ANNUAL REPORT
2008

RASAMEEL
Structured Finance Co.(K.S.C.c)

www.rasameel.com

بسم الله الرحمن الرحيم

As is proven in the hadith of Aishah
(may Allah be pleased with her) The Prophet (peace be upon him) said:
“Allah loves those who perform their work with perfection”

According to Tabarani & Al-Bayhaqi

H.H Shaikh
Sabah Al-Ahmed-Al-Jaber Al Sabah
Amir of State of Kuwait

H.H Shaikh
Nawaf Al-Ahmed-Al-Jaber Al Sabah
Crown Prince

H.H Shaikh
Naser Mohammed Al Sabah
Prime Minister

Transforming Liabilities

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Creating
Dynamic Assets

WHO IS RASAMEEL?

The meaning of "Rasameel" name:
Rasameel is the Arabic plural form of "Capital". It means all the cash necessary for setting up a project...or the money required to compile the means of production. This fully applies to our vision as a financial institution specialized in providing liquidity that is necessary for various projects. At the same time, it fits our clients' and associates' expectations and reliance on Rasameel for support and contribution in this vital area.

Rasameel Structured Finance, K.S.C.C ("Rasameel") was established in January 2006, as a Kuwaiti shareholding company (closed) with an authorized and paid capital of K.D. 30,000,000. The company is designated as an Islamic Investment Company and is supervised by the Central Bank of Kuwait and is the sole company in Kuwait licensed by the Central Bank to carry out Securitization.

Rasameel is the pioneer Islamic Investment Company in Kuwait that provides alternative funding opportunity to those investors who shy away from investment in private equity or direct investment in real estate but wish to earn higher income. What drives us is the ongoing development of financing tools and sources. Through an updated knowledge and boundless creativity, we are able to meet the need of our clients and support our clients' strategies.

Board of Directors

Board of Directors:
Mr. Mansour Hamad Al-Mubarak *Chairman*
Mr. Issam Zaid Al Tawari *Vice Chairman & CEO*

Members:
Mr. Ahmad Abdullah Ma'rafi
Mrs. Dalia Mufarrej Al-Mufarrej
Mrs. Salwa Saud Al Abdul Razzaq
Mr. Othman Ibrahim Al Askar
Mr. Nasser Awadh Al Qahtani

Multiplying Values

Sharia Supervisory Board

Sh./Dr. AbdulSattar A. AbuGhudah *Chairman*

Members:

Sh./Dr. Issa Zaki

Sh. AbdulSattar A. Al-Kattan

Main Shareholders

Commercial Bank of Kuwait

Gulf Investment Corporation

A'ayan Leasing & Investment Company

The Investment Dar Group

Chairman's Message

On behalf of myself and my respected board of directors at Rasameel, I feel proud to welcome you to our second Annual General Meeting and to present to you the Annual Report along with the Auditor's report, the Annual Financial Statements and the Sharia Supervisory Board's Report.

First of all, I will take this opportunity to thank all those who have stood by us and often helped with their guiding light and path-breaking suggestions. That would include our illustrious management group, the board, the pertinent officials and staff, and our prominent shareholders. It has been a very successful year and it would have certainly not been possible without you all. I look forward to your continuing support in the future.

A financial year has passed, and embedded in its wake, there are some gratifying business options that await our extended hand. Thanks to the poise and purpose we have shown in the recent past, we have been getting positive feedback from some of the major Investment companies.

Total assets rose to KD 47,378,225 as of 31st March 2008 from KD 31,535,170 in 2007 with an increase of 50%, while total liabilities for year 2008 amounted KD 13,993,758 compared to KD 317,569 in year 2007. Total shareholders equity in 2008 also climbed to KD 33,384,467 in year 2008 from KD 31,217,601 in year 2007 with an increase of 7%.

Net profit during 2008 amounted to KD2,166,866 against KD1,210,091 in year 2007 showing an increase of 79% while earning per share rose to 7.2 fils in 2008 from 4 fils in 2007.

During 2006-07, we built a strong base. Then, primarily an investment company, we are now providing services in securitization and advisory services, and leading the way in some entirely new arenas.

Since 1991, the GCC is showing the biggest growth in the world. Huge global companies are planning mode to start new or expand their existing business in the region and its neighbors.

The companies know a local presence will translate into good profits. Our visionary team, made up of talented, creative and experienced personnel will seize these opportunities.

With a sound infrastructure and thorough research, we have already carved a niche here, and look to explore new territories. It is a slow process and needs a great deal of patience and professional talent & experience, yet we are confident of success.

Together with our cherished policy of focusing on building long-term relationships with clients, we also reinforce our commitment to grow geographically. We have steadly expanded geographically by setting up Rasameel offices throughout most of the GCC region. We have a formidable capital base, which is a result of hard work and initiatives in the past year.

In line with our strong drive towards regional expansion, the Company is in the process of initiating subsidiaries and associates in Saudi Arabia, UAE, and Bahrain. These steps mark our plans to operate close to our customers and to benefit from the developments and expansion taking place in the GCC markets. In association with the major stakeholders of Rasameel Structured Finance – Kuwait, we forsee significant opportunity throughout the region as an indication of Rasameel's prosperous future.

By maintaining strong relationships with local and regional funding giants, we have established ourselves as an arranger of funds. These relationships give us an edge as we become a one-stop shop for their investment needs. We will not list the companies we have worked with, but rest assured that these relationships will lead to wonderful results in terms of earned profits and goodwill.

With these goals in mind, and innovative ideas on how to reach than, we are confident in reaching greater heights in the coming future. We look forward to your continious support. Together we will surely make Rasameel the gateway to securitization.

Thanks and acknowledgment is also due to my fellow members of the Board of Directors, the praiseworthy scholars, Chairman and Members of the Sharia Supervisory Board, the Company's shareholders and all the staff members.

May Allah grant His blessings upon us all.

Mansour H. Al Mubarak
Chairman

CEO's Message

Dear shareholders and stakeholders,

It gives me great pleasure to meet you on the occasion of our second Annual General Assembly and to present the Annual Report to you. Through our relentless effort and your valuable support, Rasameel has gone from strength to strength.

I am thrilled to be receiving such unconditional support in our inaugural years. Strengthened by your support, we have developed exponentially in one year; we have made effective commitments, invested in crucial enterprises and sealed some high-profile partnerships. Our association with Abyaar Real Estate, Ithmaar Bank and Gulf Investment Corporation, to name a few, clearly indicate Rasameel's growing presence.

The range of services that we have to offer is growing along with our experience. Innovation is our key word, its how we stand apart from our competitors. From investment, we now provide debt arrangement, securitization as well as advisory roles in strategy and finance.

