Kuwait and Gulf Link Transport Company K.S.C. (Closed)
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www.kgl.com

His Highness
Sheikh Sabah Al Ahmad Al Jaber Al Sabah
Amir of The State of Kuwait

His Highness
Sheikh Nawaf Al Ahmad Al Jaber Al Sabah
Crown Prince of The State of Kuwait

His Highness
Sheikh Nasser Al Mohammed Al Ahmad Al Sabah
Prime Minister of The State of Kuwait

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Chairman’s Message

Dear Valued Shareholders,

We are very pleased to meet you on the occasion of holding the Kuwait & Gulf Link Transport Company General Assembly and to present the BOD Annual Report and the Company Financial Statements for the year ended as at 31/12/2008.

In spite of the limited increase in the operational revenues achieved in 2008, which amounted to KD 57,972,169, compared to the operational revenues in 2007, which amounted to KD 57,754,643, the Financial Statements for 2008 showed a loss of KD 8,337,746, compared to the total profits achieved by the Company in 2007, amounting to KD 10,551,804. Such loss is caused mostly by the global economic crisis experienced by the State and the World at large. Due to the loss arising from decline in the value of certain assets, the Company has taken the necessary precautions and increased the amount of provisions by KD 5,500,000 to confront any other exceptional circumstances that may emerge in 2009.

We are confident, after your approval on the Final Statement of Accounts and the Balance Sheet for the financial year 2008, that the year 2009 would show the fruitful outcome of your decision. Since the economic crisis repercussions, the Management began significantly to reduce the operating costs and restructure its subsidiaries whether through merger or sale. The Management has also restructured its banking facilities by converting them from short-term to long-term facilities to fit the company programs, plans and long-term projects. The Management is now considering the extent of appropriateness of the recent State’s financial Stability Law with the Management plans and whether this Law will be supportive to Company’s future activities.

In conclusion, we are confident that the plan we have set for the company expansion will continue as we promised you and will return on shareholders with profitable results in the coming years, assuring you of our commitment to continue to do our best endeavors to achieve the company’s growth and prosperity. We extend our sincere thanks to all KGL employees for their great efforts and dedication to work. We strive to progress and succeed under the distinguished leadership of His Highness the Amir of Kuwait, His Crown Prince, Prime Minister and the respectful Government. On your behalf, and in the name of the Board of Directors, we pay tribute to all employees at the Ministries and institutions for facilitating all of our businesses.

Peace, mercy and blessing of the Almighty may be upon you.

Saeed Esmail Dashti
Chairman & Managing Director


KGL
KGL

KGL Board of Directors

Saeed Esmail Dashti
Chairman and Managing Director

Hussain Jafar Al Sayegh, Ph.D.
Vice Chairman

Ali Hussain Al Issa
Board Member

Jassem Mohammed Nuseib
Board Member

Adnan Saud Al Rashed
Board Member

Yaqoub Abdullah Al Wazzan
Board Member

Ali Esmail Dashti, Ph.D.
Board Member

Annual Report

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Middle East
Burgan - International Accountents

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Independent Auditors' Report

The Shareholders

Kuwait & Gulf Link Transport Company K.S.C. (Closed)

State of Kuwait

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Kuwait and Gulf Link Transport Company K.S.C. (Closed) ("the parent company") and its subsidiaries (together referred to as "the group") which comprise the consolidated balance sheet as at December 31, 2008, and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion proper books of account have been kept by the parent company, the inventory was duly carried out and the consolidated financial statements, together with the information given in the board of directors' report agree with the books of account. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements include the information required by the Commercial Companies Law of 1960, as amended, and by the parent company's articles of association. We have not become aware of any contravention, during the year ended December 31, 2008, of the Commercial Companies Law of 1960, as amended, nor of the parent company's articles of association, that would materially affect the group's activities or its consolidated financial position.

Ali A.Al-Hasawi
Licence No. 30-A
Rodl Middle East
Burgan - International Accountants

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

March 31, 2009
State of Kuwait

Consolidated balance sheet as at December 31, 2008

"All amounts are in Kuwait Dinars"

	Note	2008	2007 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	4	134,903,737	142,168,009
Intangible assets		1,028,622	856,569
Investment in associates	5	14,565,384	21,453,581
Investment in unconsolidated subsidiaries	6.2	5,177,747	4,562,948
Investment in joint venture		-	115,546
Investment properties	7	7,155,977	13,256,972
Available for sale investments	8	5,613,158	10,337,403
Total non-current assets		168,444,625	192,751,028
Current assets			
Inventories		2,352,123	1,267,042
Due from related parties	9	19,406,338	9,467,527
Other receivables	10	10,465,332	11,717,960
Trade receivables	11	19,446,949	24,079,639
Investments at fair value through statement of income	12	13,466,521	-
Cash and cash equivalents	13	6,413,649	7,508,476
Total current assets		71,550,912	54,040,644
Total assets		239,995,537	246,791,672
Equity and liabilities			
Equity			
Share capital	14	26,427,300	20,328,692
Share premium	15	30,306,818	26,241,079
Statutory reserve	16	8,045,578	8,045,578
Voluntary reserve	17	8,045,578	8,045,578
Treasury shares	18	(632,618)	(540,543)
Foreign currency translation reserve		(606,877)	(549,033)
Employee stock option reserve		1,000,241	1,000,241
Cumulative changes in fair value		(1,448,939)	(1,267,119)
(Accumulated loss)/ Retained earnings		(556,089)	17,946,002
Equity attributable to shareholders' of the parent		70,580,992	79,250,475
Minority interest		4,089,152	4,062,662
Total equity		74,670,144	83,313,137
Liabilities			
Non-current liabilities			
Provision for employees' indemnity		1,829,076	2,068,489
Non-current portion of term loans	19	74,183,999	64,775,110
Non-current portion of Murabaha payable	20	6,736,756	7,696,351
Total non-current liabilities		82,749,831	74,539,950
Current liabilities			
Current portion of term loans	19	28,556,721	41,583,727
Current portion of Murabaha payable	20	4,361,045	6,409,705
Trade payables		7,654,331	11,205,778
Due to related parties	9	6,398,728	9,847,423
Other credit balances	21	18,500,729	12,226,877
Bank overdraft	22	17,104,008	7,665,075
Total current liabilities		82,575,562	88,938,585
Total liabilities		165,325,393	163,478,535
Total equity and liabilities		239,995,537	246,791,672

The accompanying notes are an integral part of these consolidated financial statements

