United Towers Holding Company K.S.C. (Closed) and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2008

Ernst & Young

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED TOWERS HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARY

We have audited the accompanying consolidated financial statements of United Towers Holding Company K.S.C. (Closed) (the "parent company") and Subsidiary (the "group") which comprise the consolidated balance sheet as at 31 December 2008 and the 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.

Managment's Responsibility for the Consolidated Financial Statements

The Managment of the parent company 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' 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 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 the parent company's management, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED TOWERS HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARY

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2008, and its financial performance 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 group and the consolidated financial statements are in accordance therewith. 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 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 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 December 2008 that might have had a material effect on the business of the group or on its financial position.

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

16 March 2009

Kuwait

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	*2008* *KD*	*2007* *KD*
Rental income		**1,993,028**	1,780,977
Property operating expenses		**(294,093)**	(270,240)
Gross profit		**1,698,935**	1,510,737
Other operating income		**66,429**	59,835
Change in fair value of investment properties	3	**(9,259)**	1,765,000
Interest income	6	**95,641**	79,607
General and administrative expenses		**(403,381)**	(274,186)
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR ADVANCEMENT OF SCIENCES ("KFAS"), ZAKAT AND DIRECTORS' REMUNERATION		**1,448,365**	3,140,993
Contribution to KFAS		**(12,855)**	(28,269)
Zakat		**(14,514)**	(1,919)
Directors' remuneration		**(20,000)**	-
PROFIT FOR THE YEAR		**1,400,996**	3,110,805

The attached notes 1 to 14 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	*2008* *KD*	*2007* *KD*
ASSETS			
Non-current assets			
Property and equipment		**46,715**	38,732
Investment properties	3	**51,391,000**	51,191,962
Projects under construction	4	**12,833,540**	4,159,360
Available for sale investments		**47,750**	-
Total non-current assets		**64,319,005**	55,390,054
Current assets			
Receivables and prepayments	5	**64,050**	17,745
Due from a related party	6	**939,944**	391,570
Cash and bank balances	7	**4,932,819**	2,551,994
Total current assets		**5,936,813**	2,961,309
TOTAL ASSETS		**70,255,818**	58,351,363
EQUITY AND LIABILITIES			
Equity			
Share capital	8	**45,000,000**	45,000,000
Statutory reserve	9	**508,936**	364,099
Cumulative changes in fair values		**(24,750)**	-
Retained earnings		**8,553,375**	7,297,216
Total equity		**54,037,561**	52,661,315
Non-current liabilities			
Employees' end of service benefits		**32,784**	9,798
Murabaha payable	10	**1,444,039**	-
Advances from customers	11	**3,552,090**	-
Total non-current liabilities		**5,028,913**	9,798
Current liabilities			
Accounts payable and accruals	12	**1,038,987**	373,610
Due to a related party	6	-	5,306,640
Murabaha payable	10	**10,150,357**	-
Total current liabilities		**11,189,344**	5,680,250
Total liabilities		**16,218,257**	5,690,048
TOTAL EQUITY AND LIABILITIES		**70,255,818**	58,351,363

Ahmed Al Sumait
(Chairman and Managing Director)

The attached notes 1 to 14 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	2008 KD	2007 KD
OPERATING ACTIVITIES			
Profit for the year		**1,400,996**	3,110,805
Adjustments for:			
Provision for employees' end of service benefits		**22,986**	9,798
Depreciation		**10,417**	3,154
Change in fair value of investment properties	3	**9,259**	(1,765,000)
Interest income		**(95,641)**	(79,607)
		1,348,017	1,279,150
Working capital changes:			
Due from a related party		**(548,374)**	5,000,000
Receivables and prepayments		**(46,305)**	(11,577)
Accounts payables and accruals		**4,217,467**	83,333
Due to a related party		**(5,306,640)**	943,730
Net cash (used in) from operating activities		**(335,835)**	7,294,636
INVESTING ACTIVITIES			
Purchase of property and equipment		**(18,400)**	(41,886)
Additions to investment properties		**(208,297)**	-
Additions to project under construction		**(8,674,180)**	(4,780,363)
Purchase of available for sale investments		**(72,500)**	-
Interest received	6	**95,641**	79,607
Net movement in deposits with original maturities exceeding three months	7	**(1,910,767)**	(2,448,426)
Net cash used in investing activities		**(10,788,503)**	(7,191,068)
FINANCING ACTIVITIES			
Murabaha payable received	11	**11,594,396**	-
Net cash from financing activities		**11,594,396**	-
INCREASE IN CASH AND CASH EQUIVALENTS		**470,058**	103,568
Cash and cash equivalents at the beginning of the year		**103,568**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**573,626**	103,568