Though there have been many, there are two projects that really stand out. They are The Muharraq Mall, a significant and unique commercial property in the Kingdom of Bahrain that in years to come will be a unique blend of modernism and traditional lineage.

The other outstanding project is our six month appointment as an advisor to Aayan Real Estate. It is well known that Aayan is key player in the real estate business and we have secured a solid and innovative business opportunity and partner.

Some of the other esteemed clients we have worked with in our quest for success are:

1. Al-Safat Investment Company – Islamic Finance
2. Aayan Leasing and Investment Company – Islamic Finance
3. Ithmaar Bank and Mashaer – Islamic Finance
4. Gulf Investment Co. – Advisory
5. Dubai Pearl – Advisory

…….And more.

We can safely say that we know a good client when we see one and they recognize a good partner in Rasameel.

I will now seize this opportunity to present the results of our work.

- Our business family expanded from two people in two temporary offices two years ago, to about 46 between Kuwait, UAE and very soon Bahrain and KSA. With hard work we have come a long way.

- We adjusted to markets changes and aligned the company to meet those challenges. Our business mandate has not changed it has only expanded. Accountability is clearer and the bottom-line is as important as our investments. Securitisation continues to differentiate Rasameel from other investment companies. Moving forward we need extra efforts and more focus on:

1. Fee based business focusing on asset management and investment banking capabilities along with robust distribution and placement capabilities.
2. To broaden our geographic coverage to include the MENA, once GCC expansion is in place.

Charting this aggressive growth strategy requires dedication and execution capabilities. Human capital is our foremost important asset. The magnet that attracts that talent is our delivering centric culture and recognition of those who believe in the company's vision and are committed to Rasameel success both inside and outside.

In conclusion, I would like to extend on behalf of our employees and myself, our gratitude to our Board of Directors for their diligent efforts, their guidance and their valuable communication throughout the year. My thanks are also due to all our sincere managers, officials and staff. Our company looks forward to the coming year, and its challenges, with confidence and is driven to fulfill, and surpass, the aspirations cast on it by all its stakeholders. May Allah grant His blessings to all of us,

Issam Z. Al-Tawari
Vice Chairman - CEO

Sharia Supervisory Board's Report

Praise be to Allah, and peace and glory be upon Prophet Mohammed, His Family and all His Companions.

Dear Shareholders of Rasameel Structured Finance Company

Assalamu Alaikum Wa Rahmatu Allah Wa Barakatuh

Pursuant to the request of the Board of Directors of the company, we present to you the following report:

We have reviewed the contracts pertaining to the transactions and applications which have been raised by the company during the fiscal period ending on 31 March 2008. We have performed the review necessary to present an opinion regarding whether the company have abided by the provisions of the Islamic Sharia in its transactions.

We have planned and executed our review to obtain all the information and explanations that are deemed appropriate for the purpose of providing us with reasonable evidence and assurance that the company did not violate the provisions of the Islamic Sharia.

In our opinion :

1. The contracts and transactions that have been entered into by the company during the fiscal period ending as on 31 March 2008, which have been reviewed by us, were performed in accordance with the provisions of the Islamic Sharia.

2. The company did not realize any gains from resources or through any means that are prohibited under the Islamic Sharia principles.

3. The computation of Zakat was performed in accordance with Islamic Sharia, rules.

Seeking the guidance of Allah the Almighty,

Wasalamu Alaikum Wa Rahmatu Allah Wa Barakatuh

Dr. Abdul Sattar Abu Ghuddah
Head of the Sharia Supervisory Board

Sheikh / Dr. Essa Zaki
Board Member

Sheikh Abdul Sattar Al-Qattan
Board Member

Creating Infinite
Financial Opportunities

Corporate Information

WHERE TO?

• Our Vision

Inspired to be The MENA Securitization Gateway

• Our Mission

Provide reliable alternative funding source and rated investment securities.

• Our Values

At Rasameel, we believe that an excellent performance is the result of a conscious culture that is nurtured by values. That is why we commit ourselves to meeting the criteria for outstanding practitioners:

- Integrity

Integrity- it's at the heart of every decision and action

- Quality:

Our team delivers excellence with the quality you can count on.

- Professionalism:

We are committed to our team's success – our clients, our staff, their families and our community.

- Creativity:

Creative team produces great result- creativity drives our imagination, innovation and success.

- Transparency:

Our transactions are clearly fair to participants; with no party benefiting at the expenses of the others.

SERVICES

• Capital Market

- Securitization

We evaluate assets and design securitization transactions to provide originators with the best execution and investors with the optimal risk/return profile. From due diligence to cash flow models to sale, we provide efficient, effective, and valuable answers to your securitization questions.

- Financial Engineering

We design, develop, and implement innovative financial tools and procedures to analyze and solve your funding problems under Sharia'a guidelines.

