OQYANA™

REAL ESTATE Co.

08

ANNUAL REPORT

In The Name of Allah,
The Most Gracious, The Most Merciful

HIS HIGHNESS
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
AMIR OF THE STATE OF KUWAIT

HIS HIGHNESS
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
CROWN PRINCE OF THE STATE OF KUWAIT

HIS HIGHNESS
Sheikh Naser Al-Mohammad Al-Ahmad Al-Sabah
PRIME MINISTER OF THE STATE OF KUWAIT

Contents

Shari'ah Supervisory Board Report

Shari'ah Supervisory Board Report

We have reviewed OQYANA Real Estate's activities as well as its contracts and investment transactions and studied the Shari'ah controller's report during the year ended 31 December, 2008.

We hereby certify that all OQYANA Real Estate activities and transactions were practiced in compliance with the Islamic Shari'ah principles and provisions, and no violations have occurred, to the best of our knowledge.

Sheikh Ahmed Al-Yaseen
Chairman

Sheikh Dr.Khalid Mathkour Al-Mathkour
Board Member

Sheikh Dr. Mohammad Fawzi Faidullah
Board Member

Sheikh Dr.Ajeel Jasem Al-Nashmi
Board Member

Sheikh Dr. Issam Khalaf Al-Enizi
Board Member

Chairman & The Board of Directors

Sheikh
Hisham Bin Abdul Rahman Al-Khalifa
Chairman

Dr. Nabeel Jaafar Abdul-Raheem
Vice Chairman / Managing Director

Waleed Abdul-Aziz Al-Humaidhi
Board Member

Ahmed Mohammed Al-Roumi
Board Member

Fawwaz Abdullah Al-Saeed
Board Member

Chairman's Message & The Board of Directors

In the name of Allah, most graceful, most merciful

Dear Shareholders,

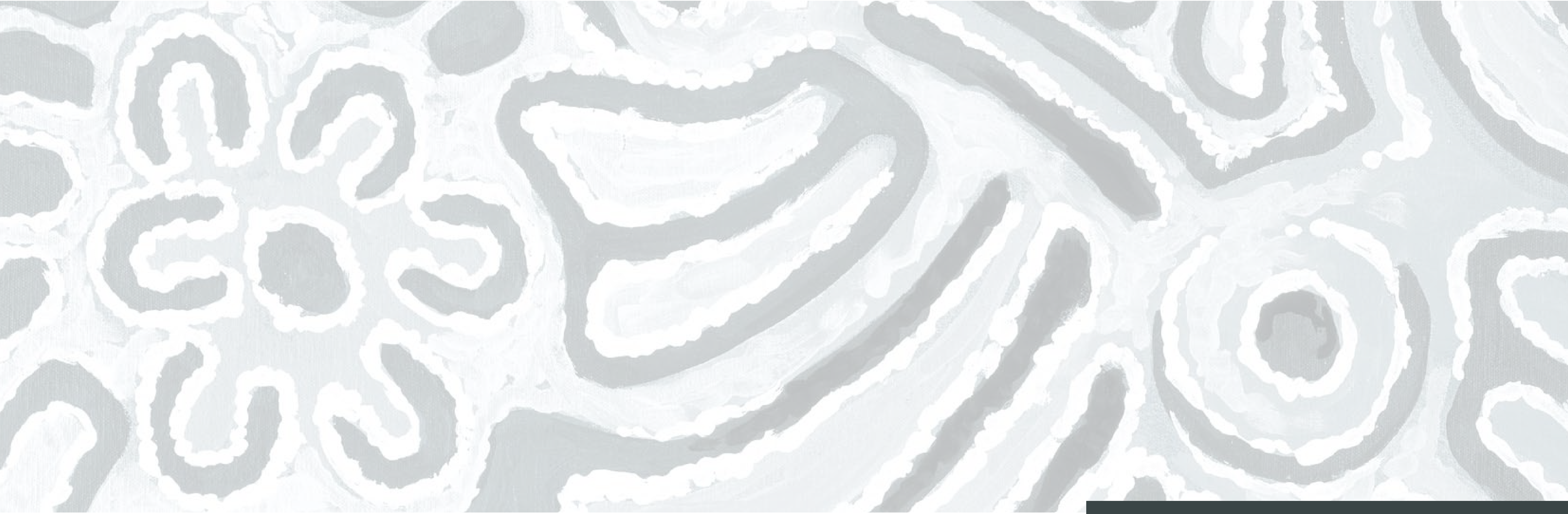
As your company has completed another year with great success, we thank Almighty for His Blessings in the first place and, to the dedication of the Executive Management and the devotion and hard work of our staff.