Saeed Ismail Dashti
Chairman and Managing Director

Dr. Hussain J. Al-Sayegh
Vice Chairman

Exhibit - B
Kuwait and Gulf Link Transport Company K.S.C. (Closed) and Subsidiaries
State of Kuwait

Consolidated statement of income for the year ended December 31, 2008
"All amounts are in Kuwait Dinars"

	Note	2008	2007 (Restated)
Revenue		57,972,169	57,754,643
Cost of sales		(42,599,548)	(40,680,374)
Gross profit		15,372,621	17,074,269
Share of results of associates	5	205,954	3,998,147
Gain on sale of associates	5 , 23	1,431,355	-
Gain on sale of share of subsidiaries	6 , 24	2,068,537	-
Loss on sale of available for sale investments		(2,962,259)	-
Unrealized gain on investments at fair value through statement of income	12	7,001,035	-
Share of results of an unconsolidated subsidiary		-	(340,064)
Increase in fair value of investment properties	7	139,039	3,796,659
Profit on sale of investment properties		432,581	2,100,667
Loss on sale of property, plant and equipment		(1,956,766)	(13,196)
Impairment loss of investments	8	(2,307,829)	-
Impairment loss of investment in joint venture		(115,546)	-
Allowance for doubtful debts		(5,500,000)	(54,633)
Other income		1,386,291	1,875,351
General and administrative expenses	25	(11,575,140)	(10,794,524)
Finance costs		(11,531,173)	(6,189,603)
(Loss)/Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National labor support tax (NLST), Zakat and directors' remuneration		(7,911,300)	11,453,073
Contribution To KFAS		-	(217,739)
NLST		-	(280,749)
Zakat		-	(9,652)
Directors' Remuneration		-	(170,000)
Net (Loss)/Profit For The Year		(7,911,300)	10,774,933
Attributable to:			
Equity holders of the parent		(8,337,746)	10,551,804
Minority interest		426,446	223,129
		(7,911,300)	10,774,933
(Loss)/Earnings per share (fils)	27	(34.835)	43.988

The accompanying notes are an integral part of these consolidated financial statements

Consolidated statement of cash flows as at December 31, 2008

"All amounts are in Kuwait Dinars"

	2008	2007 (Restated)
Operating activities		
Net (Loss)/Profit for the year	(7,911,300)	10,774,933
Adjustments for:		
Depreciation and amortisation	16,474,938	12,577,456
Finance costs	11,531,173	6,189,603
Share of results of associates	(205,954)	(3,998,147)
Gains on sale of associates	(1,431,355)	-
Gain on sale share of subsidiaries	(2,068,537)	-
Loss on sale of available for sale investments	2,962,259	-
Unrealized gain on investments at fair value through statement of income	(7,001,035)	-
Increase in fair value of investment properties	(139,039)	(3,796,659)
Profit on sale of investment properties	(432,581)	(2,100,667)
Loss on disposal of property, plant and equipment	1,956,766	13,196
Impairment loss of investments	2,307,829	-
Impairment in value of joint venture	115,546	128,330
Allowance for doubtful debts	5,500,000	54,633
Share of results of an unconsolidated subsidiary	-	340,064
Provision for staff indemnity	(212,804)	506,470
Share based payments	-	362,330
	21,445,906	21,051,542
Movements in working capital:		
(Increase)/Decrease in inventories	(1,085,081)	429,331
Decrease/(increase) in trade receivables	19,803	(4,557,382)
(Decrease) /Increase in due from related parties	(2,627,993)	15,515,230
(Decrease) in other receivables	(5,639,493)	(3,716,421)
(Decrease)/ Increase in trade payables	(3,551,447)	3,630,218
Increase in other credit balances	6,273,852	505,067
Cash generated from operations	14,835,547	32,857,585
Payment of staff indemnity	(26,609)	(102,382)
Net cash from operating activities	14,808,938	32,755,203
Investing activities		
Purchase of available for sale investments	(2,270,482)	(4,557,583)
Investments in unconsolidated subsidiaries	(614,799)	(3,940,993)
Investments in associates	-	223,431
Purchase of intangible assets	(175,419)	-
Purchase /Sale of treasury shares	(92,075)	1,052,045
Purchase of property, plant and equipment	(17,552,465)	(70,164,526)
Proceeds from disposal of property, plant and equipment	6,820,980	4,265,826
Purchase of investment properties	(3,926,293)	(96,169)
Proceeds from disposal of investment properties	10,598,908	4,800,667
Net cash used in investing activities	(7,211,645)	(68,417,302)
Financing activities		
Proceeds from issue of shares	8,131,478	1,137,716
Dividends paid	(8,131,476)	-
Net (payment) /proceeds from term loan	(3,618,117)	35,138,449
Net (payment)/ proceeds of Murabaha payable	(3,008,255)	4,539,587
Redemption of bonds	-	(6,000,000)
Finance costs paid	(11,531,173)	(6,055,470)
Minority interest	26,490	3,339,942
Net cash (used in)/from financial activities	(18,131,053)	32,100,224
Net decrease in cash and cash equivalents	(10,533,760)	(3,561,875)
Cash and cash equivalents at beginning of the year	(156,599)	3,405,276
Cash and cash equivalents at end of the year - **(note 13)**	(10,690,359)	(156,599)

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit - D
Kuwait and Gulf Link Transport Company K.S.C. (Closed) and Subsidiaries
State of Kuwait

Consolidated statement of changes in equity for the year ended December 31, 2008
"All amounts are in Kuwait Dinars"