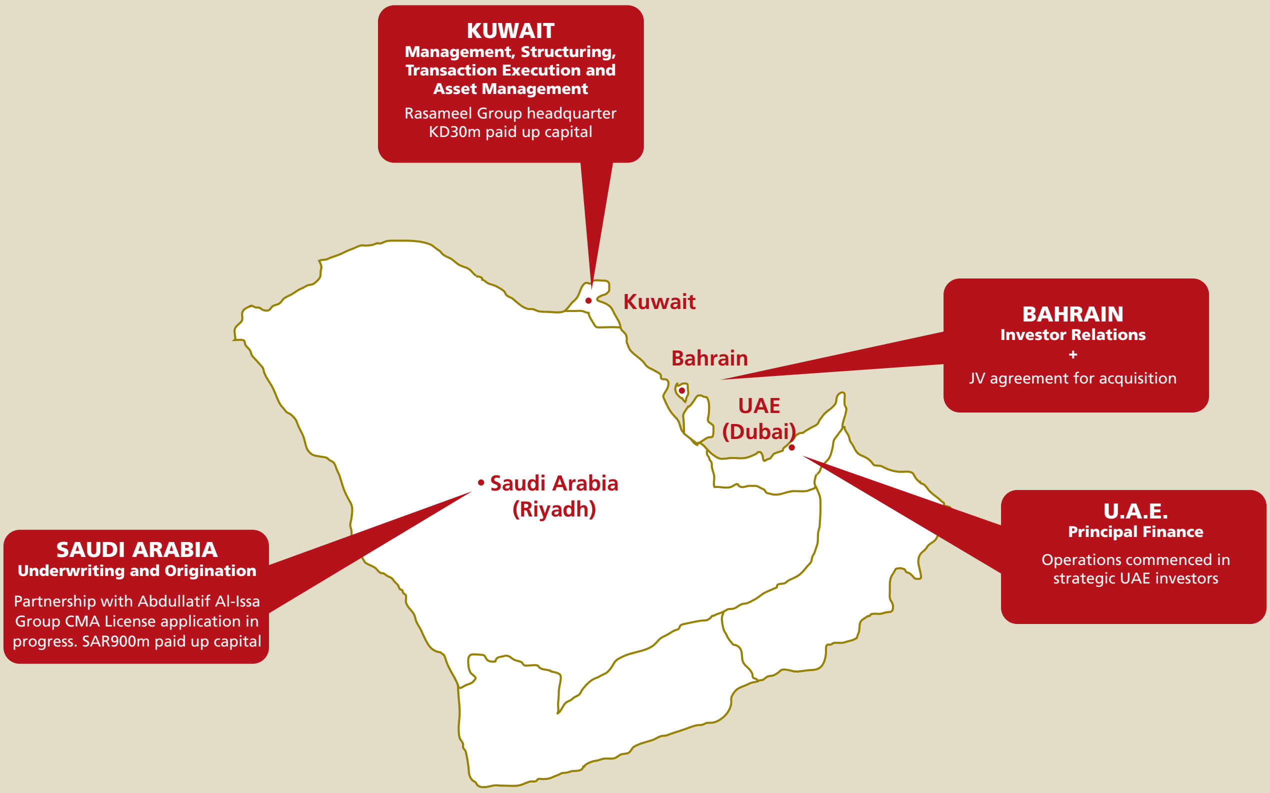
- Sukuk

We analyze your financial needs to determine the most suitable type of sukuk: Musharaka, Mudaraba, Ijara, Istisna or other.

• Investment Banking

We advise and consult on investment/ financial issues and problems. Using a wide range of tools and experiences, we present alternatives and recommendations for a variety of Investment banking matters.

OUR PRESENCE



CORPORATE GOVERNANCE

Rasameel strives to incorporate best corporate policies in all critical areas, on a consistent basis. The following aspects are currently implemented in the Provisional Policies & Procedures in force, which aspects are being incorporated in the Corporate Manual currently under compilation by a leading consulting firm.

Internal and external 'Due Diligence' practices incorporate detailed scrutiny and analysis of all core financial and non-financial aspects, commensurate to the specific activity / product and of the pertinent risks inherent to such specific activity / product.
Proposal Formats and mandatory attachments as incorporated in the Department Manuals reflect the depth and quality of the due diligence process.

Corporate Manual outlines Polices and Procedures right from the decision-making process until clearance by Legal Counsel, the Sharia'a Board; also the disbursements, subsequent settlements and the entire Asset Administration Chain, complete with all necessary checks and controls at each pertinent level, but without sacrificing either the efficiency or the speed of business decisions or of the related actions.

Know Your Customer Policy and Anti Money Laundering and Financing of Terrorism Policy, are both aligned to Rasameel ethics and also in compliance with the regulations of The Central Bank of Kuwait. Our Account Opening Forms, Settlement Procedures and Customer Acceptance Process each incorporate the spirit and essence of these Policies.

Risk exposure Matrix ensures a balanced risk exposure, business sectors, counterparties and countries, incorporating prudent principle and also aligned to the regulation of the Central bank of Kuwait.

Requirement of periodical review of different types of Asset Portfolios ensures compliance with core corporate guiding principles, including the quality of assets, maturity profile, 'yield' as measured against 'opportunity cost', the overall level of Asset Utilization and Risk Acceptance Parameters as per Rasameel's Business Model and Strategy.

Periodic Gap Analysis Reports help identify sensitive Asset/Liability tenor mismatches, allowing timely action to maintain a healthy Liquidity Profile.

We endeavor to fulfill the requirements for periodic Management Reporting System to update Management about the progress and the latest status of Company's financial balance and profitability. Also External Reporting Systems have been incorporated in compliance with Regulators.

We follow prudent safeguards for Disaster Management & Recovery. Disaster Management & Recovery Committee is headed by our CEO and appropriate Policies and Procedures to cover this sensitive aspect is being developed by our Support Services Group.

Creating Infinite

Financial

Opportunities

Financial Review

We have audited the accompanying consolidated financial statements of Rasameel Structured Finance Company K.S.C. (Closed) ("the parent company") and its subsidiaries ("the group"), which comprise the consolidated balance sheet as at 31 March 2008 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the parent company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait. 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' judgement, 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 for 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 of 31 March 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait.

Report on Other Legal and Regulatory Matters

In our opinion proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the parent company's board of directors relating to these consolidated financial statements, are in accordance therewith. Furthermore, we report that we obtained all 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 violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association have occurred during the year ended 31 March 2008 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations during the year ended 31 March 2008.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG

28 May 2008
Kuwait

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	***12 months ended 31 March 2008 KD***	*Period from 4 January 2006 to 31 March 2007 KD*
Arrangement and advisory fees		**1,037,543**	381,029
Finance income	3	**2,444,963**	2,052,189
Unrealised gain (loss) on investments carried at fair value through income statement		**308,016**	(13,417)
Gain on sale of investments carried at fair value through income statement		**487,431**	9,762
Income from held to maturity investments		**86,071**	31,721
Income from saving accounts		**117,419**	303,571
Change in fair values of investment properties	10	**55,914**	-
Dividend income		**27,495**	34,250
Other income		**6,622**	68,845
General and administrative expenses		**(1,574,843)**	(1,467,321)
Finance costs		**(445,223)**	(22,315)
Provision for impairment	4	**(334,720)**	(150,170)
PROFIT BEFORE ZAKAT, CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND DIRECTORS' REMUNERATION		**2,216,688**	1,228,144
Zakat		**(6,872)**	-
Contribution to KFAS		**(19,950)**	(11,053)
Directors' remuneration		**(23,000)**	(7,000)
PROFIT FOR THE YEAR/PERIOD	5	**2,166,866**	1,210,091

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	**2008 KD**	2007 KD
ASSETS			
Cash and cash equivalents	6	**13,254,920**	13,793,151
Accounts receivable and prepayments	7	**798,099**	171,917
Islamic financing receivables	8	**24,531,738**	14,866,913
Investments carried at fair value through income statement	9	**2,896,330**	676,713
Investment properties	10	**1,382,212**	199,475
Investment in an associate	11	**727,778**	-
Available for sale investments	12	**2,359,775**	346,904
Held to maturity investments	13	**1,203,911**	1,203,911
Furniture and equipment	14	**223,462**	276,186
TOTAL ASSETS		**47,378,225**	31,535,170
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**30,000,000**	30,000,000
Statutory reserve	16	**344,483**	122,814
Share options reserve	17	**7,510**	7,510
Retained earnings		**3,032,474**	1,087,277
Total equity		**33,384,467**	31,217,601
Liabilities			
Islamic financing payables	18	**13,401,353**	-
Accounts payable and accruals	19	**404,756**	221,281
Employees' end of service benefits		**187,649**	96,288
Total liabilities		**13,993,758**	317,569
TOTAL EQUITY AND LIABILITIES		**47,378,225**	31,535,170