On behalf of myself and my colleagues, the members of the Board of Directors, I have great pleasure to welcome you and present our company's "Oqyana Real Estate", Annual Report for the year ending, 31st December, 2008, a year, where the world had witnessed fatal financial and economical challenges of huge consequences that affected the whole world including the Arabian Gulf region. Despite these fundamental setbacks your company managed to maintain stable and strong assets to be launched at the right time with full strength and confidence whenever the financial and economical conditions permitted us to do so.

Dear Shareholders,

The most severe negative impact of the world financial crisis in 2008 was on the real estate sector in the Gulf. The huge drop in real estate prices worldwide differed not only from region to region but from country to country as well, whereas all concerned are eagerly waiting to see the real estate indication in 2009 and in the years ahead. It may be noted that while the majority of real estate companies are facing big financing difficulties to complete their projects already being developed and executed, Oqyana, though acquiring two giant projects in the Kingdom of Bahrain and Dubai of the United Arab Emirates was not still in the marketing nor the developing phases and, consequently, did no construction work or enter upon legal dispute with contractors. On the other hand, the real estate sector in the Gulf region is undergoing a correction process and serious instability throughout the last period. Real Estate prices suffered a decrease in percentage in the region as a result of the global economic recession. Nevertheless, there are implications to relate that the real estate market will witness a growth resulting from existing demand but developers and investors are keen to slow down the movement of launching new projects and follow up the economic situation in general. Under conservative and limited speculation, they hope that real estate will witness a growth in a very fast movement in the coming few years.

This is due to the great local demand, the abundance of liquidity and the application of policies to encourage the possession of real estate by foreigners in the Gulf countries. All reports indicate that the real estate sector is still rich with excellent opportunities for investors whether for Gulf Nationals or for foreigners. In view of this, Oqyana, Allah willing, will surpass the hard times in 2009 and will progress in our strategic growth plans but with utmost diligence to preserve our company assets.



Esteemed shareholders,

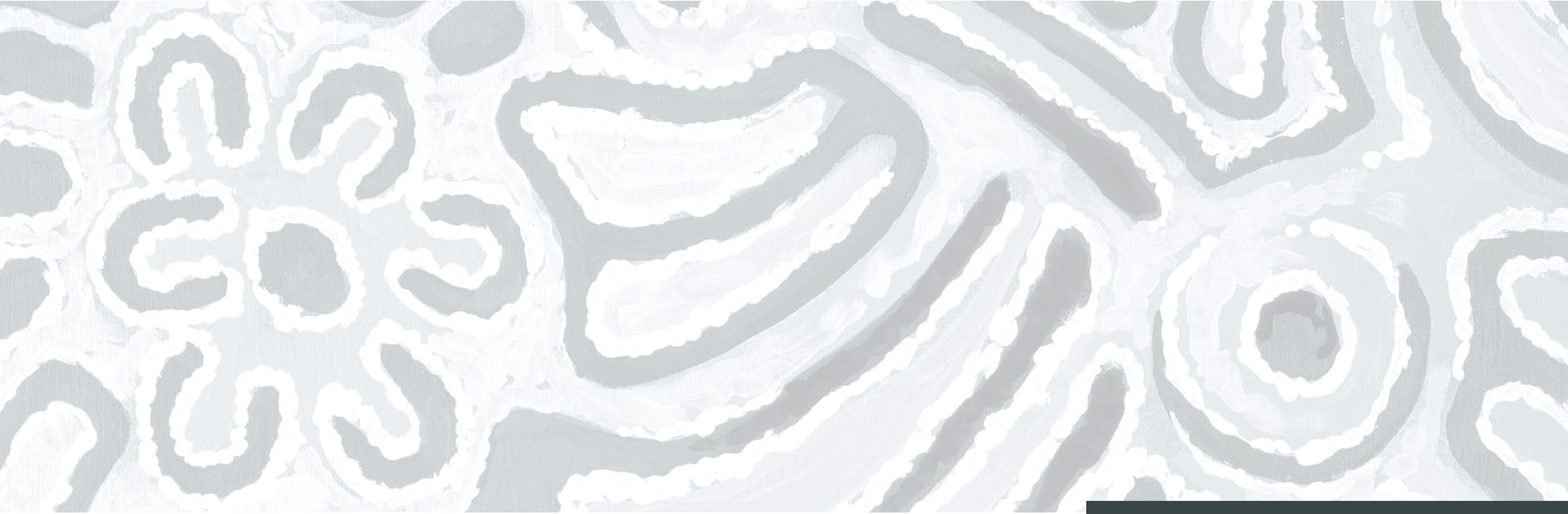
In spite of the global economical crisis and its direct and indirect impacts on various international, regional and local companies and institutions, Oqyana exercised great concern to invest only in meticulously selected projects. Oqyana's assets of excellent quality had been rather badly affected financially. In line with our transparency and prime principles that we have undertaken ever since we established the company, we do not hide the fact that our investments had directly been affected by the crisis similar to other major private sector companies and institutions of the GCC. Again, in line with our principles of diligence in preserving our shareholders' equity and in highlighting Oqyana's assets, real strength and value, I am confident that we have taken the right decision at the right time not to proceed either with the construction works or with launching the market plans pertaining to Oqyana's giant project 'OQYANA World First', whereas the company continued in 2008 to developing its distinguished project located in 'Al-Seef' area in the Kingdom of Bahrain. The company has completed the master plan and the environmental and landscape designs to divide the lot into smaller and unique lots in line with the project master plan. The new lots subdivision plan have been submitted to the authorities of Bahrain and we are waiting for the issuance of the related real estate sub deeds from the concerned government authorities which is due shortly so that we can start marketing the same at the right time with the best available prices to achieve the best returns on shareholders' equities.

