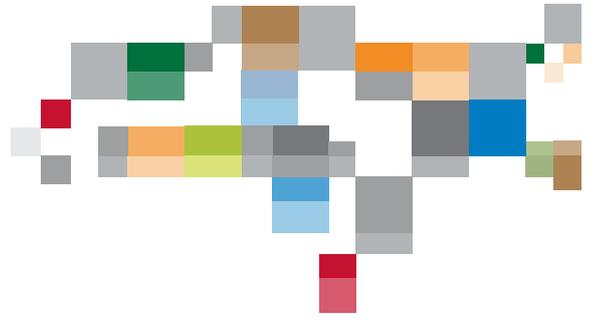


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International Projects..



Al-Bait Towers Project - Hajar & Al-Maqam Towers - Saudi Arabia



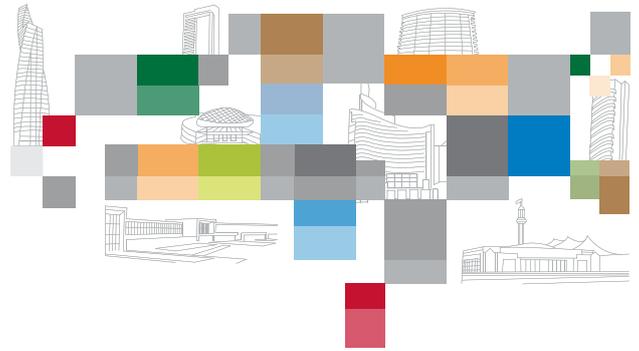
Directly on the squares of the sanctuary, few steps away from the Kaaba, Hajar and AL-Maqam Towers is one of the house towers project, on the door of King Abdul Aziz, for a category of people honored by the Islamic religion and seeking the possession of a new house at the threshold of the Kaaba.

Hajar Tower is formed of 31 floors, 10 floors of which are occupied by Movenpick Hotel, and the remaining floors are considered a complex of furnished hotel apartments, available for possession throughout the year. The most important privilege of Hajar Tower is the Administration of Movenpick Hotel that assumes the service of the residential apartments to grant their owners, throughout their residence period, a special feeling of high hotel service. 21 floors of hotel apartments, of which the possession will have a perfect opportunity for rituals and pious deeds away from any occupation because the provision of absolute comfort will be of the specialization of Hajar Tower Administration.

The Commercial Real Estate Co., (Al-Tijaria) share in Hajar Tower Real Estate Co. 20%.

Al-Maqam Tower which is considered the second one of the seven towers of Bait Al-Muqam towers project, in terms of height and the number of the housing units in it, that the number of its floors is 45 floors, multiple investment, from hotels, hotel apartments, utility shares and others of available facets of investment.

The Commercial Real Estate Co., (Al-Tijaria) share in Al Maqam Tower Real Estate Co. 40%.



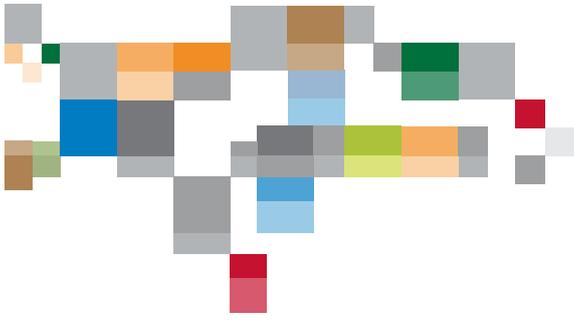
Developing the Center for the City of Jeddah- Saudi Arabia

This project is considered one of the largest city development projects which are being planned in Saudi Arabia, where The Commercial Real Estate Company had been qualified with an alliance of other investment companies for this mega project to prepare all the required studies and provide the master plan for the purpose of assuming the role of the developer in the next step. This project is result of the will shown by the Secretariat of the Province of the City of Jeddah in the Kingdom of Saudi Arabia to prepare an integrated plan for the implementation and development of "the center for the city of Jeddah" which includes the following regions: the historic region, the city region, and the adjacent waterfront, where all are considered the heart of the historic city of Jeddah and the hub for its economic and touristic activities.

This mega project involves a complete study for prepared by specialized consultants of the current status of the Jeddah city center, and then to re-design, build, construct, and then equip full regions with different administrative, residential, commercial, and recreational themes. The total area of the project is around six million square meters.

The Commercial Real Estate Co., (Al-Tijaria) owns 16.67% of the alliance, which is currently preparing the general outline and all the studies of the project, a prelude to the implementation phase.

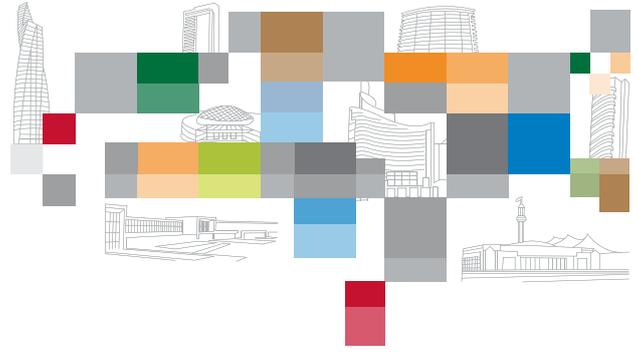




Developing the Center for the City of Abha - Saudi Arabia

With all the special nature found in the city of Abha which enjoys beautiful landscapes and natural sceneries along with pleasant weather throughout the year, and with the witnessed trend by the Governorate of Aseer to assign Abha as a touristic destination, the Board of Investment of Aseer has signed an agreement with The Commercial Real Estate Company along with an investment alliance of other companies to provide a comprehensive study of this tourist city on an area estimated at two million square meters to offer the best available alternatives for developing the city center of Abha. The alliance had signed this development agreement with His Royal Highness Prince Khalid Al-Faisal Bin Saud, the Prince of the Region of Aseer and the president of the Investment Board of the region where this project has been approved by the custodian of the two holy mosques King Abdulla Bin Abdulaziz where he launched the design phase. The Commercial Real Estate Co., (Al-Tijaria) owns about 25% of the alliance, which will develop the project and preparing the general and detailed outline and all the studies and investment infrastructure and financial requirements necessary for the implementation of the project.





Ain Athari – Kingdom of Bahrain

Among the projects outside the State of Kuwait which are carried out through B.O.T. system is Ain Athari Park. Al-Tijaria Real Estate participated with Commercial Complexes Co (Kuwait) and Gulf Reconstruction Co (Bahrain) to execute this project.

It is located on Sheikh Eissa Ben Salman street, Kingdom of Bahrain. It is 5 minutes away from King Fahd Flyover Bridge. The project area is 170,000 square meters. It includes various recreational facilities, commercial centers, amusement halls and restaurants.

It is expected to have a special attraction in the Kingdom of Bahrain due to its special components which are beyond competition. The location of the project is a historical landmark in Bahrain and Gulf countries.

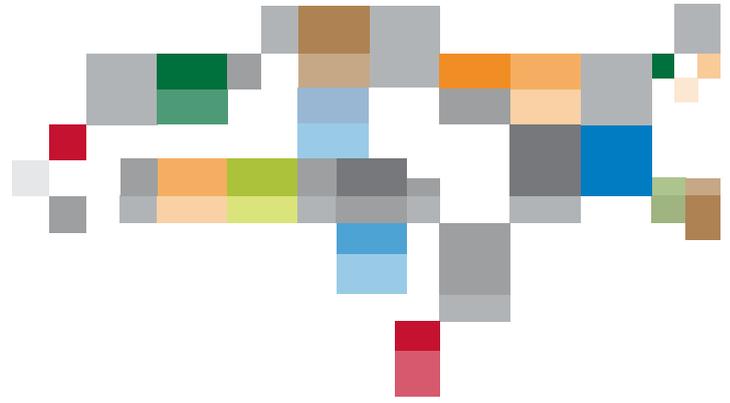
The Commercial Real Estate Co., (Al-Tijaria) owns 20% of the projects.