Mansour Hamad Al-Mubarak
Chairman

Issam Zaid Al-Tawari
Vice Chairman – Chief Executive Officer

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2008

	Notes	12 months ended 31 March 2008 KD	Period from 4 January 2006 to 31 March 2007 KD
OPERATING ACTIVITIES			
Profit for the year/period		**2,166,866**	1,210,091
Adjustments for:			
Finance income	3	**(2,444,963)**	(2,052,189)
Income from held to maturity investments		**(86,071)**	(31,721)
Change in fair values of investment properties		**(55,914)**	-
Dividend income		**(27,495)**	(34,250)
Depreciation	14	**96,606**	47,145
Share based payment expense		**-**	7,510
Provision for employees' end of service benefits		**107,335**	96,288
Finance costs		**445,223**	22,315
Provision for impairment	4	**334,720**	150,170
		536,307	(584,641)
Changes in operating assets and liabilities:			
Investments carried at fair value through income statement		**(2,219,617)**	(676,713)
Islamic financing receivables		**(9,688,096)**	(15,000,000)
Accounts receivable and prepayments		**(540,111)**	(79,274)
Accounts payables and accruals		**183,475**	198,966
Cash used in operations		**(11,728,042)**	(16,141,662)
Islamic financing receivables income received		**2,133,514**	1,995,984
Employees' end of service benefits paid		**(15,974)**	-
Net cash used in operating activities		**(9,610,502)**	(14,145,678)
INVESTING ACTIVITIES			
Purchase of furniture and equipment		**(43,882)**	(323,331)
Purchase of held to maturity investments		**-**	(1,203,911)
Purchase of available for sale investments		**(2,012,871)**	(346,904)
Purchase of investment properties		**(1,126,823)**	(199,475)
Purchase of investment in an associate		**(727,778)**	-
Dividend income received		**27,495**	12,450
Net cash used in investing activities		**(3,883,859)**	(2,061,171)
FINANCING ACTIVITIES			
Issue of share capital		**-**	30,000,000
Islamic financing payables obtained		**14,000,000**	-
Islamic financing payables repaid		**(1,043,870)**	-
Net cash from financing activities		**12,956,130**	30,000,000
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(538,231)**	13,793,151
Cash and cash equivalents at the beginning of the year/period		**13,793,151**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR /PERIOD	6	**13,254,920**	13,793,151

The attached notes 1 to 24 form part of these consolidated financial statements.

	Share capital KD	*Statutory reserve KD*	*Share options reserve KD*	*Retained earnings KD*	*Total KD*
Issue of share capital	30,000,000	-	-	-	30,000,000
Profit for the period	-	-	-	1,210,091	1,210,091
Total income for the period	-	-	-	1,210,091	1,210,091
Transfer to statutory reserve	-	122,814	-	(122,814)	-
Cost of share based payment	-	-	7,510	-	7,510
Balance at 31 March 2007	30,000,000	122,814	7,510	1,087,277	31,217,601
Profit for the year	-	-	-	2,166,866	2,166,866
Total income for the year	-	-	-	2,166,866	2,166,866
Transfer to statutory reserve	-	221,669	-	(221,669)	-
Balance at 31 March 2008	**30,000,000**	**344,483**	**7,510**	**3,032,474**	**33,384,467**

The attached notes 1 to 24 form part of these consolidated financial statements.

1. ACTIVITIES

Rasameel Structured Finance Company K.S.C. (Closed) ("the parent company") is a closed shareholding company incorporated on 4 January 2006 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. It is engaged in investment in the local and international markets.

The registered office of the parent company is located on the 13th Floor, Ahmed Tower, Gulf Road, Dasman, Sharq, and P.O. Box 4915, Safat 13050, Kuwait.

These consolidated financial statements for the year ended 31 March 2008 were authorised for issue in accordance with a resolution of the board of directors on 28 May 2008.

All activities of the group are carried out in compliance with the Noble Islamic Sharia, as approved by the parent company's Fatwa and Sharia Supervisory Board.

The parent company is regulated by the Central Bank of Kuwait as an investment company.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of Rasameel Structured Finance Company K.S.C.C and Subsidiaries (the group) have been prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

The consolidated financial statements are presented in Kuwaiti Dinars.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention, as modified for the measurement at fair value of investments carried at fair value through income statement, investment properties and available for sale investments.

The group has adopted IFRS 7 'Financial Instruments: Disclosures' and amendments to IAS 1 'Presentation of Financial Statements' effective for the periods beginning on or after 1 January 2007. This has resulted in amended and additional disclosures relating to financial instruments and associated risks, capital and capital management. In accordance with transitional requirements of the standards, the group has provided full comparative information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IASB standard issued but not adopted

The following International Accounting Standard Board (IASB) has been issued but is not yet effective, and has not been adopted by the group yet:

IAS 1: Presentation of Financial Statements - Revised (effective 2009)

The application of this standard will be made when this standard becomes effective and is not expected to have an impact on the consolidated financial statements of the group.

The accounting policies are consistent with those used in the previous year except for finance costs, zakat, investment in associates and Islamic financing payables.

Finance costs

Finance costs are calculated and recognised on a time proportion basis taking into account the outstanding balance payable and applicable finance cost rate.

KFAS and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat represent levies/taxes imposed on the parent entity at the flat percentage of net profits less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent taxation/levy regulations no carry forward of losses is permitted and there are no significant differences between the tax/levy bases of assets and liabilities and their carrying amount for financial reporting purposes.

Tax/statutory levy	**Rate**
Contribution to KFAS	1.0% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions

Investment in associates

The group's investment in associates is accounted for under the equity method of accounting. These are entities over which the group exercises significant influence and which are neither subsidiaries nor joint ventures. Investment in associates is carried in the consolidated balance sheet at cost, plus post-acquisition changes in the group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the group's share of the results of its associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the associates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Islamic financing payables

Tawarruq payables

Tawarruq payables represent amounts due arising from an Islamic financing arrangement where the liability is settled on a deferred payment basis. Tawarruq payables are stated at the net of deferred profit payable. Profit payable is expensed on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

Wakala payables

Wakala payables represent amounts payable on a deferred settlement basis for financial assets purchased under wakala arrangements. Wakala payables are stated at the gross amount of the payable, net of deferred profit payable. Profit payable is expensed on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

Other significant accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries. The financial statements of the subsidiaries are prepared for the year ended 31 December using consistent accounting policies. Adjustments are made for the effect of any significant event or transactions occurring in the months following the year end of the subsidiaries and 31 March.