Dear Shareholders,

As you all know, Oqyana Real Estate Company was established on a special strategy focused from the first day to execute Oqyana 'World First' giant project in Dubai of United Arab Emirates. This has been referred to in the IPO document distributed to your good selves in 2005 in which it is clearly stated that the project needs a period of time, not a short one, in order to be properly marketed so that rewarding returns to shareholders is secured. Within that period of time there were a number of executive steps that included reclamation of the sea in order to prepare an appropriate site for construction, in addition to the appointment of the top international consultants to prepare the details of the master plan and the detailed engineering designs and the related tender documents. In fact things would go well as expected within the project's time schedule with no delay provided the company utilizes another rewarding investment opportunity to buy a landblock of 100,000 square meters at 'Al-Seef' area next to one of Al Manama's major landmarks, namely, Financial Harbour.

Dear Shareholders,

Based on the facts given above, the company has taken the decision to seek an valuation of its assets by one of the most leading real estate property consultants in the world. The outcome of the report indicated an increase in the company's real estate assets to a very high value despite the impact of the prevailing global financial and economic crisis on the Gulf Real Estate markets. One of the highlights of these valuation is made through the 'Colliers International',



a leading real estate international property consultant in the area renowned for its collection of huge amount of matchless and precise data and information through exhaustive studies and reports. These data are derived from financial institutions and the huge network of its representative investors. In line with the principles of specifying the real and actual value, the company revealed the value of its huge assets represented in possessing around two million square meters of land and water properties, the real value of which no one can neglect; a value reflected in our financial statements by the end of 2008. From this point of view the company achieved a net profit of approximately Kuwaiti Dinars 98 Million compared to Kuwaiti Dinars 47 Million in 2007 with an increase rate of around 109%. The company's asset value reached approximately Kuwaiti Dinars 493 Million compared to Kuwaiti Dinars 374 Million in 2007 with a growth rate of around 32%. Shareholders' equity recorded around Kuwaiti Dinars 429 Million compared to Kuwaiti Dinars 324 Million in 2007 featuring a growth rate of approximately 32% whereas the earning per share reached 39 fils compared to 19 fils in 2007 at a growth rate of approximately 105%. Hence the Board of Directors have recommended to distribute 5% bonus shares of the total paid capital representing 5 shares for each 100 shares of OQYANA Real Estate Company allocated to the honorable shareholders registered in the company's records at the date of conclusion of the general assembly.

Honorable Shareholders,

I feel it most appropriate in this context to say that the Board of Directors; after a thorough and in depth studies; has decided not to proceed in the submission of the application to list our company at the Kuwait Stock Exchange, despite the completion of all the necessary requirements due to the present depression and as per the advice of our listing consultants. However, we do hope, with Allah's blessings, to make it as one of our aims during the current year sparing no efforts to achieve the aspirations of our honorable shareholders to proceed with the submission of listing the application at the right time which we wish to be the earliest.