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Consolidated financial statements and independent auditors' report for the year ended 31 December 2007

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MOORE STEPHENS

PUBLIC ACCOUNTANTS

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Telephone (965) 2408844
Facsimile (965) 2408855
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Independent Auditors' Report

The Commercial Real Estate Company (K.S.C.C) State of Kuwait

Independent auditors' report to the shareholders

We have audited the accompanying consolidated financial statements of The Commercial Real Estate Company K.S.C.C. ("the Parent Company") and its subsidiaries "together referred to as the Group" which comprise the consolidated balance sheet as of 31 December 2007, and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

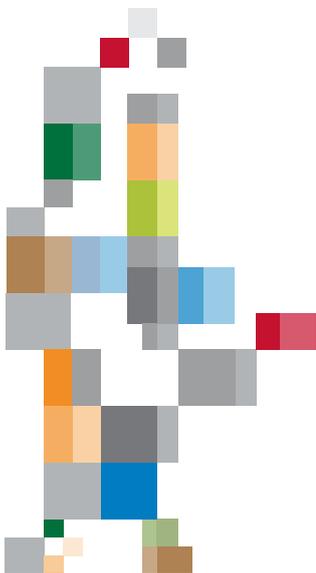
Management's responsibility for the financial statements

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as discussed in the basis of qualified opinion paragraph, 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent Company preparation and fair presentation of the 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 Parent Company'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.

Basis of qualified opinion

As discussed in note 10.1 to the consolidated financial statements, the Group has recorded its shares in joint investment portfolios managed by others by an amount, which is less than the amount referred to in portfolio manager's report by KD 13,593,952 as of 31 December 2007 (KD 9,931,783 as of 31 December 2006). As the portfolio manager did not confirm the components of the portfolios, basis of valuation of any related obligations and we could not perform alternative procedures to satisfy ourselves, we were unable to verify the validity of the valuation of these portfolios as of 31 December 2007.

Opinion

In our opinion, except for the effects of such adjustments if any as might have been determined to be necessary had we been able to satisfy ourselves as to the validity of the valuation of investments, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2007, and of its consolidated financial performance and its consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Regulatory Matters

Furthermore, in our opinion, proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the Parent Company's Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violation of provision of the Commercial Companies Law of 1960, as amended, or of the Articles of Association have occurred during the year ended 31 December 2007 that might have had a material effect on the business of the Group or on its consolidated financial position.

Qais M. Al-Nisf

Licence No. 38A

Moore Stephens Al Nisf & Partners

Member firm of Moore Stephens International

Bader A. Al-Wazzan

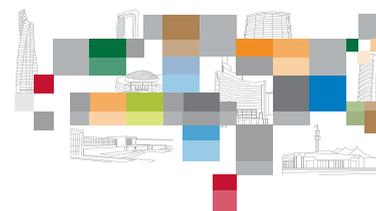
Licence No. 62A

PricewaterhouseCoopers

Consolidated Balance Sheet

As of 31 December 2007

(All amounts are in Kuwaiti Dinar)



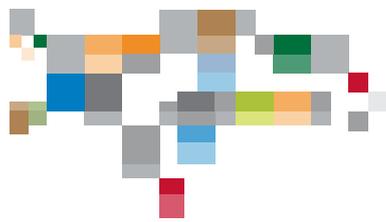
	Note	2007	2006 (Revised)
Assets			
Non-current assets			
Property, plant & equipment	5	6,846,397	6,971,454
Projects in progress	6	52,612,003	49,778,022
Investment properties	7	123,248,000	84,172,500
Investments in associates	8	61,852,511	38,820,374
Investments in joint venture	9	2,425,960	8,712,713
Investments available for sale	10	41,372,807	27,452,801
		<u>288,357,678</u>	<u>215,907,864</u>
Current assets			
Lands and real estate held for trading	11	23,103,131	29,082,283
Receivables and other debit balances	12	25,428,861	27,417,126
Investments at fair value through profit and loss	13	68,322	80,079
Cash and cash equivalents	14	535,481	38,589,448
		<u>49,135,795</u>	<u>95,168,936</u>
Total assets		<u>337,493,473</u>	<u>311,076,800</u>
Equity and liabilities			
Equity attributable to the shareholders of the Parent Company			
Share capital	15	144,796,434	134,070,772
Treasury shares	16	(12,264,041)	(11,834,327)
Statutory reserve	17	20,296,419	15,676,086
Voluntary reserve	18	17,475,077	12,854,744
Change in fair value reserve		1,849,705	3,956,534
Group's share in associates' reserves		4,650,318	5,068,265
Gain from sale of treasury shares		166,215	-
Employee's stock options reserve		739,803	-
Retained Earnings		47,744,961	38,728,781
Total equity		<u>225,454,891</u>	<u>198,520,855</u>
Non-current liabilities			
Employees' end of service indemnity		843,032	784,524
Term financing from third party – Non current portion	19	55,489,335	50,019,489
		<u>56,332,367</u>	<u>50,804,013</u>
Current liabilities			
Payables and other credit balances	20	25,979,291	38,605,487
Term financing from third party – current portion	19	29,726,924	23,146,445
		<u>55,706,215</u>	<u>61,751,932</u>
Total equity and liabilities		<u>337,493,473</u>	<u>311,076,800</u>

Abdul Fatah M.R. Marafie
Chairman and Managing Director

Adwan M. Al-Adwani
Deputy Chairman

Consolidated Statement Of Income

for the year ended 31 December 2007
(All amounts are in Kuwaiti Dinars)



	Note	<u>2007</u>	<u>2006</u>
Profit from investment properties	21	26,868,154	11,130,826
Net profit from land and real estate held for trading	22	13,993,389	6,029,037
Hotel income	23	403,261	466,243
Profit from available for sale investments	24	5,873,681	9,304,563
Losses from investments at fair value through profit and loss		(8,579)	(239,998)
Administrative expenses and other charges		(4,947,512)	(3,665,734)
Depreciation of property, plant and equipment		(139,658)	(156,673)
Foreign currency exchange differences		1,923,816	(12,189)
Other operating income		<u>1,372,131</u>	<u>560,408</u>
Operating profit		45,338,683	23,416,483
Group's share of associates' results		7,590,657	2,917,048
Gain from sale of investments in associates		85,514	25,056
Gain on partial disposal of a subsidiary	25	-	14,138,982
Provision of impairment of investment in associates		(362,334)	-
Finance charges		(6,449,189)	(3,605,181)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	26	(347,537)	(301,343)
National Labour Support Tax (NLST)		(1,021,297)	(843,377)
Zakat expense	28	(24,593)	-
Board of Directors' remuneration		(160,000)	(120,000)
Net profit for the year		<u>44,649,904</u>	<u>35,627,668</u>
Earnings per share (Fils)	29	<u>31.71</u>	<u>25.20</u>

Consolidated statement of changes in Equity

for the year ended 31 December 2007
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company										Minority interest	Total
	Share capital	Treasury shares	Statutory reserves	Voluntary reserves	Change of fair value reserve	Group's share in associates' reserves	Gain from sale of treasury shares	Employees' stock option plan reserve	Retained earnings	Total		
Balance as of 31 December 2005												
(as previously stated)	121,882,520	(12,446,360)	11,986,847	9,165,505	22,734,598	5,289,429	12,643	-	36,167,990	194,793,172	2,041,859	196,835,031
Effect of reclassification of investment in the financial statements of associates	-	-	-	-	-	(292,815)	-	-	292,815	-	-	-
Balance as of 31 December 2005 (Restated)	121,882,520	(12,446,360)	11,986,847	9,165,505	22,734,598	4,996,614	12,643	-	36,460,805	194,793,172	2,041,859	196,835,031
Change in fair value of available for sale investments	-	-	-	-	(11,105,526)	-	-	-	-	(11,105,526)	-	(11,105,526)
Transferred to statement of income from sale of available for sale investments	-	-	-	-	(7,343,615)	-	-	-	-	(7,343,615)	-	(7,343,615)
Group's share in associates' reserves	-	-	-	-	-	258,561	-	-	-	258,561	-	258,561
Net (losses)/profits recognized directly in equity	-	-	-	-	(18,449,141)	258,561	-	-	-	(18,190,580)	-	(18,190,580)
Net profit for the year	-	-	-	-	-	-	-	-	35,627,668	35,627,668	-	35,627,668
Total income recognized	-	-	-	-	(18,449,141)	258,561	-	-	35,627,668	17,437,088	-	17,437,088
Effect of disposal of subsidiary	-	6,177,081	-	-	(328,923)	(186,910)	(12,643)	-	(480,391)	5,168,214	(2,041,859)	3,126,355
Purchase of treasury shares	-	(5,565,048)	-	-	-	-	-	-	-	(5,565,048)	-	(5,565,048)
Cash dividends	-	-	-	-	-	-	-	-	(13,104,137)	(13,104,137)	-	(13,104,137)
Bonus shares dividends	12,188,252	-	-	-	-	-	-	-	(12,188,252)	-	-	-
Transfer to reserves	-	-	3,689,239	3,689,239	-	-	-	-	(7,378,478)	-	-	-
Balance as of 31 December 2006 (as previously stated)	134,070,772	(11,834,327)	15,676,086	12,854,744	3,956,534	5,068,265	-	-	38,937,215	198,729,289	-	198,729,289