The consolidated financial statements include the following subsidiaries:

Name of the company	*Country of incorporation*	*Interest in equity %*		*Principal activities*
		2008	*2007*	
Rasameel Central Markets Company – K.S.C.C	Kuwait	**100**	100	General trading
Rasameel General Trading & Contracting Company – W.L.L.	Kuwait	**100**	100	General trading and contracting activities
Haikala for Economical Studies - W.L.L.	Kuwait	**100**	100	Consultancy services
Haikala Holding L.L.C.	Bahrain	**100**	-	General trading
Rasameel Consultancies and Studies K.S.C.C.	Kuwait	**100**	-	Consultancy services

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Haikala Holding L.L.C. and Rasameel Consultancies and Studies K.S.C.C. represent entities newly established by the parent company. As the above subsidiaries are still in the initial stage of operations and due to the absence of audited financial statements, subsidiaries figures included in the group's consolidated financial statements are based on management accounts. The management does not expect any material differences in the figures in case audited financial statements would have been available as at 31 March 2008 in respect of the subsidiaries.

The financial statements of the above subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group are eliminated on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Revenue recognition

Arrangement and advisory fees are recognised when the related services are provided.

Finance income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the net balance outstanding.

Dividends are recognised when the right to receive payment is established.

Income from saving accounts and held to maturity investments are recognized as the profit accrues.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash in hand, bank balances and murabaha investments with an original maturity of three months or less.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Islamic financing receivables

Tawarruq receivables
Tawarruq receivables represent amounts receivable on a deferred settlement basis for commodities sold under Mudaraba arrangements. Tawarruq receivables are stated at the gross amount of the receivable, net of deferred profit receivable and provision for impairment.

Wakala receivables
Wakala receivables comprise amounts invested with financial institutions for the onward deals by these institutions in various Islamic investment products.

Wakala receivables are stated at the gross amount of the receivable, net of deferred profit receivable and provision for impairment. Profit receivable is recognised on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments carried at fair value through income statement

All investments are initially recognised at fair value. Transaction costs are expensed immediately. After initial recognition, investments are re-measured at fair value. Unrealised gains and losses are included in the consolidated income statement.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the period in which they arise.

Available for sale investments

Available for sale investments are recognised and derecognised, on a trade date basis, when the group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available for sale investments are initially recorded at cost (including transactions costs that are directly attributable to the acquisition or issue) and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as "cumulative changes in fair values" within equity is included in the consolidated income statement.

Held to maturity investments

Held to maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the group has the positive intention and ability to hold to maturity. After initial measurement held to maturity investments are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective profits method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment.

This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset, or group of financial assets, may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated income statement;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets (continued)

For available for sale equity instruments reversal of impairment losses are recorded as increase in cumulative changes in fair values through equity.

The provision for impairment of receivables also covers losses where there is objective evidence that probable losses are present in components of the receivables at the balance sheet date. These have been estimated based on historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

The impairment provision for finance facilities complies in all material respects with the specific provision requirements of the Central Bank of Kuwait and IFRS. In March 2007, the Central Bank of Kuwait issued a circular amending the basis of making general provisions on facilities changing the rate from 2% to 1% for cash facilities and 0.5% for non cash facilities. The required rates were to be applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral, during the reporting period. The general provision in excess of the present 1% for cash facilities and 0.5% for non cash facilities would be retained as a general provision until further directive from the Central Bank of Kuwait.

Impairment of non financial assets

An asset is impaired if its carrying amount exceeds its estimated recoverable amount. The recoverable amount of an asset is the higher of an asset's net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An assessment is made at each balance sheet date to determine whether there is objective evidence that an asset may be impaired. If such evidence exists, an impairment loss is recognised in the consolidated income statement.

Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is de-recognised when the contractual rights to cash flows from the financial asset expire, the group has transferred substantially all the risks and rewards and when it has neither transferred nor retained substantially all the risks and rewards of ownership or when it no longer has control over the asset or proportion of the asset. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Furniture and equipment

Furniture and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of furniture and equipment as follows:

Leasehold improvements	- over 4 years
Furniture and fixtures	- over 4 years
Equipment	- over 3 years
Computer software	- over 3 years

The carrying values of furniture and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

Employees of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

Equity-settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes Option Pricing model, of which further details are given in Note 17. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the parent company's shares.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees exercise their rights. The cumulative expense recognised for equity-settled transactions at each reporting date until the exercise date reflects the extent to which the exercise period has expired and the number of awards that, in the opinion of the directors at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

Employees' end of service benefits

The group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to Kuwaiti employees, the group makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into the group's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year except for entities operating in hyper inflationary economies. The results of entities operating in hyper inflationary economies are translated into the group's presentation currency at period end exchange rates. Exchange differences arising on translation are taken directly to foreign exchange translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated income statement.

On equity accounting, the carrying value of the associates is translated into the group's presentation currency at the period end rates of exchange and the results of the associates are translated into Kuwaiti dinars at the average rates of exchange for the year. All foreign exchange translation adjustments are taken to the foreign exchange translation reserve until disposal at which time they are recognised in the consolidated income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary assets

Assets held in trust or fiduciary capacity are not treated as assets or liabilities of the group and accordingly are not included in these consolidated financial statements.

Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The group has used judgments and estimates principally in, but not limited to, the classification of investments and real estate property, the determination of impairment provisions, the valuation of unquoted investments and investment properties and the estimation of the fair value of equity settled share options.

Classification of investments
The group decides on acquisition of investments whether they should be classified as investments carried at fair value through income statement, held to maturity investments or available for sale investments.

The management classifies investments as carried at fair value through income statement if they are acquired primarily for the purpose of short term profit making and the fair value of those investments can be reliably determined.

Classification of investments as fair value through income statement depends on how management monitor the performance of these investments when they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through income statement.

The management classifies investments as held to maturity if they are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the management has the positive intention and ability to hold to maturity.

All other investments are classified as available for sale.

Classification of real estate
Management decides on acquisition of real estate whether it should be classified as trading, property held for development or investment property.

The management classifies real estate as trading property if it is acquired principally for sale in the ordinary course of business.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

Classification of real estate (continued)

The management classifies real estate as property under development if it is acquired with the intention of development.

The management classifies real estate as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Impairment provision of investments

The group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement.