The attached notes 1 to 14 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2008

	Share capital KD	*capital contribution KD*	*Statutory reserve KD*	*Cumulative changes in fair values KD*	*Retained earnings KD*	*Total equity KD*
Balance at 1 January 2008	45,000,000	-	364,099	-	7,297,216	52,661,315
Unrealised loss on available for sale investments	-	-	-	(24,750)	-	(24,750)
Net expense for the year recognised directly in equity	-	-	-	(24,750)	-	(24,750)
Profit for the year	-	-	-	-	1,400,996	1,400,996
Total income and expense for the year	-	-	-	(24,750)	1,400,996	1,376,246
Transfer to reserves (Note 9)	-	-	144,837	-	(144,837)	-
Balance at 31 December 2008	**45,000,000**	-	**508,936**	**(24,750)**	**8,553,375**	**54,037,561**
Balance at 1 January 2007	100,000	44,900,000	50,000	-	4,500,510	49,550,510
Profit for the year	-	-	-	-	3,110,805	3,110,805
Total income for the year	-	-	-	-	3,110,805	3,110,805
Transfer to reserves (Note 9)	-	-	314,099	-	(314,099)	-
Transfer to share capital	44,900,000	(44,900,000)	-	-	-	-
Balance at 31 December 2007	45,000,000	-	364,099	-	7,297,216	52,661,315

The attached notes 1 to 14 form part of these consolidated financial statements.

1 INCORPORATION AND ACTIVITIES

United Towers Holding Company K.S.C. (the "parent company") and Subsidiary (the "group") is a Shareholding Company incorporated in the State of Kuwait on 07 May 2006. Its registered address is P.O Box 2232 Safat, 13023 – State of Kuwait.

The principal activity of the parent company is that of an investment holding company and property development. The principle activity of its subsidiary is that of property management.

The consolidated financial statements of the group for the year ended 31 December 2008 were authorised for issue by the Board of Directors of the parent company on 16 March 2009. The shareholders' general assembly has the power to amend the consolidated financial statements after issuance.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements are prepared under the historical cost convention as modified for the revaluation at fair value of available for sale investments and investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars, being the functional currency of the parent company.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and applicable requirements of Ministerial Order No. 18 of 1990.

The accounting policies are consistent with those used in the previous financial year.

IASB Standards and Interpretations issued but not adopted
The following International Accounting Standards Board ("IASB") Standards and Interpretations applicable to the group have been issued but are not yet mandatory, and have not yet been adopted by the group:

Revised IAS 1 – Presentation of Financial Statements (applicable for reporting periods beginning on or after 1 January 2009)

The revised standard introduces changes to the presentation of financial statements and does not affect the recognition, measurement or disclosure of specific transactions. The standard will not affect the financial position or results of the group but will introduce some changes to the presentation of the financial position, changes in equity and financial results of the group. The changes are not expected to be of any significance to the current level of disclosure in the consolidated financial statements.

Revised IFRS 3 – Business Combinations and consequential amendments to IAS 27 – Consolidated and Separate Financial Statements (applicable for business combinations for which the acquisition date is on or after the beginning of the reporting period be on or after 1 July 2009)

The main change to the standard that affects the group's current policies is that acquisition related costs are expensed in the income statement in the periods in which the costs are incurred and the services received, except for costs related to the issue of debt (recognised as part of the effective interest rate) and the cost of issue of equity (recognised directly in equity). Currently the group recognises acquisition costs as part of the purchase consideration. Also changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity and will have no impact on goodwill nor will it give rise to a gain or loss in the consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
A provision is recognised when, and only when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation.

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)
The parent company calculates the contribution to KFAS at 1% in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Zakat
The group has provided for Zakat in accordance with the requirements of Law No. 46 of 2006. The Zakat charge calculated in accordance with these requirements is charged to the consolidated income statement.