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements

Consolidated Statement Of Changes In Equity

for the year ended 31 December 2007
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company						Minority interest	Total				
	Share capital	Treasury shares	Statutory reserves	Voluntary reserves	Change of fair value reserve	Group's share in associates' reserves			Gain from sale of treasury shares	Employees' stock option plan reserve	Retained earnings	Total
Balance as of 31 December 2006 (as previously stated)	134,070,772	(11,834,327)	15,676,086	12,854,744	3,956,534	5,068,265	-	-	38,937,215	198,729,289	-	198,729,289
Effect of reclassification of investment in the financial statements of associates	-	-	-	-	-	-	-	-	(208,434)	(208,434)	-	(208,434)
Balance as of 31 December 2006 (Restated)	134,070,772	(11,834,327)	15,676,086	12,854,744	3,956,534	5,068,265	-	-	38,728,781	198,520,855	-	198,520,855
Change in fair value of available for sale investments	-	-	-	-	444,294	-	-	-	-	444,294	-	444,294
Transferred to statement of income from sale of available for sale investments	-	-	-	-	(2,551,123)	-	-	-	-	(2,551,123)	-	(2,551,123)
Group's share in associates' reserves	-	-	-	-	-	(399,975)	-	-	-	(399,975)	-	(399,975)
Net losses recognized directly in equity	-	-	-	-	(2,106,829)	(399,975)	-	-	-	(2,506,804)	-	(2,506,804)
Net profit for the year	-	-	-	-	-	-	-	-	44,649,904	44,649,904	-	44,649,904
Total income recognized	-	-	-	-	(2,106,829)	(399,975)	-	-	44,649,904	42,143,100	-	42,143,100
Effect of transfer from subsidiary to associate	-	-	-	-	-	(17,972)	-	-	(2,195)	(20,167)	-	(20,167)
Sale of treasury shares	-	1,082,750	-	-	-	-	-	166,215	-	1,248,965	-	1,248,965
Purchase of treasury shares	-	(1,512,464)	-	-	-	-	-	-	-	(1,512,464)	-	(1,512,464)
Employee's stock options purchase reserve	-	-	-	-	-	-	-	739,803	-	739,803	-	739,803
Cash dividends (note 30)	-	-	-	-	-	-	-	-	(15,665,201)	(15,665,201)	-	(15,665,201)
Bonus shares dividends (note 30)	10,725,662	-	-	-	-	-	-	-	(10,725,662)	-	-	-
Transfer to reserves	-	-	4,620,333	4,620,333	-	-	-	-	(9,240,666)	-	-	-
Balance as of 31 December 2007	144,796,434	(12,264,041)	20,296,419	17,475,077	1,849,705	4,650,318	166,215	739,803	47,744,961	225,454,891	-	225,454,891

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements



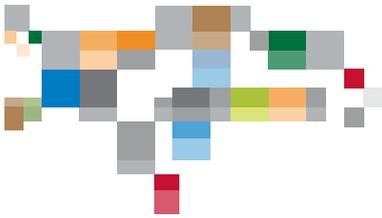


Consolidated Statement Of Cash Flows

for the year ended 31 December 2007

(All amounts are in Kuwaiti Dinar)

Note	2007	2006 (Revised)
Cash flows from operating activities		
Net profit for the year	44,649,904	35,627,668
Adjustments:		
Depreciation on property, plant and equipment	139,657	156,673
Change in fair value of investment properties	(20,599,708)	(5,891,990)
Gain from sale of investment properties	(577,000)	-
Reversal of impairment of land and property held for trading	(288,857)	(49,660)
Gain from sale of investments in associates	(85,514)	(25,056)
Provision of impairment of investment in associates	362,334	-
Profits from available for sale investments	(5,255,158)	(8,174,027)
Dividends	(618,523)	(1,130,536)
Doubtful debts provision	174,301	(90,862)
Losses from investments at fair value through profit and loss	8,579	239,998
Gain on partial disposal of a subsidiary	-	(14,138,982)
Group's share of associates' results	(7,590,657)	(2,917,048)
Employee's stock options plan	739,802	-
Finance charges	6,449,189	3,605,181
Employees' end of service indemnity	58,508	290,504
Operating gain before working capital changes	17,566,857	7,501,863
Lands and property held for trading	5,687,934	5,690,196
Inventory	-	4,501
Receivables and other debit balances	3,517,272	(5,957,976)
Investments at fair value through profit and loss	3,178	913,899
Payables and other credit balances	(19,556,111)	9,919,515
Net cash resulted from operating activities	7,219,130	18,071,998
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(14,600)	(120,462)
Payments for projects in progress	(18,323,834)	(9,042,169)
Paid for purchase of investment properties	(6,808,864)	(682,510)
Proceeds from sale of investment properties	5,000,000	-
Payment for purchase of investments in joint venture	-	(2,303,731)
Proceeds for sale of investment in joint venture	477,890	1,484,800
Payment for purchase of investment in associates	(12,363,894)	(1,615,866)
Proceeds from disposal of investment in associates	-	93,282
Proceeds from partial disposal of subsidiary	-	24,547,416
Payment for purchase of available for sale investments	(22,205,646)	(2,664,104)
Proceeds from sale of available for sale investments	11,744,977	12,284,053
Dividends received	618,523	2,361,449
Net cash (used in)/ resulted from investing activities	(41,875,448)	24,342,158
Cash flows from financing activities		
Proceeds from subsidiary's capital incremental	-	16,556,039
Net received from/ (paid to) financing from third party	12,050,325	(5,435,755)
Purchase of treasury shares	(1,512,458)	(5,850,347)
Gain of sale of treasury share	1,248,958	-
Dividend paid	(9,466,449)	(12,933,946)
Finance charges paid	(5,718,025)	(4,345,297)
Net cash used in financing activities	(3,397,649)	(12,009,306)
Net (decrease) / increase in cash and cash equivalent	(38,053,967)	30,404,850
Cash generated from consolidating subsidiaries not consolidated before	-	3,000,000
Cash and cash equivalents at beginning of the year	12 38,589,448	5,184,598
Cash and cash equivalents at the end of the year	535,481	38,589,448



Notes To The Consolidated Financial Statements

31 December 2007

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. General Information

The Commercial Real Estate Company - Kuwaiti Shareholding Company - Closed (“the Parent Company”) as per the articles of association No. 104, file No. 1, incorporated on 4 February 1968 under commercial register No. 11329 on 28 February 1968 according to Commercial Companies Law. The main objectives of the Parent Company comprise of performing various real estate, agricultural, industrial and commercial activities, carrying out contracting, road and building construction, including sale, purchase and lease of land and real estate property, construction of buildings, utilizing of the financial surplus available to the Parent Company by investing it in financial portfolios managed by specialized companies and financial institutions; and establishing real estate funds and portfolio including management of these funds for its own and for third parties. The Parent Company’s management shall carry out all its objectives for which it have been established in accordance with the Islamic Sharia principles.

The head office of the Parent Company is located at Jaber Al-Mubarak Street, Commercial Real Estate Company’s Building, Sharq, P.O. Box. 4119 Safat, 13042 Kuwait.

The Parent Company has been registered in the Kuwait Stock Exchange on 21 December 2004.

The consolidated financial statements for the Group include the financial statements of the Parent Company and its subsidiaries together referred to as “the Group”.

<u>Name of Entity</u>	<u>Legal entity</u>	<u>Contribution ratio</u>
Al Areen Real Estate Co.	K.S.C.C.	100%
Shefa’a Kuwaiti Medical Care Company	K.S.C.C.	100%

We relied on unaudited financial information prepared by subsidiaries management. As of 31 December 2007, the Total Assets of such subsidiaries amounted to KD 2,083,115 as of 31 December 2007 (KD 2,169,718 as of 31 December 2006). subsidiaries have incurred a net loss amounted to KD 11,563 as of 31 December 2007 (KD 164,227 profits as of 31 December 2006)

These consolidated financial statements were authorized for issue by the board of directors on 14 February 2008, the shareholders of the Parent Company have the right to modify these consolidated financial statements in the general assembly meeting.