In addition, the group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Impairment provision of receivables

An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment losses on finance facilities

The management decides whether a provision for impairment should be recorded in the consolidated income statement. Based on its assessment for recoverability, considerable judgement is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- an earnings multiple;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

Valuation of investment properties
For investment properties, fair value is determined by the manager of the real estate property or by reference to recent transactions in similar properties, as advised by a related party that markets those properties.

Estimation of the fair value of equity settled options
The management estimates the fair value of equity settled options and life of the options using considerable judgment, valuation models and assumptions that are not supported by observable market conditions and prices at the balance sheet date. Details of inputs assumptions to the model used are disclosed in Note 17.

Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definitions of fair value is the presumption that the group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Investments
For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to recent arm's length transactions, or an earnings multiple, or an industry specific earnings multiple, or a value based on a similar publicly traded company, or is based on the expected cash flows of the investment, or the underlying net asset base of the investment. Fair value estimates take into account liquidity constraints and assessment for any impairment.

Investments with no reliable measures of their fair values and for which no fair value information could be obtained are carried at their initial cost less impairment in value.

Investment properties
For investment properties, fair value is determined by the manager of the real estate property or by reference to recent transactions in similar properties, as advised by a related party that markets those properties.

Other financial assets and liabilities
For other financial assets and liabilities, fair value is determined based on expected future cash flows and management's estimate of the amount at which these assets could be exchanged for cash on an arm's length basis or a liability settled to the satisfaction of creditors.

3. FINANCE INCOME

	12 months period ended 31 March 2008 KD	Period from 4 January 2006 to 31 March 2007 KD
Wakala	**1,352,256**	1,353,208
Tawarruq	**1,092,707**	496,332
Murabaha receivables	**-**	163,526
Murabaha investments	**-**	39,123
	2,444,963	2,052,189

4. PROVISION FOR IMPAIRMENT

Islamic financing receivables are stated net of a general provision for impairment as follows:

	Wakala receivables		*Tawarruq receivables*		*Total*	
	31 March 2008 KD	*31 March 2007 KD*	***31 March 2008 KD***	*31 March 2007 KD*	***31 March 2008 KD***	*31 March 2007 KD*
Balance at the beginning of the year/period	**120,153**	-	**30,017**	-	**150,170**	-
Provided during the year/period	**163,711**	120,153	**171,009**	30,017	**334,720**	150,170
Balance at the end of the year/period	**283,864**	120,153	**201,026**	30,017	**484,890**	150,170

The analysis of provisions set out above is based on the requirements of the Central Bank of Kuwait. The general provision in excess of the present 1% for cash facilities and 0.5% for non cash facilities amounting to KD 237,095 would be retained as a general provision until further directive from the Central Bank of Kuwait. This provision was included under other payables (Note 19).

5. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period is stated after charging:

	12 months ended 31 March 2008 KD	*Period from 4 January to 31 March 2007 KD*
Staff costs	**910,224**	856,484
Rent	**128,715**	145,527
Depreciation (Note 14)	**96,606**	47,145

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated balance sheet and consolidated cash flow statement consist of the followings:

	2008	*2007*
	KD	*KD*
Bank balances and cash in hand	**13,254,920**	1,787,014
Short term murabaha investments	-	12,006,137
	13,254,920	13,793,151

Average profit rate attributable to murabaha investments was 5.06% per annum.

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2008	*2007*
	KD	*KD*
Amounts due from related parties (Note 20)	**182,797**	19,339
Accrued income	**546,503**	105,867
Prepaid expenses	**24,398**	16,127
Other receivables	**44,401**	30,584
	798,099	171,917

8. ISLAMIC FINANCING RECEIVABLES

	Wakala 2008 KD	***Tawarruq 2008 KD***	***Total 2008 KD***
Gross amount	**15,965,016**	**11,097,938**	**27,062,954**
Less: deferred income	**(2,040,839)**	**(242,581)**	**(2,283,420)**
	13,924,177	**10,855,357**	**24,779,534**
Less: provision for impairment	**(139,242)**	**(108,554)**	**(247,796)**
	13,784,935	**10,746,803**	**24,531,738**

	Wakala 2007 KD	*Tawarruq 2007 KD*	*Total 2007 KD*
Gross amount	12,294,740	3,057,584	15,352,324
Less: deferred income	(279,474)	(55,767)	(335,241)
	12,015,266	3,001,817	15,017,083
Less: provision for impairment	(120,153)	(30,017)	(150,170)
	11,895,113	2,971,800	14,866,913

Average profit rate attributable to tawarruq receivables during the period was 8.14% per annum (2007: 7.38% per annum).

Average profit rate attributable to wakala receivables is 8.56% per annum (2007: 8.3% per annum).

The fair values of wakala and tawarruq receivables do not materially differ from their carrying values as they are stated net of any required provision, and will mature within twelve months from the balance sheet date.

9. INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	2008 KD	2007 KD
Quoted equity securities	**2,606,330**	386,813
Unquoted equity security	**290,000**	289,900
	2,896,330	676,713

Unquoted equity security represents an investment in a local shareholding entity which was acquired in March 2008; as the investment is newly acquired, the management believes that the fair value approximates the carrying value of the investment as of 31 March 2008.

10. INVESTMENT PROPERTIES

	2008 **KD**	2007 KD
Opening balance	**199,475**	-
Purchase of investment properties	**1,126,823**	199,475
Change in fair values	**55,914**	-
Closing balance	**1,382,212**	199,475

Investment properties include an amount of KD 255,630 (2007: KD 199,475) which represents investment in a real estate portfolio; the fair value of the portfolio was determined by the portfolio manager.

During March 2008, the group acquired a new land in Bahrain amounting to KD 799,082. The management is of the opinion that the carrying value of this investment approximates its cost.

During the year, the group acquired the right of use of certain unit in a commercial housing complex in the Kingdom of Saudi Arabia for a period of 25 years, the construction of which is expected to be completed during 2008. The fair value of the right was determined by a related party that markets these lease rights.

11. INVESTMENT IN AN ASSOCIATE

Name of the company	*Interest in equity %*			
	2008	2007	**2008** **KD**	2007 KD
Muharaq Mall L.L.C.	**45**	-	**727,778**	-

Goodwill included in the carrying value of the investment in an associate amounted to KD 207,629 (2007: KD Nil).

The associate represents a newly incorporated entity located in Bahrain. In the opinion of the management, there were no significant events or transactions during the year, accordingly, the group did not book any share of results of an associate in the current year is consolidated income statement.