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Foreign currency translation reserve	Employees stock option reserve	Cumulative changes in fair value	Retained Earnings / (Accumulated loss)	Total	Minority Interest	Total equity
Balance at January 1, 2007	15,465,752	25,284,528	6,922,584	6,922,584	(1,592,588)	(141,036)	637,911	(2,307,513)	15,212,262	66,404,484	499,592	66,904,076
Foreign currency translation reserve	-	-	-	-	-	(407,997)	-	-	-	(407,997)	-	(407,997)
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	-	1,040,394	-	1,040,394	-	1,040,394
Total profit recognized directly in equity	-	-	-	-	-	(407,997)	-	1,040,394	-	632,397	-	632,397
Net profit for the year	-	-	-	-	-	-	-	-	10,551,804	10,551,804	223,129	10,774,933
Total recognized profit for the year	-	-	-	-	-	(407,997)	-	1,040,394	10,551,804	11,184,201	223,129	11,407,330
Acquisitions of subsidiary	-	-	-	-	-	-	-	-	-	-	3,339,941	3,339,941
Issue of bonus shares	4,681,775	-	-	-	-	-	-	-	(4,681,775)	-	-	-
Transfer to reserves	-	-	1,122,994	1,122,994	-	-	-	-	(2,245,988)	-	-	-
Sale of treasury shares	-	-	-	-	1,052,045	-	-	-	(3,188)	1,048,857	-	1,048,857
Employees stock option	181,165	956,551	-	-	-	-		-	-	1,137,716	-	1,137,716
Recognition of share based payments	-	-	-	-	-	-	362,330	-	-	362,330	-	362,330
Balance at December 31, 2007	20,328,692	26,241,079	8,045,578	8,045,578	(540,543)	(549,033)	1,000,241	(1,267,119)	18,833,115	80,137,588	4,062,662	84,200,250
Balance at January 1, 2008	20,328,692	26,241,079	8,045,578	8,045,578	(540,543)	(549,033)	1,000,241	(1,267,119)	18,833,115	80,137,588	4,062,662	84,200,250
Prior year adjustment (note 26)	-	-	-	-	-	-	-	-	(887,113)	(887,113)	-	(887,113)
Balance at December 31, 2007 (restated)	20,328,692	26,241,079	8,045,578	8,045,578	(540,543)	(549,033)	1,000,241	(1,267,119)	17,946,002	79,250,475	4,062,662	83,313,137
Foreign currency translation reserve	-	-	-	-	-	(57,844)	-	-	-	(57,844)	-	(57,844)
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	-	(181,820)	-	(181,820)	-	(181,820)
Total loss recognized directly in equity	-	-	-	-	-	(57,844)	-	(181,820)	-	(239,664)	-	(239,664)
Net loss for the year	-	-	-	-	-	-	-	-	(8,337,746)	(8,337,746)	426,446	(7,911,300)
Total recognized loss for the year	-	-	-	-	-	(57,844)	-	(181,820)	(8,337,746)	(8,577,410)	426,446	(8,150,964)
Issue of bonus shares	2,032,869	-	-	-	-	-	-	-	(2,032,869)	-	-	-
Increase of share capital	4,065,739	4,065,739	-	-	-	-	-	-		8,131,478	-	8,131,478
Issue of dividends	-	-	-	-	-	-	-	-	(8,131,476)	(8,131,476)	-	(8,131,476)
Purchase of treasury shares	-	-	-	-	(92,075)	-	-	-	-	(92,075)	-	(92,075)
Net movement on minority interests	-	-	-	-	-	-	-	-	-	-	(399,956)	(399,956)
Balance at December 31, 2008	26,427,300	30,306,818	8,045,578	8,045,578	(632,618)	(606,877)	1,000,241	(1,448,939)	(556,089)	70,580,992	4,089,152	74,670,144

The accompanying notes are an integral part of these consolidated financial statements.

1- Status and activities

Kuwait and Gulf Link ("KGL") Transport Company K.S.C (Closed) ("the Company") is a closed Kuwaiti Shareholding Company incorporated on 1 May 1982. The Company is listed in Kuwait Stock Exchange.

The main objectives are to provide the following services:
- General cargo and stevedoring service at sea ports
- Container terminal operator
- General cargo transport and handling services
- Container transport and handling services
- Heavy equipment lease services
- Heavy lift transport services
- Light vehicle lease services
- International overland passenger services
- Shipping lines – agency services
- Customs clearance services
- Fuel haulage services
- Municipal services
- Cleaning services
- Garbage collection and transportation services
- Skilled and semi skilled manpower services
- Investment through fund managers

The Company is domiciled in Kuwait and the address of its principal place of business is Shuwaikh Industrial Area– P. O. Box 24565, Safat 13106, State of Kuwait.

The consolidated financial statements of the Company for the year ended December 31, 2008 comprise the Company, and subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

The consolidated financial statements were authorized for issue by the Board of Directors on 31 March 2009 the shareholders of the Parent Company have the power to amend these financial statements at the annual general assembly.

2- Adoption of new and revised standards and interpretations

Standards and interpretations effective during the year:

- IFRIC 11 IFRS 2: Group and Treasury Share Transactions.
- IFRIC 12: Service Concession Arrangements.
- IFRIC 13: Customer Loyalty Programmes.
- IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction.
- IAS 39 (Revised): Financial Instruments – Recognition and Measurement.
- IFRS 7 (Revised): Financial Instruments – Disclosures.
- The adoption of these standards and interpretation has not led to any changes in the Group's accounting policies.

Standards and interpretation issued but not yet adopted:
The following represents new and revised issued standards and interpretations but not yet effective:

Standards and interpretations effective for annual periods beginning on or after January 1, 2009:

- IAS 1 (Revised): Presentation of Financial Statement
- IAS 19 (Revised): Employee Benefits
- IAS 23 (Revised): Borrowing Costs
- IAS 28 (Revised): Investments is Associates
- IAS 32 (Revised): Financial Instruments - Presentation
- IAS 36 (Revised): Impairment of Assets
- IAS 38 (Revised): Intangible Assets
- IAS 39 (Revised): Financial Instruments - Recognition and Measurement

• IAS 40 (Revised): Investment Property
• IAS 41 (Revised): Agriculture
• IFRS 2 (Revised): Share-Based Payments
• IFRS 8: Operating Segments

Standards and interpretations effective for annul periods beginning on or after July 1, 2009:

• IAS 27 (Revised): Consolidated and Separate Financial Statement
• IFRS 3 (Revised): Business Combination
• IFRS 5 (Revised): Non-current Assets Held for Sale and Discontinued Operations

The management of the Group anticipates that the adoption of these standards and interpretations will not have a material financial impact on the consolidated financial statement of the Group in the period of initial application.

3- Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are as follows:

3/1) Basis preparation of consolidated financial statements

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Commercial Company's Law requirements.
- The accounting policies have been consistently applied during the year, as a similar base for the policies applied in the previous year, except for the adoption of (Note 2).

3/2) Accounting convention

- These consolidated financial statements are prepared under the historical cost convention, adjusted through the revaluation of some assets according to fair value as explained in detail in the accompanying policies and disclosures.
- The consolidated financial statements are presented in Kuwaiti Dinar.

3/3) Basis of consolidation

• Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries, other than those which are held with a view to disposal within twelve months and subsidiaries which are considered as not material to the financial statements are consolidated from the date that control effectively commences until the date that control effectively ceases.