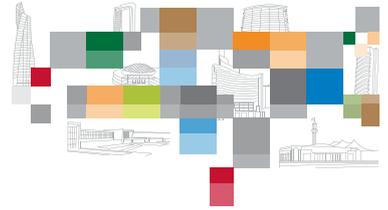
2. Basis of preparation and significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements are prepared under IFRS and the historical cost convention modified by the fair value of investment at fair value through the profit and loss, available for sale investments, and investment properties. The preparation of consolidated financial statements in conformity with IFRS requires the management using a certain critical accounting estimates and assumptions. Areas that require high level of estimates or in which estimates and assumptions may have broad impact upon the consolidated financial statements are explained in note (4).

During the year some of the IFRS were issued together with some modifications & interpretations by the board of international financial reports standards interpretations.



Notes To The Consolidated Financial Statements

31 December 2007

(All amounts are in Kuwaiti Dinars unless otherwise stated)

• Modifications and changes applicable to the year ended 31 December 2007

o IFRS 7, 'Financial instruments: Disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments.

o The complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures'

o IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the group's financial statements.

These amendments will make the users of the financial statements able to evaluate the importance of financial instruments for the Group's financial position and its performance, also the nature and the extent for the resulting risks from the financial instruments that the group's deals in during the year, and in the date of the financial statements and how the group's manages these risks in addition to evaluate the goal and policies of the group linked to capital management.

• Standards, amendments and interpretations effective from or after 1 January 2007 but not relevant to the Group's activities

o IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the group's financial statements.

o IFRS 4, 'Insurance contracts'

o IFRIC 7 regarding the application of the principle of re-presentation of financial statements in scope of IAS 20 (financial reports in inflationary economies), as well as IFRIC 9, 'Re-assessment of embedded derivatives'.

• Standards, amendments and interpretations issued but it is not applicable and has not been applied by the Group

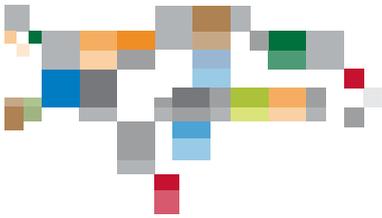
o IFRIC 11, 'IFRS 2 – Group and treasury share transactions'

o IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).

o IFRS 8, 'Operating segments' (effective from 1 January 2009).

2.2 Basis of Consolidation

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Such control exists when the group obtains more than 50% of the voting shares of those companies. The financial statements of the subsidiaries are included in the consolidated financial statements effective from the date of control commences until the date of effective cease that control. Inter-group balances and transactions, including inter-group profits and unrealised gains, are eliminated in preparing the consolidated financial statements. Accounting policies adopted by the subsidiaries may be changed as necessarily in order to unify the accounting policies adopted by the group.



Notes To The Consolidated Financial Statements

31 December 2007

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2.3 Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy 2.7). Depreciation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	Years
Buildings	20
Decoration	5
Furniture and Fittings	5-6
Office equipments and Computers	6

The initial cost of property, plant and equipment includes cost of purchase and any directly related cost necessary in bringing these assets to their current location and condition for its intended use.

The estimated useful lives of the property, plant and equipment are reviewed periodically. If there is a change in the estimated useful lives, this change took place starting from the year of change with no retroactive effect.

2.4 Investment Properties

Land and real estate held by the Group for the purpose of capital appreciation or for leasing it to others are included in investment properties. Land and real estate are initially stated on acquisition at cost and subsequently remeasured at fair value that is being determined based on market value annually by independent valuers. Profits and losses arising from valuation are included in the consolidated statement of income.

2.5 Investments in associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (if any).

The group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves.

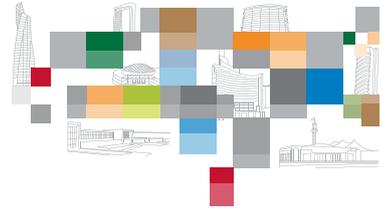
Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

2.6 Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the net assets acquired from subsidiaries, associates or joint ventures. Goodwill is stated at cost less impairment losses, and tested for impairment annually.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the statement of income for the period in which they arise.



Notes To The Consolidated Financial Statements

31 December 2007

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2.8 Financial instruments

Classification

The Group determines the proper classification for its financial assets based on the purpose of acquiring these financial assets. These Financial assets are classified into: Financial assets at fair value through profit and loss, Receivables, and Financial assets available for sale.

Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss upon acquisition.

Financial assets held for trading is acquired principally for the purpose of selling them in the short term.

Financial assets at fair value through profit and loss upon acquisition are classified when managed and its performance is evaluated upon the fair value basis pursuant to risk management strategy and the investment strategy approved by the management.

Receivables

Receivables are non-derivative financial assets that are not quoted in an active market. They are represented primarily in the accounts receivables.

Available-for-sale assets

These are assets not classified or included in other financial assets and are principally acquired to be held, for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of return.

Recognition and de-recognition

Financial instruments are recognised when the Group becomes a party in a contractual agreement of the financial instrument. Regular purchases and sales of financial asset are recognized on trading date - the date on which the Group commits to sell or purchase the asset. Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership to other party.

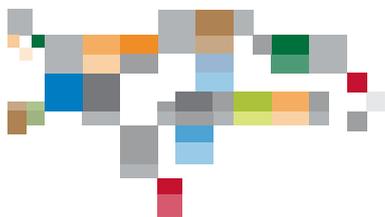
Measurement

All financial assets are initially recognised at fair value (plus transaction costs for all financial instruments not carried at fair value through profit and loss). Subsequently, available for sale financial assets and financial assets at fair value through profit or loss are re-measured at fair value. Finance receivables are carried at amortised cost using the effective interest method.

All unrealised gains and losses arising from changes in the fair value of the financial investments at fair value through profit or loss category, are included in the statement of income. Unrealized gains and losses arising from changes in the fair value of the monetary and non monetary investments classified as available for sale investments are recognized in directly in the change in fair value reserve included in equity. The change in the fair value of the monetary instruments with a foreign currency classified as investments available for sale is transferred to exchange differences resulting from the change in amortized costs of the financial instruments and other changes. The resulting changes from exchange differences are recognized in the statement of income while the other changes are recognized in equity. When available for sale financial assets are disposed, the accumulated changes in fair value recognized in equity are included in the statement of income.

Fair value

For financial instruments, fair value is determined based on the last published bid price. For unquoted financial instruments, fair value is determined by reference to the market value of a similar investment, on the expected discounted cash flows or by using other pricing methods. Available for sale investments whose fair value can not be determined, are recognized at cost less impairment.



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Impairment of financial assets

The group assesses at each balance sheet date whether there is objective evidence that an asset or a similar group of asset is impaired. In case of investment of financial instruments classified as available for sale investments, the consistent or significant impairment of such investments is taken into consideration when determining where is an indication of impairment. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in previous years is removed from equity and recognized in the statement of income. Impairment losses are financial instruments that represent equity and that are not reclassified again in the statement of income.

A specific provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is recognised in the statement of income.

2.9 Land and properties held for trading

Land and real estate held for trading are stated at cost when acquired. Cost is determined on an individual basis for such land or real estate, cost represents the fair value of the consideration given, plus ownership transfer fee and brokerage expenses. Land and real estate held for trading are classified under current assets and are valued at the lower of cost or realisable value on an individual basis. Realisable value is determined on the basis of estimated sale value, less the estimated expenses necessary to complete the sale. Gains and losses from the sale of land and property held for trading are reported in the consolidated statement of income by the difference between sale value and its book value

2.10 Inventory

Inventory is carried at cost or net realizable value whichever is lower. The net realizable value is determined based on the selling price less cost to complete the sale transaction.

2.11 Cash and cash equivalents

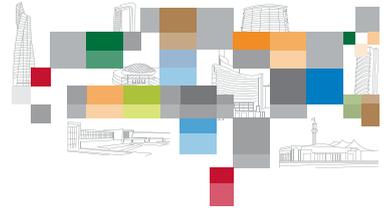
Cash and cash equivalents represent cash on hand and at banks and with financial institutions and Murabaha that mature within three months from the placement date.

2.12 Treasury Shares

Treasury shares consist of the Parent Company's own purchased shares that have been issued, subsequently reacquired by the Group and not yet reissued, sold or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within shareholders' equity. When the treasury shares reissued, gains are credited to a separate undistributable account in shareholders' equity "gain on sale of treasury shares". Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings and then to reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares account respectively. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.13 Employees' end of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees. Payable as a lumpsum at end of the employees services. The defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.



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2.14 Financing from third party

Finance obtained by the Group from others is recognized at fair value less transaction costs. Subsequently such finance is stated at amortised cost. The difference between the amount collected (less any transaction cost) and value to be paid is recognised over the contract term in the consolidated statement of income using effective cost rate.