Dear Shareholders,

Whatever success we had achieved due to Allah Almighty, it is next due to your support and sponsorship that impel us to continue our efforts until we achieve our target, "slowly but surely". Let me extend on behalf of my fellow members of the Board of Directors, the Executive Management and the employees, our sincere appreciation and profound gratitude to our honorable shareholders for their great confidence and trust which trigger us for further achievements calling on them for valuable advice as they used to do in order to gather our efforts to achieve our target. Acknowledgement is due as well to the Shari'ah Board Members for their vital role. In conclusion, I pray to Allah Almighty to help us to work for the welfare of our company and our beloved country in view of the priceless guidance and wise patronage of H.H. Sheikh Sabah Al Ahmed Al Jaber Al Sabah, the Amir of Kuwait, H.H. Crown Prince Sheikh Nawaf Al Ahmed Al Jaber Al Sabah and H.H. the Prime Minister Sheikh Nasser Mohammad Al Ahmed Al Sabah.

Chairman

Oqyana Real Estate Company K.S.C. (Closed) & its subsidiary
State of Kuwait

Consolidated financial statements for the year ended December 31, 2008 With Independent auditor's report

Contents

Independent Auditor's Report

The Shareholders
Oqyana Real Estate Company K.S.C. (Closed)
State of Kuwait

Report on the consolidated financial statements

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

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Other legal and regulatory requirements

Furthermore, 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 board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanation 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, and stock taking was duly conducted in accordance with recognized practices, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960 nor of the parent Company's Articles of Association have occurred during the year ended December 31, 2008 that might have had a material effect on the business of the Group's or on its consolidated financial position.

Ali A. Al Hasawi
License No. 30 - (A)
Rödl Middle East
Burgan – International Accountants

May 6, 2009 - State of Kuwait

Consolidated balance sheet

Exhibit – A

as at December 31, 2008

"All amounts are in Kuwaiti Dinars"

	Notes	2008	2007
Assets			
Cash and cash equivalents	4	**1,976,990**	5,056,101
Investments at fair value through statement of income	5	**3,555,237**	27,374,303
Investment available for sale	6	**10,800,000**	11,200,000
Investment in unconsolidated subsidiary	7	**80,971**	80,971
Accounts receivable and other debt balances	8	**753,080**	230,082
Land and real estate under development	9	**37,753,120**	189,440,228
Investments properties	10	**437,995,931**	140,697,264
Intangible assets		**12,039**	1,520
Property and equipment		**168,734**	221,174
Total assets		**493,096,102**	374,301,643
Liabilities and equity			
Liabilities			
Accounts payable and other credit balances	11	**7,061,594**	11,985,367
Term financing	12	**57,170,593**	38,113,896
Provision for staff indemnity		**39,429**	33,608
Total liabilities		**64,271,616**	50,132,871
Equity			
Capital	13	**250,000,000**	250,000,000
Statutory reserve	14	**18,839,156**	8,808,234
Voluntary reserve	15	**18,839,156**	8,808,234
Change in fair value reserve		**(400,000)**	-
Foreign exchange translation reserve		**(6,131,981)**	(13,002,546)
Retained earnings		**147,678,155**	69,554,850
Total equity		**428,824,486**	324,168,772
Total liabilities and equity		**493,096,102**	374,301,643

Dr. Nabeel Jafar Abdul Raheem
Vice Chairman and Managing Director

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of income

Exhibit – B

for the year ended December 31, 2008

"All amounts are in Kuwaiti Dinars"

	Note	2008	2007
Revenues			
Unrealized gain from change in fair value of investment properties		**123,061,700**	49,869,326
Net investments loss	16	**(21,604,524)**	(2,567,153)
Wakala investment income		**-**	169,665
Other (Loss)/income	17	**(471,078)**	2,109,451
		100,986,098	49,581,289
Expenses and other charges			
Finance cost		**14,365**	-
Depreciation and amortization		**65,945**	128,629
Advertising fees		**-**	217,064
Management and custody fees		**23,106**	127,050
General and administration expenses	18	**573,453**	1,601,231
		676,869	2,073,974
Profit for the year before KFAS, Zakat and Board of directors' remuneration		**100,309,229**	47,507,315
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(902,783)**	(427,566)
Zakat 1%	19	**(983,750)**	(28,283)
Board of Directors' remuneration		**-**	(55,000)
Net profit for the year		**98,422,696**	46,996,466
Earning per share (fils)	20	**39**	19

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of cash flows

Exhibit – C

for the year ended December 31, 2008

"All amounts are in Kuwaiti Dinars"