Intra-group balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

• Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and initially recognized at cost.
The Company'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. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognized further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

• **Joint venture**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the economic activity require the unanimous consent of the parties sharing control.

The Group's interest in a jointly controlled entity is recognized by equity method. The Group discontinues the equity method, from the date that it ceases to have joint control over, or significant influence in, a jointly controlled entity.

3/4) Recognition / derecognizing of financial assets

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. Financial asset (in whole or in part) is derecognized when the contractual rights to the cash flows from the financial asset expire or when the group transfers substantially all the risks and rewards of ownership or when the group has neither transferred retained substantially all the risks and rewards of ownership and when it no longer has control over the asset or a proportion of the assets. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3/5) Foreign currencies

Foreign currency transactions are recorded in Kuwaiti Dinars at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Kuwaiti Dinars at the rate of exchange prevailing on the balance sheet date. Resulting gains or losses on exchange are recorded as part of the results for the year. Non-monetary assets and liabilities denominated in foreign currency, which are stated at historical cost or amortised cost are recorded at the exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the values were determined.

Net assets of foreign associates are translated at the exchange rates prevailing at the date of the balance sheet. Revenues and expenses are translated at the exchange rates prevailing on the date of transaction. Gains and losses resulting from these transactions are directly included in shareholders' equity in foreign currency translation reserve.

3/6) Property, plant and equipment

Property, plant and equipment, except land and capital work-in-progress are carried at cost less accumulated depreciation and impairment losses, if any. Land is carried at cost less impairment losses. The useful life is reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property, plant and equipment. A change in the estimated useful life of a property, plant and equipment is applied at the beginning of the year of change with no retrospective effects.

The Group recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item, when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost can be reliably measured. All other costs are recognized as an expense in the income statement.

Depreciation is charged on a straight-line basis over the estimated useful lives which are as follows:

	Year
Buildings	20
Machinery	4
Furniture, computers and cleaning equipment	4
Vehicles, forklifts and cranes	6.67-10

Gain or losses resulting from the disposal of property, plant and equipment is included in the statement of income and represents the difference between the selling price and their carrying value.

3/7) Intangible assets

• Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill on acquisitions of subsidisers is included intangible assets. Goodwill on acquisition of associate is included in investments in associates. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

• Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and impairment losses. Intangible assets are amortized on a straight line basis over the estimated useful lives as follows:

	Year
Key money	20
Utilization rights	5
Franchise	5

The useful life and amortization method are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefits of these assets.

3/8) Investment properties

Investment properties are properties held by the Group to earn rental income or capital appreciation or both. Investment property is stated at fair value determined by an independent valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognized in the consolidated statement of income.

3/9) Financial instruments

Classification

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instrument at initial recognition and re-evaluates this designed every reporting date. The Group has classified its financial instruments as follows:

Financial assets at fair value through income statement

This category has two sub-categories financial assets held for trading and those designated at fair value through income statement. A financial assets is classified in this category if acquired principally for the purpose of selling in the short term or if so designed by management.

Receivables

There are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods and services directly to a debtor with no intention of trading the receivables.

Financial assets available for sale

These are non derivative financial assets that are either designated in this category or not included in any of the above categories and are principally, those acquired to be held, for an indefinite period of time which could be sold when liaudity is needed or upon changes in rates of profit.

Recognition and de-recognition

Regular purchase and assets of financial assets are recognized on settlement date – the date on which the Group delivers or receives the asset. Financial assets are derecognized 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.

Measurement

Financial assets are initially recognized at fair value plus transaction cost for all financial assets not carried at fair value through income statement. Financial assets carried at fair value through income statement are initially recognized at fair value and transaction cost are expensed in the income statement.
Subsequently, investment available for sale and financial assets at fair value through income statement are carried at fair value, and loans and receivable are carried at amortized cost using the effective yield method.

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through income statement' category, are included in the income statement for the period in which they arise. Changes in the fair value of financial assets classified as available for sale investments are recognized in equity (under change in fair value reserve), when available for sale financial assets are sold or impaired, the accumulated changes in fair value recognized in equity are included in the statement of income.

Fair values

The fair values of financial instruments in regular financial market are bases on last bid prices.
For the unquoted investment, the group establishes fair value by reference to other that are substantially the same, or by using the expected discounted cash flow analysis after adjustment to reflect the same circumstances of the issuing company available for dale investments, which its fair value have not been determined are carried at cost less impairment losses.

Impairment in value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, 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 recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.
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 of receivable. The amount of the specific provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the effective rate of return. The amount of the provision is recognized in the income statement.

3/10) Inventories

Inventories are stated at the lower of cost and net realizable value after making allowance for any slow moving and obsolete items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3/11) Cash and cash equivalents

Cash and cash equivalents represent cash on hand and at bank and term deposits maturing within a period not exceeding three months from the date of placement. Bank overdrafts that are repayable on demand and form an integral part of Group's cash management are included as cash and cash equivalents.

3/12) Treasury shares

Treasury shares consist of the Company's own shares that have been issued, subsequently reacquired by the Company and not yet reissued, sold or cancelled. No gain or loss is recognized in income statement on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is directly recognized in equity. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (gain on sale of treasury shares) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings and then to reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

3/13) Share based payments

The share option programme allows employees to acquire shares of the Company. The fair value of the options granted is recognized as an employee expense with corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to non-compliance with vesting conditions.

3/14) Provision for employees' indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law and employment contracts with staff. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the balance sheet date, and approximates the present value of the final obligation.

3/15) Provisions

A provision is recognized in the 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 pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3/16) Accounts payable

Accounts payable and other credit balances are stated at their cost.

3/17) Revenue recognition

Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or associated costs. Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Rental income is recognized on a straight line basis over the term of the lease.

Dividend income is recognized when the right to receive payment is established.

3/18) Term financing

Finance by others acquired by the Group 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.

3/19) Impairment of non financial assets

Property, plant and equipment, investment in subsidiary, investment in associates, goodwill and other intangible assets are reviewed as at the date of preparing the financial statements in order to determine whether there is an objective evidence of impairment in value if such evidence exists, the estimated recoverable amount of the assets are determined and any impairment loss is recognised in the statement of income when the carrying amount of the asset is in excess of the recoverable amount. The recoverable amount is the higher of an asset's net selling price or its value in use. The net selling price represents the amount obtainable from the sale of an asset in an arm's length transaction, while the asset value in use represents the present value of estimated future cash flows expected to arise from the continuing use of an assets, and with its disposal at the end of it useful life. Recoverable amounts are estimated for each item of the assets on an individual basis or if this is impractical for the cash flows generating unit.
Reversal of impairment losses recognised in prior years is recorded as income when there is an indication that the impairment losses for the asset no longer exist or has decreased net book value of an item and impairment loss should not be exceed its net book value in case that the loss has not been initially recognised.