2.15 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risk specific to the liability.

2.16 Payables

Payables are stated at cost, and represented in the amounts due from the Group against supplying goods and services whether invoiced or not.

2.17 Operating lease – In case the Group is the lessor

Revenues of leased assets under operating leases by the Group are recorded on straight-line basis over the lease contract period.

2.18 Revenue recognition

Gains and losses resulted from the sale of financial investments, investment property and land and real estate held for trading are recognised in consolidated statement of income when sale is completed.

Rental income from investment properties are recorded as mentioned in accounting policy (2.17).

Hotel income is reported on accrual basis and according to the management contracts signed with the management companies.

Dividends income resulted from investment is recognized in the statement of income when the right to receive them is established.

2.19 Foreign currency

Transactions in foreign currencies are translated to Kuwaiti Dinars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Kuwaiti Dinars at the foreign exchange rate ruling at the consolidated balance sheet date. Gains or losses on exchange are recorded in the consolidated statement of income.

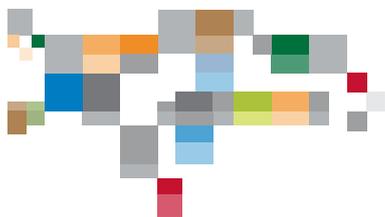
As for non-monetary assets which carried by fair value, foreign exchange difference is considered part from the change in the fair value.

2.20 Zakat

Responsibility of paying zakat lies on the shareholders and not the company.

2.21 Dividend Distribution

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders of the Parent Company.



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3. Financial Risk Management

3.1 Financial Risk Factors

The group's activities expose it to a variety of financial risks: market risk including currency risk, fair value yield rate risk, cash flow yield rate risk and price risk, credit risk and liquidity risk.

Market Risk

o Foreign Exchange Risk

Foreign currency risk is the risk of fluctuation of the value of financial instruments resulting from the change in exchange rates of foreign currencies.

The group is exposed to this risk as a result of existing of financial liabilities in foreign currency represented in the Islamic Sukuk. The group's management always attempting to monitor the change in exchange rates of foreign currencies to act against any change might negatively affect the group's results. During year 2007 the group was not exposed to this type of risk as the US dollar exchange rate went down against the Kuwaiti Dinar, nevertheless the group is currently negotiating with one of the financial institutions to hedge the exchange currency risk.

o Fair Value Risks

The equity price risk is the risk of fluctuation the price of the financial instruments due to changes in market prices. The financial instruments that may expose the group to market risk consists mainly of investments available for sale. To manage these risks, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group on multiple categories through the ongoing evaluation of the market conditions, trends and the management's assessment for the long and short-term changes in fair value.

The following table shows the sensitivity of changes in the fair value as a result of the changes in the prices with all other variables held constant. It is expected that the impact of the decline in the equity prices is equal and opposite to the impact of the increase described below.

This analysis is based on the change in the index of the Kuwait Stock Exchange by 5%.

	Impact on Net Profit		Impact on Equity	
	2007	2006	2007	2006
Quoted Shares	3,416	4,004	620,686	620,976

o Yield rate risk

Yield rate risk is the risk of fluctuation of the value of financial instrument resulting from changes in the yield rate price in the market. Assets of the group are not exposed to this kind of risk, as the group has no assets bear contractual profit rates.

The Group is exposed to the risk of fluctuations in cash flows resulting from the change in the yield rates in the market for the issued Islamic Sukuk where such sukuk bear variable profit rate. To manage this risk, the group is currently negotiating with one of the financial institutions to hedge this risk through making a swap deal of variable and fixed profit rates.

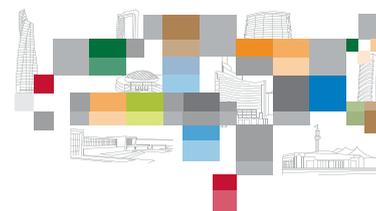
Below, shows the sensitivity of the income statement for the reasonable potential changes in yield prices had others factors being constant.

The sensitivity of the income statement is represented in the effect of the assumed change of the yield rate on the group profit before the share of KFAS, NLST, Zakat, and BOD on a floating rate of financial liabilities on 31 December 2007, if the yield rate prices increased or decreased by 2% this would lead to a decrease or increase in the year's net profits by KD 754,054 (2006: KD 549,232).

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Credit Risk

Credit risk is the risk that one of the parties of a financial instrument fails in fulfilling its commitments, causing a financial loss to the other party. Monitoring as credit policy takes place on ongoing basis. The Group aims to avoid the concentration of credit risk in individuals or group of customers in a specific location, or a particular activity. The Group receives the appropriate guarantees from clients in the event of commercial debtors. The cash and cash equivalents is deposited in financial institutions with good credit reputation, and most of the debit balances exposed to credit risk is concentrated in related parties which have a good credit reputation and there are contractual agreements with those parties in terms of repayments. The maximum amount of exposure to credit risk is not materially different from their book values in the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the group would not be able to pay its liabilities as they mature. To reduce this risk, the management has provided a variety of funding sources and controlled liquidity assets on regular basis.

The ultimate responsibility in the management of liquidity risks lies to the Board, which developed an appropriate framework for liquidity risk management to manage the long and short-term fund management of the group in addition to the requirements of the liquidity management. The group manages liquidity risk through maintaining adequate reserves of highly liquid assets, which are easily convertible to cash and by securing minimum of banking facilities in addition to ongoing monitoring of the expected and actual cash flows and comparing the maturity analysis of financial assets and liabilities.

In the table below non-derivative liabilities was analyzed based for the period ending on the balance sheet until maturity date. The amounts listed in the table represent the amounts of contractual undiscounted cash flows.

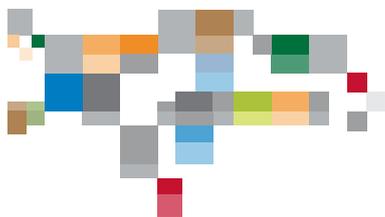
The balances maturing within 12 months equal its book value, the impact of the discount to their current value is insignificant.

The following is an analysis of the maturities of financial liabilities as in the 31 December 2007:

	Within 3 months	From 3 months to 12 Months	From a Year to 5 Years
Liabilities			
Term financing	16,900,346	15,319,885	64,294,806
Payables and other credit balances	4,060,940	17,128,127	3,421,258
Indemnty	-	-	843,032

The following is an analysis of the maturities of financial liabilities as in the 31 December 2006:

	Within 3 months	From 3 months to 12 Months	From a Year to 5 Years
Liabilities			
Financing from Third Party	16,814,299	9,874,790	58,772,290
Payables and other credit balances	539,006	29,776,472	7,652,204
Indemnty	-	-	784,524



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3.2 Capital Risk Management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through pricing the goods & services considering the relative risks, the Group determines the capital relatively with the risk. The Group manages the capital and adjustments been made on it in the scope of the changes in the economic conditions and the relative assets characteristics. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Parent Company's capital structure consists of finance obtained third party less cash and cash equivalents in addition to share capital, reserves, and retained earnings.

The group attempts to manage capital by continuous monitoring to debt to equity ratio, the Group is trying to reach debt to equity ratio in the range of 15% and 50%.

The net debts to equity ratio as follows:

	2007	2006
Financing from Third Party	85,216,259	73,165,934
Cash and Cash Equivalents	(535,481)	(38,589,448)
Net	84,680,778	34,576,486
Equity	225,454,891	198,520,855
Total Capital	310,135,669	233,097,341
Gearing Ratio	27%	15%

3.3 Fair value estimation

For financial instruments traded in an active financial markets, fair value is determined based on the last published bid price.

For unquoted financial instruments, fair value is determined by reference to the market value of a similar investment, on the expected discounted cash flows or by using other pricing methods. Available for sale investments whose fair value can not be determined, they are recognized at cost less impairment.

4. Significant accounting assumptions and judgments

According to the accounting policies included within IFRS applied by the Group, such Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities.

Judgements

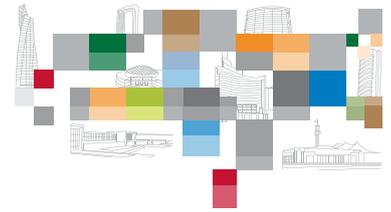
Investment classification

The management, on investment acquisition decides whether it should be classified at fair value through P&L or available for sale investment. During that decision the Group considers the main objective of acquisition and how it intends to manage the investment and provides performance reports. Such judgements determine whether they will be measured subsequently or at fair value, if the changes in the instruments fair value will be recognized in the statement of income or directly in equity.