Property and equipment

Property 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 other assets as follows:

Tools and equipment	3 to 5 years
Furniture and fixtures	3 years
Motor vehicles	6 years

The carrying values of property 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.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Investment properties
Investment properties are initially measured at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair value based on a valuation performed by independent valuers at the end of each reporting date using valuation methods consistent with the nature and usage of the investment properties. Gains or losses from change in the fair value are recognised in the consolidated income statement.

Projects under construction
Property that is being constructed or developed for future use as investment property is classified as projects under construction and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as an investment property. At the date of transfer, the difference between the fair value and cost is recorded in the consolidated income statement.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisitions costs are capitalised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

End of service indemnity
The group provides end of service benefits to its expatriate employees. Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour law. The expected costs of these benefits are accrued over the period of employment.

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

Murabaha payable

Murabaha payable represents amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha 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.

Financial assets and liabilities
The group classifies its financial assets and liabilities as "available for sale investments", "receivables" and "payables".

The group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. Regular way purchases or sales of financial assets are recognised using settlement date accounting.

Financial assets and liabilities are measured initially at fair value (the "transaction price") plus, in case of a financial asset or financial liability not classified as held for trading, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Available for sale investments
All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment. After initial recognition, investments are remeasured at fair value, unless fair value cannot be reliably measured, in which case, these investments are carried at cost less any impairment loss. Valuation gains and losses arising from remeasurement to fair value are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is included in the consolidated income statement for the year.

Receivables
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts.

Financial liabilities
Financial liabilities are stated at amortised cost.

Financial assets
A financial asset (or, where applicable a part of a financial asset or a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and financial liabilities

Financial liabilities
A financial liability is dereecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

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 may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income.

The test for impairment is based either on specific financial assets or collectively on a portfolio of similar, homogenous assets. Impairment is determined as follows:

- for financial assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective interest rate
- for financial assets carried at fair value, impairment is the difference between cost and fair value
- for financial assets carried at cost, impairment is the difference between actual cost and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset

For available for sale equity investments reversals of impairment losses are recorded as increase in the cumulative changes in fair values reserve.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessor
Leases where the group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

A property interest that is held by the group under an operating lease may be classified and accounted for as an investment property when the property otherwise meets the definition of an investment property, evaluated property by property, and based on management's intention. The initial cost of a property interest held under a lease and classified as an investment property is determined at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Operating Lease Commitments – group as Lessor

The group has entered into commercial property leases on its investment property portfolio. The group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investment properties

Fair value of investment properties have been assessed by an independent real estate appraiser. Formula based discounted cash flow method was used to determine the fair value of investment properties.

Formula based discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

3 INVESTMENT PROPERTIES

	2008 KD	2007 KD
Land and buildings:		
Land and buildings in Kuwait	**45,868,000**	45,148,000
Building erected on land leased from the Government	**5,523,000**	6,043,962
	51,391,000	51,191,962

Land and buildings in Kuwait includes a property which is under development with a carrying value amounting to KD 19,408,000 as at 31 December 2008 (2007: KD 19,408,000).

Valuation of the investment properties was conducted as at 31 December 2008 by independent appraisers. The discounted future cash flow method or property market value method have been used as deemed appropriate considering the nature and usage of the property.

The movement in investment properties during the year is as follows:

	2008 KD	2007 KD
At 1 January	**51,191,962**	43,383,000
(Loss) gain on fair value of investment properties	**(9,259)**	1,765,000
Transfer from projects under construction (Note 4)	-	6,043,962
Additions	**208,297**	-
At 31 December	**51,391,000**	51,191,962

The lease period for the plot of land leased from the Government of Kuwait is 20 years.

4 PROJECTS UNDER CONSTRUCTION

Projects under construction represent offices, residential and commercial project in Kuwait. The movement in project under construction during the year is as follows:

	2008 KD	2007 KD
At 1 January	**4,159,360**	5,422,959
Additions	**8,674,180**	4,780,363
Transfer to investment properties (Note 3)	-	(6,043,962)
At 31 December	**12,833,540**	4,159,360

5 RECEIVABLES AND PREPAYMENTS

	2008 *KD*	*2007* *KD*
Accrued rent	**3,235**	5,962
Prepayments	**7,701**	5,707
Staff loan	**45,334**	-
Other receivables	**7,780**	6,076
	64,050	17,745

Since it is group's policy to collect all rental income in advance, no past due rental receivables exist.