3/20) Critical accounting assumptions and judgments

According to the accounting policies in the Internationals Financial Reporting Standards applies by the Group, such Standards requires management to make the following estimates and assumptions that affect the reported amounts of assets and liabilities.

Judgments
Investments classification
Management, has to decide on acquisition of financial instrument whether it should be classified as carried at fair value through statement of income or available for sale. In making that judgment the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgments determine whether it is subsequently measured at cost at fair value, and if the changes in the fair value of instruments are reported in the statement of income or directly in equity.

Impairment in value evidence
Where there is a significant or prolonged in quoted available for sale investments, the management uses estimations and objective evidences, to assess whether impairment exists.

Management at each balance sheet date determines whether there is an impairment on available for sale investments values. The determination of the impairments requires considerable judgment and involves evaluating factors including industry and market conditions.

Uncertainty of estimates

Significant accounting estimates and assumption

The Group makes estimations and assumptions related to future. The accounting estimates are rarely equal the actual results. Estimations and assumptions that have material impact attributable to adjustments affecting the carrying values of assets and liabilities during the next financial year areas are as follows:

Fair values – of unquoted, equity investments securities

Valuation techniques of unquoted equity investments is in which estimates are used representing the expected cash flows discount rates, return trades, adjusted local market prices, credit risks, related costs and other valuation techniques used by market participants generally.

The group calibrates the valuation techniques periodically and tests these for validlity using either prices from observable current market transactions in the same instrument or other available observable market data.

Critical judgments in applying the Group's accounting polices

Impairment loss on available for sale investments

The group follows IAS 39 guidelines when determining whether there is impairment of available for sale investments. This determination requires significant judgment from management. In making this judgment, the Group evaluates among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial position of the investee, including factors such as industry and sector performance the extent of changes in technology and cash flows of operating and financing activities.

3/21) Segment reporting

A segment is an distinguishable component of the Group either in providing products or services known as 'Business segment' or in providing products or services within a particular economic environment known as 'Geographical segment', which is subject to risks and rewards that are different from those of other segments.

4- Property, plant and equipment

	Land and buildings	Vehicles	Machinery	Furniture, computers and cleaning equipment	Capital work in progress	Total
Cost						
At January 1, 2008	1,157,813	144,870,634	9,262,544	2,246,621	15,917,425	173,455,037
Additions	4,808,702	6,611,420	5,784,575	347,768	-	17,552,465
Disposals	(9,229)	(17,172,312)	(245)	(129,890)	(1,122,271)	(18,433,947)
Transfers	305,194	9,083,552	-	-	(9,388,746)	-
At December 31, 2008	6,262,480	143,393,294	15,046,874	2,464,499	5,406,408	172,573,555
Accumulated depreciation and impairment losses						
At January 1, 2008	126,632	29,013,617	614,179	1,532,600	-	31,287,028
Charge for the year	260,293	15,362,835	537,537	310,907	-	16,471,572
Relating to disposals	(9,426)	(9,532,746)	(87,659)	(458,951)	-	(10,088,782)
At December 31, 2008	377,499	34,843,706	1,064,057	1,384,556	-	37,669,818
Net book value						
At December 31, 2008	**5,884,981**	**108,549,588**	**13,982,817**	**1,079,943**	**5,406,408**	**134,903,737**
At December 31, 2007	1,031,181	115,857,017	8,648,365	714,021	15,917,425	142,168,009

Property, plant and equipment with carrying value of KD 19,220,691 (2007: KD 17,075,807) are mortgaged against loans granted to the Group (see note 19).

Depreciation charge has been allocated as follows:

	2008	2007
Operating cost	**15,674,413**	11,755,954
General and administrative expenses	**797,159**	809,829
	16,471,572	12,565,783

5- Investment in associates

	Ownership percentage %		Carrying value	
	2008	2007	2008	2007
Gulf Stevedoring Contracting Company W.L.L. (incorporated in Saudi Arabia)	-	20	-	6,805,775
Axis Solutions for Computer Systems K.S.C. (Closed)	44	44	472,404	430,136
KGL Port International Company K.S.C. (Closed)	41.67	41.67	3,138,286	4,080,531
Kuwait United Development Company K.S.C. (Closed)	48	48	654,116	701,607
Kuwait Asphalt Emulsion Production Company K.S.C. (Closed)	-	27	-	156,130
KGL Logistics K.S.C. (Closed)	45.9	45.9	10,300,578	9,279,402
			14,565,384	21,453,581

The following table summarizes the information relating to the group's investments in the associates:

	2008	2007
Total assets	109,497,541	152,124,394
Total liabilities	(63,382,579)	(76,479,502)
Net assets	46,114,962	75,644,892
Group's share of associates' net assets	14,565,384	21,453,581
Revenue	20,364,177	66,272,639
Profit for the year	294,947	11,902,377
Group's share of result of associates	205,954	3,998,147

During the year ended December 31, 2008, the Parent Company has disposed of 1% of its interest in the associated company Gulf Stevedoring Contracting Company W.L.L. for a sale consideration amounting to KD 708,765 and has recognized a profit of KD 368,476 in the consolidated statement of income. Consequent to the disposal of its 1% interest, the group has no significant influence and its remaining stake of 19% in the above associated company having a carrying amount of KD 6,465,486 is classified as investments at fair value through statement of income (see note 12).

The group sold its investments in associate Kuwait Asphalt Emulsion Production Company K.S.C. (Closed) to a related party result a profit of KD 1,062,879.

The management has no evidence or indications for any impairment of the value of the goodwill at the consolidated balance sheet date.