11. INVESTMENT IN AN ASSOCIATE (continued)

The following table illustrates summarised information of the group's investment in an associate:

	2008 **KD**	2007 KD
Share of associate's balance sheet:		
Assets	**520,149**	-
Liabilities	**-**	-
Net assets	**520,149**	-
Goodwill	**207,629**	-
	727,778	-

12. AVAILABLE FOR SALE INVESTMENTS

	2008 **KD**	2007 KD
Unquoted equity securities	**2,359,775**	346,904

Available for sale investments are carried at cost due to the non availability of quoted market prices or other reliable measures of its fair value. The management does not have evidences or circumstances that indicate any impairment in the value of these investments at the balance sheet date.

13. HELD TO MATURITY INVESTMENTS

Held to maturity investments represent investments in sukouk issued in 2006 by a local company and will mature in 2011. The profit rate attributable to these sukouk is 2% per annum above LIBOR rate (2007: 2% per annum above LIBOR rate) payable semi annually.

14. FURNITURE AND EQUIPMENT

	Leasehold improvements KD	*Furniture and fixtures KD*	*Equipment KD*	*Computer software KD*	*Total KD*
Cost					
At 1 April 2007	101,849	135,007	48,589	37,886	323,331
Additions during the year	-	1,678	13,837	28,367	43,882
At 31 March 2008	**101,849**	**136,685**	**62,426**	**66,253**	**367,213**
Depreciation					
At 1 April 2007	14,046	19,661	8,793	4,645	47,145
Charge for the year	25,464	34,474	18,355	18,313	96,606
At 31 March 2008	**39,510**	**54,135**	**27,148**	**22,958**	**143,751**
Net carrying amount					
At 31 March 2008	**62,339**	**82,550**	**35,278**	**43,295**	**223,462**

	Leasehold improvements KD	*Furniture and fixtures KD*	*Equipment KD*	*Computer software KD*	*Total KD*
Cost Additions during the period	101,849	135,007	48,589	37,886	323,331
At 31 March 2007	101,849	135,007	48,589	37,886	323,331
Depreciation					
Charge for the period	14,046	19,661	8,793	4,645	47,145
At 31 March 2007	14,046	19,661	8,793	4,645	47,145
Net carrying amount					
At 31 March 2007	87,803	115,346	39,796	33,241	276,186

15. SHARE CAPITAL

The authorised, issued and fully paid up share capital as of 31 March 2008 comprised 300,000,000 shares of 100 fils each (2007: 300,000,000 shares of 100 fils each).

16. STATUTORY RESERVE

As required by the Law of Commercial Companies and the parent company's articles of association, 10% of the profit for the year/period before Zakat, contribution to Kuwait Foundation for the Advancement of Sciences and Directors' remuneration has been transferred to statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued 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 in periods when retained earnings are not sufficient for the payment of a dividend of that amount.

17. SHARE BASED PAYMENT SCHEME

The parent company operates an employees' share option scheme as explained in its articles of association. Under this scheme the parent company can increase its share capital up to 10% of the total shares outstanding within a period of 10 years from the date of incorporation as approved by the board of directors. These options will expire in 2016.

During the current year, board of directors of the parent company did not grant any stock options to its employees (2007: 15 million share options). Share options granted in the prior period included 13,498,000 shares options granted at an exercise price of 105 fils per share for which no cost was recognised in the consolidated financial statements as of 31 March 2007 as the exercise price equaled the fair value of equity instruments granted arrived at using valuation technique at the grant date. The remaining 1,502,000 share options were granted at 100 fils per share for which an expense of KD 7,510 was recorded in prior period's consolidated financial statements.

The options outstanding at 31 March 2008 had a weighted average exercise price of 104.5 and a remaining contractual life of options close to 10 years. All options granted in prior period had vested as at 31 March 2007. The fair value of equity settled share options granted was estimated as at the date of grant using the Black-Scholes Option Pricing model, taking into accounts the terms and conditions upon which the options were granted. There were no options exercised during the current and prior reporting periods.

The expected life of the options is based on management estimate and is not necessarily indicative of exercise patterns that may occur. The expected volatility is indicative of future trends, which may also not necessarily be the actual outcome.

17. SHARE BASED PAYMENT SCHEME (continued)

The fair value of share price was estimated using a valuation technique based on assumptions that were not supported by observable market prices or rates.

The following table lists the inputs assumptions to the model used in the previous period:

	2008	2007
Expected volatility (%)	-	25
Risk –free interest rate (%)	-	6.25
Expected life of options (years)	-	10
Weighed average share price (fils)	-	104.5
Discounting method	-	Continuously compounded rate
Model used	-	Black-Scholes

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

18. ISLAMIC FINANCING PAYABLES

	Wakala 2008 KD	Tawarruq 2008 KD	Total 2008 KD
Gross amount	**10,423,836**	**3,127,849**	**13,551,685**
Less: deferred profit payable	**(104,223)**	**(46,109)**	**(150,332)**
	10,319,613	**3,081,740**	**13,401,353**

Tawarruq payables carry an average rate of profit payable approximately 8.58% (2007: Nil) per annum.

Wakala payables represent wakala contract with a non-related party maturing within 3 months from the balance sheet date. The average effective cost attributable to this contract is 8.5% per annum (2007: Nil).

19. ACCOUNTS PAYABLE AND ACCRUALS

	2008 KD	2007 KD
Accrued expenses	**140,806**	198,577
Other payables	**263,950**	22,704
	404,756	221,281

Included in other payables; an amount of KD 237,095 which represents the excess general provision in accordance with the regulation of the Central Bank of Kuwait (Note 4).

20. RELATED PARTY TRANSACTIONS

Related parties represent associate, 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 included in the consolidated income statement are as follows:

	Major shareholders KD	*Other related parties KD*	***12 months ended 31 March 2008 KD***	*Period from 4 January to 31 March 2007 KD*
Arrangement and advisory fees	190,725	25,000	**215,725**	-
Finance income	582,539	-	**582,539**	372,673
Unrealized gain (loss) on investments carried at fair value through income statement	107,125	-	**107,125**	49,746
Gain on sale of investments carried at fair value through income statement	-	58,570	**58,570**	10,918
Dividend income	-	8,400	**8,400**	10,960

Balances with related parties included in the consolidated balance sheet are as follows:

	Associate KD	*Major shareholders KD*	*Other related parties KD*	***2008 KD***	*2007 KD*
Amounts due from related parties (Note 7)	-	-	182,797	**182,797**	19,339
Islamic financing receivables	-	10,868,081	-	**10,868,081**	4,002,712
Investments carried at fair value through income statement	-	616,620	-	**616,620**	588,426
Investment in an associate	727,778	-	-	**727,778**	-

20. RELATED PARTY TRANSACTIONS (continued)

Key management compensation

The remuneration of directors and other members of key management during the year/period were as follows:

	12 months ended 31 March 2008 KD	*Period from 4 January to 31 March 2007 KD*
Short-term employee benefits	**472,189**	452,459
Provision for management executive bonus	**51,192**	133,685
End of service benefits	**156,629**	74,039
Cost of share based payment	**-**	7,510
	680,010	667,693

21. FIDUCIARY ASSETS

The group manages accounts on behalf of others which are not reflected in the group's consolidated balance sheet.