	Note	2008	2007
Cash flows from operating activities:			
Profit for the year before contribution to KFAS , Zakat and BOD remuneration		**100,309,229**	47,507,315
Adjustments for:			
Depreciation and amortization		**65,945**	128,629
Provision for end of services indemnity		**5,821**	27,289
Wakala investment income		**-**	(169,665)
Unrealized gain from change in fair value of investment properties		**(123,061,700)**	(49,869,326)
Net investments loss		**21,604,524**	2,567,153
Finance cost		**14,365**	-
Operating (loss)/ profit before working capital changes		**(1,061,816)**	191,395
Investments at fair value through statement of income		**342,393**	2,256,774
Accounts receivable and other debit balances		**(521,236)**	256,945
Due from related parties		**(1,762)**	371,803
Accounts payable and other credit balances		**(7,047,853)**	(2,017,642)
Net cash (used)/generated from in operating activities		**(8,290,274)**	1,059,275
Cash flows from investing activities:			
Amount paid for land and real estate under development		**(14,939,656)**	(36,661,825)
Payment for purchase of property and equipments		**(120,996)**	(34,939)
Proceed from Wakala investment		**-**	10,000,000
Cash dividends received		**1,872,149**	1,243,953
Wakala investment income received		**-**	169,665
Amount paid for investments properties		**(642,666)**	(70,654)
Payment for purchase of unconsolidated subsidiary		**-**	(80,971)
Net cash used in investing activities		**(13,831,169)**	(25,434,771)
Cash flows from financing activities:			
Term finance		**19,056,697**	27,564,948
Finance cost paid		**(14,365)**	-
Net cash generated from financing activities		**19,042,332**	27,564,948
Net (decrease)/increase in cash and cash equivalents		**(3,079,111)**	3,189,452
Cash and cash equivalents at the beginning of the year		**5,056,101**	1,866,649
Cash and cash equivalents at the end of the year	4	**1,976,990**	5,056,101

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of changes in equity

Exhibit – D

for the year ended December 31, 2008

"All amounts are in Kuwaiti Dinars"

	Capital	Statutory reserve	Voluntary reserve	Change in fair value reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2007	250,000,000	4,057,503	4,057,503	-	(37,592)	32,059,846	290,137,260
Foreign currency translation reserve	-	-	-	-	(12,964,954)	-	(12,964,954)
Total recognized loss directly in equity	-	-	-	-	(12,964,954)	-	(12,964,954)
Net profit for the year	-	-	-	-	-	46,996,466	46,996,466
Total recognized profit for the year	-	-	-	-	(12,964,954)	46,996,466	34,031,512
Transfer to reserves	-	4,750,731	4,750,731	-	-	(9,501,462)	-
Balance at December 31, 2007	250,000,000	8,808,234	8,808,234	-	(13,002,546)	69,554,850	324,168,772
Balance at January 1, 2008	250,000,000	8,808,234	8,808,234	-	(13,002,546)	69,554,850	324,168,772
Change in fair value	-	-	-	(400,000)	-	-	(400,000)
Foreign currency translation reserve	-	-	-	-	6,870,565	-	6,870,565
Total recognized profit directly in equity	-	-	-	(400,000)	6,870,565	-	6,470,565
Net profit for the year	-	-	-	-	-	98,422,696	98,422,696
Total recognized profit for the year	-	-	-	(400,000)	6,870,565	98,422,696	104,893,261
Transfer to Zakat provision	-	-	(237,547)	-	-	-	(237,547)
Transfer to reserves	-	10,030,922	10,268,469	-	-	(20,299,391)	-
Balance at December 31, 2008	**250,000,000**	**18,839,156**	**18,839,156**	**(400,000)**	**(6,131,981)**	**147,678,155**	**428,824,486**

The accompanying notes form an integral part of the consolidated financial statements

1- Incorporation and activities

Oqyana Real Estate Company – Kuwaiti Shareholding Company (Closed) [previously known as Dimnat Al Khalej Real Estate Company – Kuwaiti Shareholding Company (Closed)] is registered in the State of Kuwait and was incorporated and authenticated on April 7, 2002 at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 1254/ Volume 1.