6- Investment in subsidiaries

6.1 Consolidated subsidiaries

The subsidiaries of the Company which have been consolidated in these financial statements together with the holdings at December 31, are set out below:

Name of subsidiary	Country of incorporation	Ownership interest (%)		Principle activity
		2008	2007	
KGL Holding Company K.S.C. (Closed)	Kuwait	100	100	Investments activities
KGL Car Rental Company W.L.L.	Kuwait	100	100	Car rental
Majestic Travel and Tourism Company W.L.L.	Kuwait	100	100	Travel and Tourism
KGL Passenger Transport Services K.S.C. (Closed)	Kuwait	100	100	Passenger Transport
Combined Shipping Company K.S.C. (Closed)	Kuwait	51	51	Sea passenger transport
Global united for Insurance services Co W.L.L.	Kuwait	100	100	Insurance services
Gulf Coast Stevedoring Contracting Company W.L.L.	Kuwait	-	100	Stevedoring services
KGL Technical Services Company K.S.C. (Closed)	Kuwait	100	100	Garage and maintenance
KGL Transportation Company K.S.C. (Closed)	Kuwait	100	100	Transportation
KGL General Services Company W.L.L.	Kuwait	-	100	Cleaning services
KGL Real Estate Company K.S.C. (Closed)	Kuwait	100	100	Real estate
International Motors Company K.S.C. (Closed)	Kuwait	100	100	Sale and purchase of vehicle and vehicle maintenance
Sudan River Transport Company	Sudan	51	51	Cargo transport
KGL Shipping Company K.S.C. (Closed)	Kuwait	100	-	Passenger and Cargo transport (new established)
KGL Aviation for Airplane Services	Kuwait	100	-	Transportation (new established)

The group diluted the ownership of 90% of KGL General Services Company W.L.L and its subsidiaries to a related party on 30 June 2008 and classified the remaining balance as available for sale investments (see note 24).

Certain shares are registered in the name of related parties who are holding them in trust, for and on behalf of the Company.

6.2 Unconsolidated subsidiaries

	2008	2007
Saudi Link Holding – (Saudi Arabia)	219,303	-
KGL Metal Cutting K.S.C.C. (Kuwait)	991,500	991,500
KGL RAK Shipping Limited (UAE)	1,210,858	888,479
River Transport Company (Sudan)	2,756,086	2,682,969
	5,177,747	4,562,948

Unconsolidated subsidiaries are stated at cost, since they have not commenced commercial operations till the year end.

Certain shares of the unconsolidated subsidiaries are registered in the name of related parties who are holding them in trust, for and on behalf of the parent company.

7- Investment properties

	2008	2007
Balance as at beginning of year	13,256,972	2,510,000
Transfer from property and equipment	-	9,554,144
Additions during the year	3,926,293	96,169
Changes in fair value	139,039	3,796,659
Disposals	(10,166,327)	(2,700,000)
	7,155,977	13,256,972

The fair value of the group's investment properties at December 31, 2008 amounted to KD 7,155,977 (2007: KD 13,256,972) on the basis of a valuation carried out by an independent valuer.

8- Available for sale investments

	2008	2007
Quoted investment	5,363,158	2,113,264
Unquoted investments	250,000	8,224,139
	5,613,158	10,337,403

Available for sale investments are acquired with the intention of capital appreciation over a medium to long-term time frame. Unquoted securities amounting to KD 250,000 (2007: KD 8,224,139) are carried at cost since their fair values could not be measured reliably.

At December 31, 2008, the shares of Refrigeration Industries Company held by the group with a fair value of KD 650,843 (2007: KD 1,102,500) are secured against a term loan obtained from a local commercial bank (see note 19).

Available for sale investments with carrying value of KD nil (2007: KD 483,875) have been mortgaged as security against murabaha payable (see note 20).

During the year, the Group has recognized impairment losses in value of available for sale investments and charged to the statement of income with amount of KD 2,307,829.

9- Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management. Transactions with related parties are as follows:

	2008	2007
Transactions during the year		
Profit for sale of subsidiaries and associates	3,131,416	-
Key management personnel	612,052	823,542
Due from		
Associates and unconsolidated subsidiaries	19,406,338	9,467,527
Due to		
Key management personnel – Bonus	612,052	823,542
Associates and unconsolidated subsidiaries	6,398,728	9,847,423
	7,010,780	10,670,965

Balance due from/to related parties do not carry any interest and do not have fixed maturity dates.

10- Other receivables

	2008	2007
Prepayments	5,070,072	4,256,476
Deposits	695,168	932,953
Insurance claim	117,431	115,939
Unbilled income	66,903	1,901,573
Advance to suppliers	902,768	656,441
Staff receivables	387,627	907,575
Receivable on sale of associate (Gulf Stevedoring - Saudi Arabia)	708,765	-
Other receivables	2,516,598	2,947,003
	10,465,332	11,717,960

11- Trade receivables

	2008	2007 (Restated)
Trade receivables	27,839,168	27,038,129
Allowance for doubtful debts	(8,392,219)	(2,958,490)
	19,446,949	24,079,639

Movement in the allowance for doubtful debts

	2008	2007
Balance at beginning of the year	2,958,490	2,950,010
Amounts written off during the year	(66,271)	(46,153)
Increase in allowance recognised in the statement of income	5,500,000	54,633
	8,392,219	2,958,490

At the balance sheet date, net trade receivables amounting to KD 17,095,395 (2007: KD 11,543,342) were past due but not considered to be impaired. The ageing analysis of these receivables is as follows:

Ageing of past due but not impaired

	2008	2007
90 – 120 days	559,936	5,504,767
120 – 180 days	1,822,797	600,119
180 – 365 days	6,234,077	1,084,012
Above 365 days	8,478,585	4,354,444
	17,095,395	11,543,342

Accounts receivable that are not past due are considered collectible based on historic experience.

12- Investments at fair value through statement of income

	2008	2007
Designated:		
Unquoted equity security	13,466,521	-

The above unquoted equity security represent investment stake of 19% in Gulf Stevedoring Contracting Company W.L.L, Saudi Arabia and is carried at fair value as determined by independent valuers (see note 5).

13- Cash and cash equivalents

	2008	2007
Bank balances and cash	6,157,917	3,808,476
Time deposits	255,732	3,700,000
Cash and cash equivalents in consolidated balance sheet	6,413,649	7,508,476
Bank overdrafts (note 22)	(17,104,008)	(7,665,075)
Cash and cash equivalents	(10,690,359)	(156,599)

The group's time deposits yield interest at an average rate of 7.75% to 8.125% per annum (2007: 7.75% to 8.125% per annum) and mature within three months from the date of deposit.

14- Share capital

The authorized, issued and fully - paid share capital is KD 26,427,300 (264,273,013 shares of 100 fils)- (2007: KD 20,328,692 represented in 203,286,920 shares of 100 fils).

The movement in shares in issue during the year was as follows:

	2008	2007
Number of shares in issue January 1,	203,286,920	154,657,520
Bonus issue	20,328,693	46,817,750
Increased share capital	40,657,400	-
Employees share option scheme	-	1,811,650
Number of shares in issue at December 31,	264,273,013	203,286,920

15- Share premium

The share premium account is not available for distribution.