The total income earned from fiduciary activities during the year ended 31 March 2008 amounted to KD 8,307 (2007: KD Nil).

22. RISK MANAGEMENT

Risk is inherent in the group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the group's continuing profitability and each individual within the group is accountable for the risk exposures relating to his or her responsibilities. The group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into profit rate risk, currency risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the group's strategic planning process.

Risk management structure

The directors of the parent company are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

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.

22. RISK MANAGEMENT (continued)

Credit risk (continued)

The group has policies and procedures in place to limit the amount of credit exposure to any counter party.

Maximum exposure to credit risk
The group's policy is to enter into Islamic financing receivables arrangements only with recognised, creditworthy third parties. The maximum exposure is the carrying amount as disclosed in Notes 8 and 9. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the group, which comprise bank balances, the group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Where financial instruments are recorded at fair value, it represents the current maximum risk credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Unimpaired receivables are expected, on the basis of the past experience, to be fully recoverable.

Risk concentration of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry or geographic location.

The group's assets can be analysed by the industry sector as follows:

	2008 KD	*2007 KD*
Banks and financial institutions	**35,456,785**	29,186,909
Construction and real estate	**11,365,181**	1,999,228
Other	**556,259**	349,033
	47,378,225	31,535,170

Maximum exposure to credit risk
The table below shows the maximum exposure to credit risk for the components of the consolidated balance sheet, without taking account of credit enhancements.

22. RISK MANAGEMENT (continued)

Credit risk (continued)

The group's gross assets can be analysed by class of financial assets as follows:

	Gross maximum exposure 2008 KD	*Gross maximum exposure 2007 KD*
Cash and cash equivalents (excluding cash in hand)	**13,254,920**	13,791,151
Accounts receivable	**773,701**	155,790
Islamic financing receivables	**27,062,954**	15,352,324
Held to maturity investments	**1,203,911**	1,203,911
Total credit risk exposure	**42,295,486**	30,503,176

Credit quality of financial assets that are neither past due nor impaired
For Islamic financing receivables and other receivables, neither internal credit grading system nor external credit grades are used by the group.

The group's credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of lending activities.

As the group only finances under Islamic principles, other than bank balances and cash, all financial instruments are secured over the underlying assets.

Analysis of past due but not impaired
The group does not have any past due but not impaired or individually impaired financial assets at 31 March 2008 and 31 March 2007.

22. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The table below summarises the maturity profile of the group's liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which include future finance costs payments over the life of these financial liabilities. The liquidity profile of financial liabilities at 31 March was as follows:

31 March 2008	*1 to 3 months KD*	*3 to 12 months KD*	*Total KD*
Islamic financing payables	13,551,685	-	**13,551,685**
Accounts payable and accruals	92,133	312,623	**404,756**
Employees' end of service benefits	3,216	184,433	**187,649**
Total liabilities	**13,647,034**	**497,056**	**14,144,090**

31 March 2007	*Within 1 month KD*	*1 to 3 months KD*	*3 to 12 months KD*	*Total KD*
Accounts payable and accruals	83,151	72,617	65,513	221,281
Employees' end of service benefits	1,817	1,582	92,889	96,288
Total liabilities	84,968	74,199	158,402	317,569

Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

22. RISK MANAGEMENT (continued)

Finance costs risk

Finance costs risk is the risk that the value of a financial instrument will fluctuate due to changes in the market rates. Financial instruments, which potentially subject the group to finance cost risk, consist primarily of Islamic financing receivables, held to maturity investments and Islamic financing payables.

The group is not exposed to significant finance cost risk as the group only uses Islamic financial instruments and the rates for these instruments are fixed.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk is managed on the basis of limits determined by the parent company's Board of Directors and a continuous assessment of the group's open positions and current and expected exchange rate movements. The group does not engage in foreign exchange trading and where necessary matches currency exposures inherent in certain assets with liabilities in the same or a correlated currency.

The group had the following net foreign currency exposures at 31 March:

	2008 KD	2007 KD
US Dollar	**2,711,290**	1,203,911
UAE Dirham	**255,630**	199,475
Saudi Riyal	**179,728**	-
Bahraini Dinar	**1,863,672**	129,227

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

	31 March 2008			*31 March 2007*		
Currency	***Change in currency rate in %***	***Effect on profit KD***	***Effect on equity KD***	*Change in currency rate in %*	*Effect on profit KD*	*Effect on equity KD*
US Dollar	**+5**	**60,196**	**75,369**	+5	60,196	-
UAE Dirham	**+5**	**12,782**	**-**	+5	9,974	-
Saudi Riyal	**+5**	**-**	**-**	+5	-	-
Bahraini Dinar	**+5**	**-**	**6,345**	+5	-	6,345

The effect of decrease in currency rate is expected to be equal and opposite to the effect of the increases shown above.

22. RISK MANAGEMENT (continued)

Equity price risk

Equity price risk arises from the change in fair values of equity investments. The group manages this risk through diversification of investments in terms of industry concentration.

The effect on equity (as a result of a change in the fair value of available for sale investments) and group's profit before Zakat, KFAS and directors' remuneration (as a result of a change in the fair value of investments carried at fair value through income statement) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	31 March 2008			*31 March 2007*		
Market indices	***Change in equity price %***	***Effect on equity KD***	***Effect on profit KD***	*Change in equity price %*	*Effect on equity KD*	*Effect on profit KD*
Kuwait	**+5**	**-**	**162,926**	+5	-	19,341
Others	**+5**	**103,714**	**14,500**	+5	17,345	14.495

The effect of decrease in equity price percentage is expected to be equal and opposite to the effect of the increases shown above.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Prepayment risk

Prepayment risk is the risk that the group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The group is not significantly exposed to prepayment risk.

23. CAPITAL MANAGEMENT

The primary objective of the group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes during the year ended 31 March 2008 and the period ended 31 March 2007. Capital comprises share capital, statutory reserve, share options reserve and retained earnings, and is measured at KD 33,384,467 (2007: KD 31,217,601).

24. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, accounts receivable and prepayments, Islamic financing receivables and investments. Financial liabilities consist of payables and accrued expenses.

The fair values of financial instruments are not materially different from their carrying values.