The main activities of the parent company are as follows:

- Owning, buying and selling real estate and land as well as developing them inside and outside the state of Kuwait, also managing properties for others without breaching the articles stipulated in the existing laws that prohibit the trading in private residential plots as stipulated in those laws.
- Owning, buying and selling shares and real estate bonds for the benefit of the Company only inside and outside Kuwait.
- Preparing studies and offer consultations in all kinds of real estates aspects if only the required conditions are met concerning the parties that perform such services.
- Performing maintenance works related to buildings and real estates owned by the Company and others including maintenance work, execution of civil, mechanical, electrical, elevators, and air conditioning work to ensure the protection and safety of the buildings.
- Organizing real estate exhibitions related to the Company's real estate projects according to the ministry's rules.
- Using financial surplus, available to the company, in investments of finance and real estate portfolios managed by specialized companies.

The parent company is permitted to conduct the above mentioned activities inside and outside Kuwait. The parent company shall have the right to have an interest or to take part in any manner with the authorities that practice similar operations, or that may help the Company to achieve its objectives inside and outside Kuwait. The parent company shall also acquire these authorities or merge them with the Company.

The subsidiary company has the same activities of the parent company.

The total number of employees is 28 as of December 31, 2008 (49 as of December 31, 2007).

The parent company's registered address is Sharq, Al-Shuhadaa Street, KRE Tower, P.O. Box 26334 Safat -13124 State of Kuwait.

The consolidated financial statements of Oqyana Real Estate Company K.S.C. (Closed) And its subsidiary for the year ended December 31, 2008 were authorized for issue in accordance with a resolution of the directors on May 6, 2009.

The shareholders' General Assembly has the power to amend these consolidated financial statements after issuance.

2- Adoption of new and revised standards and interpretations

Standards and interpretations effective during the year

- IAS 39 (Revised): Financial Instruments – Recognition and Measurement.
- IFRS 7 (Revised): Financial Instruments – Disclosures.

The adoption of these standards and interpretation has not led to any changes in the Group's accounting policies.

Standards and interpretation issued but not yet adopted

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

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

- IAS 1 (Revised): Presentation of Financial Statement
- IAS 23 (Revised): Borrowing Costs
- IAS 32 (Revised): Financial Instruments Presentation
- IAS 36 (Revised): Impairment of Assets
- IAS 38 (Revised): Intangible Assets
- IAS 39 (Revised): Financial Instruments - Recognition and Measurement
- IAS 40 (Revised): Investments Property
- IFRS 8: Operating Segments

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

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

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

3- Significant accounting policies

The principals accounting policies applied in the preparation of these consolidated financial statements are set out below:

3/1) Basis of preparation

- These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and state of Kuwait Commercial Companies' law requirements.
- The accounting policies have been consistently applied during the year, as a similar base for the policies applied in the previous year, except for the adoption of (Note 2).

3/2) Accounting convention

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

3/3) Basis of consolidation

The consolidated financial statements include the consolidated financial statements of the parent company and its subsidiary (Oqyana Jersey (W.L.L). – England, (which practices its activities through Dubai branch), wholly owned subsidiary referred to as ("the Group") in these consolidated financial statements.

Subsidiaries are those enterprises controlled by the parent Company. Control exists when the parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the Subsidiary are included in the consolidated financial statements effective from the date of control commences until the date of effective cease that control. Inter-group balances and transactions, including inter-group profits and unrealized gains/ losses, are eliminated in preparing the consolidated financial statements. The consolidated financial statements are prepared by using unified accounting policies for the like transactions.

3/4) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the parent company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the consolidated statement of income.

3/5) Recognition / de-recognizing of financial assets

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. Financial asset (in whole or in part) is derecognized when the contractual rights to the cash flows from the financial asset expire or when the group transfers substantially all the risks and rewards of ownership or when the group has neither

transferred retained substantially all the risks and rewards of ownership and when it no longer has control over the asset or a proportion of the assets. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3/6) Critical accounting estimates and judgments

According to the accounting policies applied by the group and in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities.

Classification of Land

Upon acquisition of a land, the management classifies the land into one of the following categories, based on the intention of the management for the use of the land.

Properties under development

When the intention of the management is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

Projects under construction

When the intention of the management is to develop a land in order to rent it in the future, both the land and the construction costs are classified as projects under construction till the properties are ready for use at which time, it is classified as investment properties.

Properties held for sale

When the intention of the management is to sell land in the ordinary course of business, the properties are classified as properties held for sale.

Investment property

When the intention of the management is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

Impairment of investments

The Group treats available for sale investments as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires significant judgment. In addition, the group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held for trading, at fair value through statement of income, or available for sale.
The group classifies financial assets as held for trading if the acquired primarily for the purposes of short-term profit making.