16- Statutory reserve

In accordance with the Commercial Companies Law of 1960, as amended, and the parent company's articles of association, 10% of the profit for the year is required to be transferred to the statutory reserve until the reserve totals 50% of the paid up share capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

17- Voluntary reserve

As required by the parent company's articles of association, 10% of the profit for the year is required to be transferred to the voluntary reserve. Such annual transfers can be discontinued by resolution of shareholders in the annual general assembly meeting upon recommendation by the board of directors. There are no restrictions on the distribution of this reserve.

18- Treasury shares

	2008	2007
Number of shares	1,840,125	373,612
Percentage of issued shares	0.696%	0.18%
Market value (KD)	220,815	183,070

Reserves of the parent company equivalent to the cost of treasury shares have been earmarked as non-distributable.

19- Term loans

	2008	2007
Current portion	28,556,721	41,583,727
Non-current portion	74,183,999	64,775,110
	102,740,720	106,358,837

The effective interest rate on term loans ranges from 2.25.% to 3% (2007: 1.5% to 3.75%) per annum over Central Bank of Kuwait discount rate. These term loans are granted by local financial institutions and are secured by property, plant and equipment and certain available for sale investments (see note 4, 8).

20- Murabaha payable

	2008	2007
Current portion	4,361,045	6,409,705
Non-current portion	6,736,756	7,696,351
	11,097,801	14,106,056

The effective yield rate ranges from 2.25% to 3% at December 31, 2008 (2007: 2.25% to 3%) over Central Bank of Kuwait discount rate.

Certain available-for-sale investments with carrying value of KD Nil as at December 31, 2008 (2007: KD 483,875) are mortgaged against the murabaha payable (note 8).

21- Other credit balances

	2008	2007
Accrued expenses	15,131,388	5,897,713
Provision for staff leave	1,364,538	1,081,599
Dividends payable	583,175	172,421
Kuwait Foundation for the Advancement of Sciences	118,319	148,324
National Labor Support tax	125,621	380,141
Due to employees	452,318	385,669
Other credit balances	725,370	4,161,010
	18,500,729	12,226,877

22- Bank overdrafts

Bank overdrafts represent unsecured facility obtained from a local commercial bank. Interest rates on this facility ranges from 2.5 % to 3.5 % as at December 31, 2008 (2007: 2.5% to 3.5%) over Central Bank of Kuwait discount rate.

23- Profit on disposal of associates

The group sold its investments in its associates resulted in profit amounting to KD 1,431,355. (refer note 5).

24- Profit on disposal of subsidiaries

	2008	2007
Fee for waiver of rights (refer note 6)*	1,350,000	-
Negative net assets of the subsidiaries disposed (refer note 6)	718,537	-
	2,068,537	-

* On June 30, 2008 the Group waived its right to participate in the increase of the share capital of a subsidiary in favor of a related party and a legally binding contract has been signed to affect this waiver. In return for this waiver the company received KD 1,350,000 from the related party.

25- General and administrative expenses

	2008	2007
Staff costs	5,243,528	4,978,982
Depreciation	797,159	809,829
Fuel and lubricants	53,888	158,885
Rents	561,798	815,026
Vehicle and equipment maintenance	183,544	418,090
Others	4,735,223	3,613,712
	11,575,140	10,794,524

26- Prior period adjustment

The consolidated financial statements as at December 31, 2007 were prepared based on unaudited management accounts of the subsidiaries as at December 31, 2007. During this year 2008 the company received the final audited financial statements of the subsidiaries which showed a difference between the audited financials and management accounts of the subsidiaries as at December 31, 2007. Management believes this constitutes a material misstatement of the Group's net assets as at December 31, 2007 and therefore as a consequence restated the balances as at December 31, 2007.

The impact of re-statement set out in the following table:

Declaration	Before amendment	Adjustments for	After amendment
Trade and other receivables	24,966,752	(887,113)	24,079,639
Retained earnings	18,833,115	(887,113)	17,946,002

27- (Loss)/earning per share

Basic loss/earning per share is calculated by dividing net losses/ profit for the year attributable to the parent company's shareholders by the weighted average number of shares outstanding during the year.

The impact of re-statement set out in the following table:

	2008	2007
(Loss)/ profit for the year attributable to equity holders of the parent	(8,337,746)	10,551,804
Weighted average number of outstanding shares (after treasury shares and effect of bonus share and rights issue)	239,351,829	239,878,577
(Loss)/earning per share (fils)	(34.835)	43.988

The weighted average number of share for 2007 has been adjusted for the effect of bonus share and rights issue (note 31).

28- Share based payments

The Extra Ordinary Annual General Assembly of the shareholders held on June, 19, 2008 approved to decrease the authorized share capital of the company by the number of unsubscribed stock option plan by 2,711,180 shares .

29- Business and geographical segments

A segment is a distinguishable component of the group either in providing products or services known as 'Business segment' or in providing products or services within a particular economic environment known as 'Geographical segment', which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the group's business and geographical segments. For management purposes, the group is organized into five major operating divisions- Handling and stevedoring, Passenger and petrol transportation, car rental, cleaning services and others. These divisions are the basis on which the group reports its primary segment information. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

a) Business segments
Financial information about business segments for the year December 31, 2008 is set out below:

	Land Transport	Passenger and petrol transportation	Car rental	Cleaning services	Others (unallocated)	Total
Segment revenue	33,350,115	7,901,171	6,803,490	4,530,294	5,387,099	57,972,169
Segment costs	(21,356,311)	(8,625,624)	(6,802,014)	(4,008,087)	(1,807,512)	(42,599,548)
Segment results	11,993,804	(724,453)	1,476	522,207	3,579,587	15,372,621
Unallocated income					6,846,577	6,846,577
Unallocated expenses					(30,130,498)	(30,130,498)
Minority Interest					(426,446)	(426,446)
Profit/(loss) for the year	3,751,328	(4,054,465)	(3,668,440)	(2,377)	(4,363,792)	(8,337,746)
Segment assets and liabilities						
Segment assets	100,413,303	24,936,733	19,514,262	-	95,131,239	239,995,537
Segment liabilities	88,460,998	23,866,224	22,023,014	-	30,975,157	165,325,393
Other information						
Purchases of property, plant and equipment	12,442,967	2,411,130	2,698,368	-	-	17,552,465
Depreciation of property, plant and equipment	8,999,251	2,661,800	4,092,011	-	718,510	16,471,572
Amortisation of intangibles	-	-	-	-	(3,366)	(3,366)
Profit / (loss) on disposal of property, plant and equipment	(811,556)	(42,363)	(803,824)	-	(299,023)	(1,956,766)