Impairment evidence

Where there is permanent or material impairment in quoted available for sale investments, the management uses estimates and objective evidence to decide whether there is impairment or not.

The Group assesses at each balance sheet dates whether available for investments are impaired. Determining impairments requires management to make significant assessments on reasonable basis including assessment factors such as industry nature and market circumstances.



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Uncertainty of assessments

Significant accounting estimates and assumptions

The Group makes estimates and assumptions related to future. It is rarely that the accounting estimates equal the actual results. The estimates and assumptions that may have significant risks related to adjustments that have impact on carry-values of assets and liabilities during the financial year are as follows:

Fair values – investment in unquoted securities

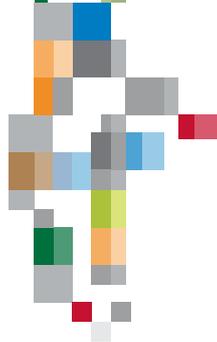
Technical methods used in assessment of unquoted securities include estimates such as future cash flows, discount prices return curve and adjusted local market prices. Credit risks, related costs and other technical methods are used generally by the participants in market.

The Group determines periodically the technical methods of estimates and selects them to ensure to what extent these methods are suitable by using prices from current market parameters in the same financial management or any other available market financial statements..

Significant judgements in applying the Group's accounting policies

Available for sale assets impairment

The Group follows IAS (39) guidelines when determining whether there is impairment of available for sale investment. This requires financial judgement from the management for providing such judgement, the Group assesses the extent of impairment period with the cost in addition to other factors including the financial position of the investee, performance rate of the industry and sector of the investee belongs, the extent of technology changes and cash flows from operating and financing activities.



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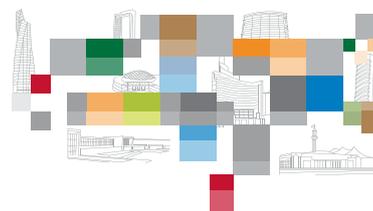
31 December 2007

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5. Property, plant & equipment

	2007				2006		
	Land	Building	Decora- tions	Furniture & fixtures	Office equipments & computers	Total	Total
Cost							
As of 1 January	5,360,000	1,679,185	69,388	246,527	482,629	7,837,729	39,889,170
Additions	-	-	-	-	14,601	14,601	63,073
Disposals	-	-	-	-	-	-	-
Effect of transfer subsidiary company to associate company (Note 25)	-	-	-	-	-	-	(32,114,514)
As of 31 December	5,360,000	1,679,185	69,388	246,527	497,230	7,852,330	7,837,729
Accumulated depreciation and impairment losses							
As of 1 January	-	248,840	64,505	212,809	340,122	866,276	8,023,220
Depreciation for the year	-	83,959	1,999	13,602	40,097	139,657	156,673
Depreciation related to disposals	-	-	-	-	-	-	-
Transfer subsidiary company to associate company (Note 25)	-	-	-	-	-	-	(7,313,618)
As of 31 December	-	332,799	66,504	226,411	380,219	1,005,933	866,275
Net carrying amount							
As of 31 December	5,360,000	1,346,386	2,884	20,116	117,011	6,846,397	6,971,454

Lands amounting to KD 5,360,000 and buildings which its net book value amounting to KD 1,346,222 are mortgaged in favour of local financial institutions against the finance obtained by the Group (Note 19).



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6. Projects in progress

Analysis of movement over projects in progress is as follows:

	2007	2006
Balance at 1 January	49,778,022	34,327,689
Additions during the year	18,343,834	14,762,651
Transferred from lands and real estate held for trading (Note 11)	580,075	687,682
Transfer to investment properties (note 7)	(16,089,928)	-
Balance as of 31 December	<u>52,612,003</u>	<u>49,778,022</u>

6.1 Projects in progress include lands amounted Nil owned by a special power of attorney as of 31 December 2007 (KD 1,761,875 as of 31 December 2006).

6.2 Projects in progress include lands amounted Nil as of 31 December 2007 (KD 1,100,000 as of 31 December 2006) mortgaged in favour of local financial institutions against the finance obtained by the Group (Note 19).

7. Investment properties

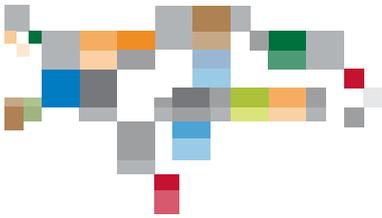
	2007	2006
Balance at 1 January	84,172,500	77,598,000
Additions during the year	6,808,864	682,510
Sales during the year	(4,423,000)	-
Transferred from projects in progress (Note 6)	16,089,928	-
Change in fair value of investment properties profit (Note 21)	20,599,708	5,891,990
Balance as of 31 December	<u>123,248,000</u>	<u>84,172,500</u>

7.1 Investment properties include a property amounted KD 7,996,000 owned by a special power of attorney as of 31 December 2007 (Nil as of 31 December 2006).

7.2 This item includes properties amounted to KD 58,205,000 as of 31 December 2007 (KD 46,358,000 as of December 2006) mortgaged in favour of local financial institutions against the finance obtained by the Group (Note 19).

8. Investments in associates

	2007		2006	
	Ownership %	Balance	Ownership %	Balance
Industrial and Financial Investment Company (K.S.C.C)	18.53	14,270,534	18.23	12,968,327
Kuwait Markets Complex Company (K.S.C.)	18.56	12,317,263	18.36	10,571,615
Al-Maqam Tower (W.L.L.)	40.00	6,181,328	40.00	6,075,545
Arab Ready-Mix Concrete Center (K.S.C.C.)	49.56	-	49.56	362,335
Kuwait Resorts Company (K.S.C.C)	32.71	9,409,208	32.70	8,737,552
Kuwait Central Laundries (K.S.C.C)	23.55	471,082	21.00	105,000
Hajar Tower (K.S.C.C)	20.00	3,774,548	-	-
Al-Motagarh Real Estate (K.S.C.C)	44.00	9,920,533	-	-
Al-Tijaria Venture Real Estate (K.S.C)	20.00	1,487,232	-	-
Afkar Holding Company (K.S.C.C)	20.00	3,300,000	-	-
Mozon Holding Company (K.S.C)	25.00	720,783	-	-
		<u>61,852,511</u>		<u>38,820,374</u>



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8.1 During the year, the ownership percentage of the Group in Al-Motagarh Real Estate (K.S.C.C) has been reduced from 100% to 44%, due to the increase of the company's capital and entrance of new shareholders, as a result, the Group has transferred its investment in this company to investment in associate.

8.2 During the year, the Group with other partners finalized the incorporation of Hajar Tower (K.S.C.C), with a Group's ownership percentage of 20%, as a result, the investment has been transferred from joint venture to investment in associate.

8.3 Investment in associates includes goodwill of KD 3,471,681 as of 31 December 2007 (KD 3,999,633 as of 31 December 2006).

8.4 Although the Parent company's share in the Industrial and Financial Investment Company (K.S.C.C.) and Kuwait Market Complex (K.S.C.) is less than 20%, the Parent company has a significant influence over its financial and operational policies on these companies through representative in the Board of Directors, accordingly, these investments remained as investments in associates.

8.5 The percentage of the ownership represents the Group's share in the share capital of the associates after excluding treasury shares.