Classification of investments as investments at fair value through statement of income depends on how management monitor the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as at fair value through statement of income. All other investments are classified as available for sale.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated 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 unquoted equity investments.
Valuation of unquoted equity instrument is normally based on one of the following recent arm's length market transactions:

- Fair value of other similar instruments
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Other valuation models.

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

3/7) Cash and cash equivalents

Cash and cash equivalent comprise cash on hand and at banks and short term bank deposits with a maturity date not exceeding three months from the date of deposit.

3/8) Financial instruments

Classification

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

The Group has classified its financial instruments as follows:

Financial assets at fair value through statement of income

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

Receivables

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

Available for sale

These are non derivative financial assets that are either designated in this category or not included in any of the above categories and are principally, those acquired to be held, for an indefinite

period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Recognition and de-recognition

Regular purchase and assets of financial assets are recognized on settlement date – the date on which the Group delivers or receives the asset. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets are initially recognized at fair value plus transaction cost for all financial assets not carried at fair value through statement of income. Financial assets carried at fair value through statement of income are initially recognized at fair value and transaction costs are expensed in the income statement.

Subsequently, investment available for sale and financial assets at fair value through statement of income are carried at fair value, and receivables are carried at amortized cost using the effective yield method.

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

Fair values

The fair values of financial instruments in regular financial market are bases on last bid prices.

For the unquoted investment, the group establishes fair value by reference to other that are substantially the same, or by using the expected discounted cash flow analysis after adjustment to reflect the same circumstances of the issuing company. Available for sale investments, which its fair value have not been determined are carried at cost less impairment losses.

Impairment in value

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

A specific provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts of receivable. The amount of the specific provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the effective rate of return. The amount of the provision is recognized in the income statement.

3/9) Wakala investments

Wakala investment represents an agreement whereby the group invests a certain amount of cash with another party according to specific condition in return for a certain fees (percentage of amount invested).

3/10) Intangible assets

Acquisition costs of other intangible assets are capitalised and amortised on a straight-line bases over its estimated useful life, which expected to be three years.

3/11) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to statement of income on straight line basis over the estimated useful lives of property, plant and equipment as follows:

	Useful lives
Vehicles	3 years
Equipments	3 years
Furniture	3 years

The initial cost of property, plant and equipment includes cost of purchase and any directly attributable cost of bringing these assets to their current location and condition.

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

3/12) Land and real estate under development

Lands and real estate under development are recognized at cost, which includes development costs. When the development process completed. The land and real estate are classified either as investment property or land and real estate held for trading or as property for the Group's Self-Occupation as per management intention regarding the future use of properties.

3/13) Investments properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at their fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the statement of income for the period in which they arise.

3/14) Impairment of non financial assets

Property, plant and equipment, investment in subsidiary, investment in associates, goodwill and other intangible assets are reviewed as at the date of preparing the financial statements in order

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to determine whether there is an objective evidence of impairment in value if such evidence exists, the estimated recoverable amount of the assets are determined and any impairment loss is recognized in the statement of income when the carrying amount of the asset is in excess of the recoverable amount.

The recoverable amount is the higher of an asset's net selling price or its value in use. The net selling price represents the amount obtainable from the sale of an asset in an arm's length transaction, while the asset value in use represents the present value of estimated future cash flows expected to arise from the continuing use of an assets, and with its disposal at the end of it useful life. Recoverable amounts are estimated for each item of the assets on an individual basis or if this is impractical for the cash flows generating unit.

Reversal of impairment losses recognized in prior years is recorded as income when there is an indication that the impairment losses for the asset no longer exist or has decreased net book value of an item and impairment loss should not be exceed its net book value in case that the loss has not been initially recognized.

3/15) Accounts payable and accruals

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

3/16) Term financing

Finance by others acquired by the Group is recognized at fair value less transaction costs. Subsequently such finance is stated at amortized cost.

The difference between the amount collected (less any transaction cost) and value to be paid is recognized over the contract term in the consolidated statement of income using effective cost rate.

3/17) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The capitalized of borrowing costs should commence when expenditures for the asset have been incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3/18) End of service indemnity

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

3/19) Revenue recognition

Wakala income is recognized as it is earned, on a time apportionment basis, using the effective rate of return.

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

Other categories of income are recognized when earned, at the time the related services are rendered and / or on the basis of the terms of the contractual agreement of each activity.

3/20) Foreign currencies

Transactions and balances

The Group's books are kept in Kuwaiti Dinars. Foreign currency transactions are accounted for at the prevailing exchange rates at the date of the transaction. Monetary assets and liabilities balances denominated in foreign currencies are translated at the prevailing rate at consolidated balance sheet date.