Financial information about business segments for the year December 31, 2007 is set out below:

	Land Transport	**Passenger and petrol transportation**	**Car rental**	**Cleaning services**	**Others (unallocated)**	**Total**
Segment revenue	28,720,394	9,680,404	7,338,742	5,520,264	6,494,839	57,754,643
Segment costs	(17,227,417)	(9,011,892)	(5,588,286)	(6,511,920)	(2,340,859)	(40,680,374)
Segment results	11,492,977	668,512	1,750,456	(991,656)	4,153,980	17,074,269
Unallocated income					11,770,823	11,770,823
Unallocated expenses					(18,070,159)	(18,070,159)
Profit for the year						10,774,933
Segment assets and liabilities						
Segment assets	95,323,309	29,574,366	29,297,247	14,259,076	78,337,674	246,791,672
Segment liabilities	87,015,743	24,449,391	28,137,561	14,994,841	8,880,999	163,478,535
Other information						
Purchases of property, plant and equipment	37,249,117	2,558,174	12,138,868	6,864,381	11,353,986	70,164,526
Depreciation of property, plant and equipment	5,472,081	2,208,061	3,255,749	1,208,513	421,378	12,565,782
Amortisation of intangibles	-	-	11,674	-	-	11,674
Profit / (loss) on disposal of property, plant and equipment	38,773	(6,004)	(42,871)	(3,094)	-	(13,196)

b) Geographical segments

The group operates primarily in the State of Kuwait. The group's assets and liabilities are based in Kuwait.

30- Financial risk and capital management

a) Capital risk management

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

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

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk are monitored on an ongoing basis. The group seeks to avoid undue concentration of risks with individuals or group of customers in specific locations. It also obtains security when appropriate. The maximum credit risk exposure arising from default of the counter-party is limited to the carrying amount of cash equivalents and accounts receivable and other assets.

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments, which potentially subject the group to interest rate risk, consist primarily of cash equivalents, bank overdrafts, short-term loans and term-loan.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the group's profit before KFAS, NLST, Zakat and Directors' remuneration for one year, based on the floating rate financial liabilities held at December 31, 2008

	Increase / (decrease) in basis points	Effect on profit for the year
2008		
KD 130,942,529	+0.25 %	(327,356)
KD 130,942,529	-0.25%	327,356
2007		
KD 128,129,968	+0.25 %	(320,325)
KD 128,129,968	-0.25%	320,325

d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.
The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2008	2007	2008	2007
USD	-	-	7,375,026	9,721,587
AED	302,173	323,447	2,334,126	1,037,304
Qatar Riyals	25,078	27,246	424,317	71,111
Saudi Riyals	-	-	-	6,805,775
	327,251	350,693	10,133,469	17,635,777

The tables below analyses the effect of a 5% strengthening in value of the currency rate against the Kuwaiti Dinar from levels applicable at December 31, 2008, with all other variables held constant on the consolidated statement of income and equity. A negative amount in the table reflects a potential net reduction in consolidated statement of income or equity, while a positive amount reflects a net potential increase.

		2008		2007	
Currency	**Change in currency rate in %**	**Effect on profit**	**Effect on equity**	Effect on profit before tax	Effect on Equity
USD	+5	(368,751)	-	(486,079)	-
AED	+5	(101,598)	-	(35,693)	-
Qatar Riyal	+5	(19,962)	-	(2,193)	-
Saudi Riyal	+5	-	-	-	(340,289)

e) Equity price risk

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

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

	Change in equity price 2008	**Effect on profit before KFAS, NLST, Zakat & Directors' fees 2008**	**Effect on equity 2008**	Change in equity price 2007	Effect on profit before KFAS, NLST & Board of Directors' fees 2007	Effect on equity 2007
State of Kuwait	+5%	-	279,408	+5%	-	105,663

f) Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The group current liabilities exceeded its current assets by KD 11,024,650 as at December 31, 2008 (2007: KD 34,897,941). The group is depended on availability of the continued support from the financial institution (i.e. rescheduling of the short term loan and murabah to medium /long credit facilities). The management is in the process of negotiating the terms of the settlement of the short term loans and murabah payables with the financial institutions. The management is confident that they will be able to renegotiate the terms of these short term loans and murabah.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the group's non-derivative financial liabilities based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2008	**Less than 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**
Term loans	28,556,721	21,697,470	50,557,676	1,928,853
Murabaha payable	4,361,045	2,396,076	4,340,680	-
Provision for staff indemnity	-	-	-	1,829,076
Trade payables	7,654,331	-	-	-
Due to realted parties	6,397,728	-	-	-
Other credit balances	18,500,729	-	-	-
Bank overdrafts	17,104,008	-	-	-

At December 31, 2007	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
Term loans	41,583,727	29,441,727	32,248,964	3,084,419
Murabaha payable	6,409,705	2,272,545	5,335,795	88,011
Provision for staff indemnity	-	-	-	2,068,489
Trade payables	11,205,778	-	-	-
Due to realted parties	9,847,423	-	-	-
Other credit balances	12,226,877	-	-	-
Bank overdrafts	7,665,075	-	-	-

g) Fair value of financial instruments

In the opinion of management, the carrying amount of cash and cash equivalents, trade receivables, trade payables, and available for sale investments are not significantly different from their fair values.

31- Proposed dividends

The board of directors proposed not to distribute dividends for the year ended December 31, 2008, this proposal subject to the approval of the general assembly meeting of the shareholders.

The general assembly meeting held on, June 3, 2008 approved a cash dividend of 40 fils per share and issue bonus shares of 10% of the share capital to the shareholders of record as of the date of the general assembly, and increase the share capital by 20% through a rights issue (40,657,386 shares) at 200 fils per share being 100 fils par value and 100 fils share premium per share.

32- Commitments and contingent liabilities

	2008	2007
Capital commitments		
For the acquisition of property and equipment	1,800,000	446,695
Contingent liabilities		
Letters of credit	5,458,775	10,146,132
Letters of guarantee	9,447,945	222,371
Solidarity performance guarantee	6,465,575	6,465,575
	23,172,295	17,280,773

33- Comparative figures

Certain comparative figures have been restated and re-classified to conform to current year's presentation.