8.6 The Group's shares in net assets and results of the associates have been recorded based on the latest available financial statements for these associates. The following is a summary of the financial statements of associates based on the latest available financial statements as well as the fair value of the Group's share in those companies:

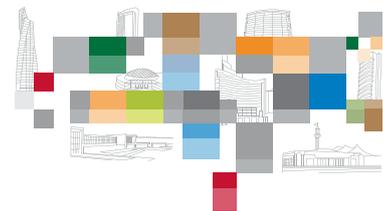
<u>Company Name</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Net Profit / (loss)</u>
Industrial and Financial Investment Company (K.S.C.C)	142,795,968	72,487,443	14,174,440	8,955,039
Kuwait Markets Complex Company (K.S.C)	148,123,291	89,537,707	11,305,413	10,488,025
Kuwait Resorts Company (K.S.C.C)	55,037,936	26,897,771	9,914,020	2,461,784
Al-Maqam Tower (W.L.L)	49,119,617	35,844,395	2,096,617	1,903,321
Al-Motagarh Real Estate (K.S.C.C)	29,581,284	5,415	608,978	593,340
Hajar Tower (K.S.C.C)	82,212,289	63,339,546	14,719,472	3,978,388
Arab Ready-Mix Concrete Center Company (K.S.C.C.)	2,276,451	1,650,132	2,114,635	(337,111)

The fair value of the Group's share in those companies as of 31 December 2007 is as follows:

<u>Company Name</u>	<u>Fair Value</u>
Industrial and Financial Investment Company (K.S.C.C)	13,358,611
Kuwait Markets Complex Company (K.S.C.)	12,715,336
Kuwait Resorts Company (K.S.C.C)	11,078,773
Al-Maqam Tower (W.L.L.)	Unquoted
Al-Motagarh Real Estate (K.S.C.C)	Unquoted
Hajar Tower (K.S.C.C)	Unquoted
Arab Ready-Mix Concrete Center Company (K.S.C.C.)	Unquoted
Kuwait Central Laundries (K.S.C.C)	Unquoted

9. Investment in joint ventures

	<u>2007</u>	<u>2006</u>
Balance as 1 January	8,712,713	7,893,781
Additions during the year	625,000	2,303,731
Disposals during the year	(502,772)	(1,484,799)
Transfers to investment in associate	(6,408,981)	-
	<u>2,425,960</u>	<u>8,712,713</u>



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10. Investments available for sale

	<u>2007</u>	<u>2006</u>
Investment in quoted shares	5,126,007	6,346,427
Investment in unquoted shares	26,765,344	13,871,774
Investment in quoted real estate funds	7,287,720	6,073,100
Investment in unquoted real estate funds	2,193,736	1,161,500
	<u>41,372,807</u>	<u>27,452,801</u>

10.1 The Group has investments in joint investment portfolios managed by others as per portfolios managers report's (local investment company) amounted KD 13,593,952 as of 31 December 2007 (KD 9,931,783 as of 31 December 2006). Due to the nature of joint investment portfolio agreement managed by others and lack of detailed reports from the manager of these portfolios that indicate portfolios components, basis of valuation and any related liabilities, the Group recognised these portfolios at cost less impairment in value which is estimated by the management at the total value of all shares during the financial year. The Group has signed an initial agreement in order to liquidate these portfolios as a step to sign a final agreement in this subject. As no final agreement has been signed the liquidation process has started, No effect has been determined on the current financial statements.

10.2 This item includes investment in shares managed by external portfolio managers with net book value of KD 662,048 as of 31 December 2007 (KD 1,474,633 as of 31 December 2006). This includes an amount of KD 286,435 as of 31 December 2007 (KD 300,573 as of 31 December 2006) managed by a related party, (Note 31).

10.3 The following analysis of investments available for sale at the level of currencies:

	<u>2007</u>	<u>2006</u>
Kuwaiti Dinar	21,974,606	23,801,881
US Dollars	13,903,398	2,408,873
Other Currencies	5,494,803	1,242,047
	<u>41,372,807</u>	<u>27,452,801</u>

11. Lands and real estate held for trading

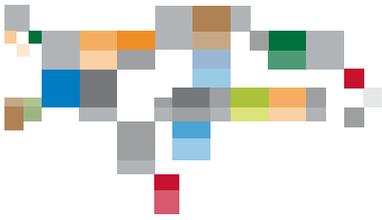
	<u>2007</u>	<u>2006</u>
Balance at 1 January	29,082,283	35,410,501
Additions during the year	223	210
Sales during the year	(5,688,157)	(5,690,406)
Transferred to projects in progress (Note 6)	(580,075)	(687,682)
	22,814,274	29,032,623
Reversal of impairment in value (Note 22)	288,857	49,660
Balance as of 31 December	<u>23,103,131</u>	<u>29,082,283</u>

11.1 Land and real estate held for trading include lands with a net book value of KD 9,879,926 as of 31 December 2007 (KD 10,595,182 as of 31 December 2006) registered in the name of a third party and there are letters of assignment in favour of the Group.

11.2 Land and real estate held for trading include lands with a net book value of KD 1,519,530 as of 31 December 2007 (KD 1,519,530 as of 31 December 2006) owned by the Group through a special power of attorney.

11.3 Land and real estate held for trading include lands with a net book value of KD 1,594,878 as of 31 December 2007 (KD 1,594,878 as of 31 December 2006) represents the Group's share from real estate portfolio managed by one of the financial institutions.

11.4 Land and real estate held for trading include lands with a net book value of KD 14,019,479 as of 31 December 2007 (KD 13,730,623 as of 31 December 2006) mortgaged in favour of financial institution against the finance operation obtained by the Group (Note 19).



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12. Receivables and other debit balances

	2007	2006
Trade receivables	908,213	1,877,736
Non-trade receivables	1,950,000	1,950,000
Impairment in value	(2,506,620)	(2,332,319)
	351,593	1,495,417
Down payments for purchased lands & properties	3,550,239	3,275,294
Prepaid expenses	26,190	33,575
Projects under study	1,765,924	1,097,012
Subscription in shares under allocation	9,372,874	6,702,425
Refundable deposits	89,370	60,020
Due from related parties (Note 28)	8,967,613	13,218,915
Other debit balances	1,305,058	1,534,468
	<u>25,428,861</u>	<u>27,417,126</u>

12.1 Due from related parties include an amount of KD 6,806,335 as of 31 December 2007 (12,641,012 as of 31 December 2006) arising from ceasing to consolidate Kuwait Resort Company (K.S.C.C) associate company (formerly – a subsidiary).

12.2 Due from related parties has been included after deducting the provision of doubtful debts balance amounting KD 827,903 as of 31 December 2007.

13. Investments at fair value through profit and loss

Investments at fair value through P&L are represented in local quoted shares revaluated at fair value and managed by a related party (Note 31).

14. Cash and cash equivalents

	2007	2006 (Revised)
Cash on hand	39,423	39,673
Current accounts and call deposits with banks and financial institutions	496,058	12,873,191
Current accounts from increasing in subsidiary's capital	-	16,566,039
Murabaha	-	9,110,545
	<u>535,481</u>	<u>38,589,448</u>
Murabaha effective yield rate	-	5.48%

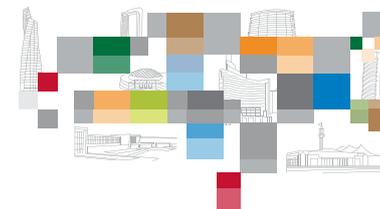
The fair value of cash and cash equivalents, equals its book value as of 31 December 2007/2006

15. Share capital

On 2 April 2007, the general assembly of the shareholders approved the proposal of the Board of Directors of the parent Company to increase Parents Company's capital by:-

- Issuing bonus share of 8% equal to 107,256,618 shares.
- Issuing shares for employees stock option of 0.667% equal to 8,942,520 shares to be paid on installments starting from 1 January 2008 on 30 June 2007 the employee stock option plan has been approved (Note 34), those shares has not been given yet accordingly no exercise has taken place on those shares as of 31 December 2007.

Accordingly, the issued capital of the Parent Company is KD 145,690,680 divided into 1,456,906,858 shares as of 31 December 2007 (KD 136,508,422 divided into 1,365,084,224 shares as of 31 December 2006) with par value 100 fils.



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And accordingly the paid up capital of the Parent Company is KD 144,796,434 divided into 1,447,964,338 shares as of 31 December 2007 (KD 134,070,772 divided into 1,340,707,720 shares as of 31 December 2006) with par value 100 fils.

The formal procedures of registering such amendments in the Commercial Register are currently in process.

16. Treasury shares

	2007	2006
Number of shares – share	43,595,920	38,824,000
Proportion to issued shares (%)	3.01%	2.9%
Market value	11,770,898	11,064,840

17. Statutory reserves

In accordance with the Kuwait Commercial Companies Law and the Parent Company's Articles of association, 10% of the net profit for the year, shall be transferred before contribution to Kuwait Foundation for Advancement of Sciences, National Labour Support Tax, directors' remuneration, and Zakat expense is transferred to the statutory reserve. Statutory reserve is not distributable to shareholders; however, the reserve could be utilized to secure payment of a dividend of 5% of share capital in years when retained earnings are not sufficient for the payment of a dividend of that amount. When the balance of the reserve exceeds 50% of share capital, the general assembly is permitted to utilize amounts in excess in aspects seen appropriate for the benefit of the Parent Company and its shareholders.

18. Voluntary reserves

As required by the Company's Articles of Association, a percentage is required to be transferred to the voluntary reserve as proposed by the board and agreed by the shareholders general assembly. Such transfers can be discontinued by a resolution of the general assembly upon recommendation by the board of directors. The board proposed transfer of 10% of the net profit for the year, before contribution to KFAS, NLST, board of directors' remuneration and Zakat expense for the year ended 31 December 2007 (31 December 2006: 10%).