6 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders, directors and senior management of the group, and companies which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the parent company's management. Balances and transactions with related parties are as follows:

	Major shareholders *KD*	*Other related parties* *KD*	*2008* *KD*	*2007* *KD*
Balance sheet				
Due from a related party	939,944	-	**939,944**	391,570
Due to a related party	-	-	-	5,306,640
Income statement				
Management fee expense	20,000	-	**20,000**	57,788
Interest income	-	95,641	**95,641**	79,607

Key management compensation:

	2008 *KD*	*2007* *KD*
Short term benefits	**201,870**	120,816
Employees' end of service benefits	**32,784**	9,293
Total	**234,654**	130,109

7 CASH AND BANK BALANCES

	2008	2007
	KD	*KD*
Cash and cash equivalents	**573,626**	103,568
Add: Term deposits whose original maturity is more than three months	**4,359,193**	2,448,426
	4,932,819	2,551,994

Cash and cash equivalents represent balances in non-interest bearing current accounts with financial institutions.

Term deposits are with local banks and yield an effective interest rate of 2.98% per annum (2007: 4.25% per annum).

8 SHARE CAPITAL

At 31 December 2008, authorised, issued and paid up capital of the parent company consisted of 450,000,000 (2007: 450,000,000) shares of 100 fils each.

9 STATUTORY RESERVE

According to the Commercial Companies Law, 10% of the profit for the year before contribution to KFAS, Zakat and directors' remuneration is transferred to the statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve amounts to 50% of 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 accumulated profits are not sufficient for the payment of a dividend of that amount.

10 MURABAHA PAYABLE

Murabaha payable of KD 11,594,396 represents unsecured short term and long term murabaha finance received from Kuwait Finance House; and is payable over a 22 month period and carries an average profit rate of 8.0% per annum (2007: Nil).

11 ADVANCES FROM CUSTOMERS

Advances from customers represent advance payments received from customers towards purchase of floors in the United Tower project.

12 ACCOUNTS PAYABLE AND ACCRUALS

	2008	2007
	KD	*KD*
Advance rent	**141,916**	130,798
Accrued expenses	**897,071**	242,812
	1,038,987	373,610

13 RISK MANAGEMENT

Introduction
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.

The major risks to which the group is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in building shareholder value are outlined below.

Risk management structure
The Board of Directors of the parent company are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

13.1 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 manages credit risk by setting limits for individual counter-parties. The group also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

The group trades only with recognised, creditworthy third parties. 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 cash and bank balances and related party receivables, the group's exposure to credit risk represents the maximum exposure equal to the carrying amount of these balances.

13.1.1 Gross maximum exposure to credit risk
The table below shows the gross maximum exposure to credit risk across financial assets before credit risk mitigation.

	2008 *KD*	*2007* *KD*
Bank balances	**4,932,819**	2,551,994
Accruals and other receivables	**15,097**	12,038
Related party receivables	**939,944**	391,570
	5,887,860	2,955,602

The group's exposure is predominately to real estate and construction sectors. Due to the nature of the group's business, the group does not take possession of collaterals. There is no concentration of credit risk with respect to real estate receivables, as the group has a large number of tenants. Since it is group's policy to collect all rental income in advance, no past due receivables exist.

13.2 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.

All of the group's liabilities mature within a period of twelve months. For this purpose repayments which are subject to notice are treated as if notice were to be given immediately and are included in less than twelve months.

For the year ended 31 December 2008 total financial liabilities maturing within twelve months amounted to KD 11,189,344 (2007: KD 5,680,250).

13 RISK MANAGEMENT (continued)

13.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity 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.

The group is not exposed to market risk as none of its assets are subject to variability as a result of exposure to interest rates, foreign exchange rates or equity prices.

14 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. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, trade and other payables and due to related parties less cash and cash equivalents. Capital includes total equity of the group.

	2008 *KD*	*2007* *KD*
Murabaha payable	**11,594,396**	-
Trade and other payables	**4,449,541**	373,610
Due to related party	**-**	5,306,640
Bank balance and cash	**(4,932,819)**	(2,551,994)
Net credit	**11,111,118**	3,128,256
Equity	**54,037,561**	52,661,315
Gearing ratio	**21%**	6%