19. Term financing from third party - current portion

	2007	2006 (Revised)
Estisna contract	3,638,180	4,564,607
Murabaha, Ijara and Tawaroq contracts	54,478,336	39,731,940
Ijara Islamic Sukuk	27,099,743	28,869,387
Total	85,216,259	73,165,934
Financing from third party – current portion	29,726,924	23,146,445
Financing from third party – Non current portion	55,489,335	50,019,489
Total	85,216,259	73,165,934

Non current portion balance matures within a period ranges from 1 to 5 years.

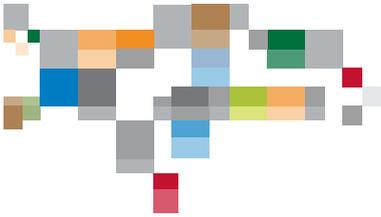
Effective yield cost rate for financing from third party is as follows:

	2007	2006
Estisna contract	9.5%	9.5%
Murabaha, Ijara and Tawaroq contracts	8% - 10.25%	8% - 9.25%
Ijara Islamic Sukuk	6.01%	6.52%

19.1 This term financing was given against mortgaged property, planet and equipment (Note 5) and projects in progress (Note 6), investment properties (Note 7), land and property held for trading (Note 11).

19.2 The Group's exposure to the rate of the cost of funding Islamic Sukuk and re-pricing dates is been assessed as the date of the financial statements.

19.3 The fair value of the Iskamic Sukuk is equivalent to its book value as of 31 December 2007/2006, as they bear a variable cost rate equivalent to market rate.



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20. Payables and other credit balances

	2007	2006 (Revised)
Trading Payable	3,034,639	13,550,302
Increase in Subsidiary's capital payable	-	16,566,039
Retentions	2,874,116	1,920,745
Due to related parties * (Note 31)	14,003,331	1,343,331
Kuwait Foundation for the Advancement of Sciences	347,537	301,343
National Labour Support Tax ("NLST")	1,598,975	2,103,722
Zakat	24,593	-
Revenues received in advance	257,364	237,620
Dividends payable to shareholders	94,554	170,191
Accruals and other credit balances	3,744,182	2,412,194
	<u>25,979,291</u>	<u>38,605,487</u>

* Due to related parties includes an amount worth KD 14,000,000 represents cash payment from the sale of shares of one of the Group's projects to an associate company.

21. Profit from investment properties

	2007	2006
Real estates rental income	6,830,099	6,258,323
Operating expenses	(1,138,653)	(1,019,487)
Net real estate rental income	5,691,446	5,238,836
Profit from sale of investment properties	577,000	-
Change in fair value of investment properties (Note 7)	20,599,708	5,891,990
	<u>26,868,154</u>	<u>11,130,826</u>

22. Net profit from land and properties held for trading

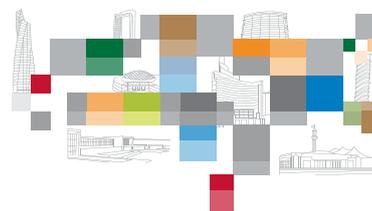
	2007	2006
Sales of land and real estate	21,031,987	12,965,815
Cost of sale of land and real estate	(5,688,157)	(5,690,406)
Profit from sale of land and real estate	15,343,830	7,275,409
Other costs	(1,639,298)	(1,296,032)
Reversal of impairment in value (Note 11)	288,857	49,660
	<u>13,993,389</u>	<u>6,029,037</u>

23. Hotel income

This item represents the Group's share in revenue from Rester Resort (formerly Safir Al Dana Hotel) owned by the Group for the year ended 31 December 2007.

24. Profit from available for sale investments

	2007	2006
Cash dividends	618,523	1,130,536
Net gain on sales of available for sale	5,255,158	8,174,027
	<u>5,873,681</u>	<u>9,304,563</u>



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25. Gain on disposal of a subsidiary

This item represents gain from sale portion of Kuwait Resorts Company K.S.C.C. during the year ended 31 December 2006 as follows:

	2007	2006 (Revised)
Total amount of sale of shares of a subsidiary	-	26,515,300
Net book value of sold shares plus sales commission	-	(12,376,318)
	-	14,138,982

Gain on sale a portion of a subsidiary includes KD 480,391 represents the realized profit between the Parent Company and the subsidiary company during the previous years, which have been recognised during the previous years due to transfer the subsidiary to an associate Company.

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

	2007	2006
Kuwait Foundation for the Advancement of Science contribution from net profit of the Parent Company	346,149	299,825
Kuwait Foundation for the Advancement of Science contribution from the subsidiaries	1,388	1,518
	347,537	301,343

27. Staff cost

Staff costs charged to statement of income are as follows:

	2007	2006
Staff costs (operation)	189,685	199,124
Staff costs (management)	2,592,106	2,443,462
	2,781,791	2,642,586
Number of employees as of 31 December (employee)	176	178

28. Zakat Expense

During the year ended 31 December 2007 the Regulation for the Law of Zakat has been issued, it is imperative that every Kuwaiti Shareholding Company to deduct 1% of its profits as Zakat and are supplied to the Ministry of Finance to spend on Share' a manners. The amount retained for Zakat is calculated on the basis of the net profits of the company multiplied by the number of days from the date of issuance of the Regulation of December 2007 upto 31 December 2007.

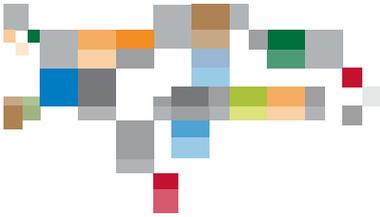
29. Earnings Per Share

Earnings per share are calculated by dividing the net profit for the year by the weighted average of the number of the shares outstanding during the year, taking into consideration the treasury shares.

The following is the calculation of Earnings per share:

	2007	2006 (Restated)
Net profit	44,649,904	35,627,668
Weighted average number of outstanding shares (share)	1,407,966,188	1,413,925,738
Earnings per share (Fils)	31.71	25.20

Earnings per share and the weighted average number of outstanding shares for the current year and for the comparative year were adjusted to include the effect of bonus shares which was approved by the shareholders general assembly meeting on 2 April 2007.



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30. Dividends

The board of directors of the parent company proposed cash dividends equal 14% and bonus share 10% for the year ended 31 December 2007 (31 December 2006: cash dividends 12% and bonus shares 8%).

Shareholders' dividends are stated in the financial statements after the approval of the general assembly of shareholders on the dividends proposed by the board.

31. Related parties transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, and associates in which the Parent company has representatives in their board. Significant related party transactions and balances resulting were as follows:

	2007	2006
Consolidated balance sheet		
Available for sale investments managed by a related party (Note 10)	286,435	300,573
Receivables and other debit balances (Note 12)	8,967,613	13,218,915
Financial investments at fair value through the statement of income (Note13)	68,322	80,079
Cash and cash equivalents (Note 14)	-	2,491
Creditors and other credit balances (Note 20)	14,003,331	1,343,331
Consolidated statement of income		
General and administrative expenses	21,798	74,810
Revenue from other operations	324,849	17,828
Profit from available for sale investments	34,832	-
Gain from sale of investment in associate	85,514	-
Gain on sale of land and property held for trading	3,808,876	-
Doubtful debts (Note 12)	827,902	-
Financing expenses	253,055	-
Top management benefits	874,559	598,271

The transactions with related parties are subject to approval of the General Assembly of the shareholders.

32. Capital commitments

	2007	2006
Uncalled capital – investments	6,029,851	20,811,218
Land and properties purchases	2,306,937	3,074,783
Contract for projects under development	24,304,521	23,747,072
	32,641,309	47,633,073

33. Contingent liabilities

	2007	2006
Letters of guarantee	2,112,591	2,905,892

34. Employee's Stock option

On 30 June 2007, the Board of Directors adopted a stock option plan for employees for a period of three years, beginning in 2007 and ending in 2009. In accordance with this plan, the total stock options granted is a number of 26,814,154 shares to all staff who meets certain conditions which give them the right to participate.

During the year ended 31 December 2007. The Group has accounted for the cost of stock options granted to the employees. The fair value of those options has amounted to KD 739,803. This amount has been recorded as part from staff cost with the credit balance in the equity.

35. Comparative figures

Comparative figures are reclassified to conform with current presentation of consolidated financial statements as of 31 December 2007.



You Trust... We Delivered