Resultant differences in currency changes are taken to the consolidated statement of income. A resultant difference in currency changes from translating non-monetary financial assets which is measured with fair value is considered a part of the differences of changes in the fair value.

Financial statements translation

Transactions of subsidiary and associations are not present part of the company transaction. The assets and liabilities for these companies are translated to Kuwaiti Dinar by using the prevailing rate at the consolidated balance sheet date, the revenue and expenses are translated using the average of the exchange rates during the year.

Resultant differences in currency change are taken to the consolidated equity statement directly under the "foreign currency translation reserve".

3/21) Dividends

Dividends are recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders.

3/22) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services, business segment or providing products or services within a particular economic environment, geographical segment, where it is subject to risks and rewards that are different from other segments.

3/23) Contingencies

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

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

4- Cash and cash equivalents

	2008	2007
Cash on hand	**1,506**	2,047
Cash at bank	**1,975,115**	5,046,386
Cash with portfolio manager	**369**	7,668
	1,976,990	5,056,101

5- Investments at fair value through statement of income

	2008	2007
Investments in quoted shares – Listed	**3,507,426**	26,995,548
Investments in funds	**47,811**	378,755
	3,555,237	27,374,303

The investments at fair value through statement of income represent local quoted shares and unquoted local funds.

Investments in shares include an amount of KD 3,389,586 (2007: KD 26,744,988) that has been pledged against Murabaha finance (Note 12).

6- Investment available for sale

	2008	2007
Investments in unquoted shares - Unlisted	**10,800,000**	11,200,000
	10,800,000	11,200,000

The investments available for sale represents the group's holding in private company (unquoted security), this investment is carried at last purchase rate.

Investments in unquoted shares is completely pledged (2007: Nil) against Tawarouk finance (Note 12).

7- Investment in unconsolidated subsidiary

On 14 November 2007 the group acquired 100% of the share capital of Oqyana Real Estate Company W.L.L. which located in Bahrain kingdom and working on real estate, the share capital of the subsidiary amounting to Bahraini Dinar 100,000 equivalent to KD 80,971, the group have not consolidated the subsidiary as its immaterial and represents .02% of the parent company assets, this investment included goodwill amounting to KD 7,899.

8- Accounts receivable and other debit balances

	2008	2007
Advance to suppliers	**265,167**	18,697
Staff receivable	**1,316**	8,757
Refundable deposits	**30,813**	18,905
Prepaid expenses	**199,508**	162,681
Due from related parties	**1,762**	-
Others	**254,514**	21,042
	753,080	230,082

The book value of receivables and other debit balances approximate their fair values.

9- Land and real estate under development

	2008	2007
Balance at January 1,	**189,440,228**	165,743,357
Additions	**15,650,425**	23,696,871
Transfer to investment properties	**(163,022,027)**	-
Foreign currency translation differences	**(4,315,506)**	-
Balance at December 31,	**37,753,120**	189,440,228

Land and real estate under development represents the amounts paid on acquiring 21 islands (world islands project – Dubai), during 2008 has been transferred 20 islands to investment properties. The above balance includes capitalized finance cost of KD 2,881,621 as of December 31, 2008 (as of December 31, 2007: KD 1,986,311).

10- Investments properties

	2008	2007
Balance as of January 1,	**140,697,264**	90,757,284
Additions	**642,666**	70,654
Transfer from Land and real estate under development	**163,022,027**	-
Foreign currency translation differences	**10,572,274**	-
Change in fair value	**123,061,700**	49,869,326
Balance as of December 31,	**437,995,931**	140,697,264

The investments properties are represented by 20 islands (world islands project – Dubai) with a value of KD 289,518,750, that property owned by Oqyana Limited - Jersey (United Kingdom) (100% owned subsidiary), and another property in Bahrain kingdom with a value of KD 148,477,181.The legal owner of the investment property in Bahrain is Oqyana Real Estate Co. (100% owned subsidiary). With a written confirmation that the parent Company is the beneficial owner of the investment property in Bahrain.

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The investments properties have been recorded at fair value, on the basis of a valuation carried out by independent valuers from Bahrain kingdom and United Arab Emirates.

Bahrain property with a value of KD 148,477,181(2007: Nil) has been pledged against Murabaha finance (Note 12).

11- Accounts payable and other credit balances

	2008	2007
Trade payables	**2,938,289**	10,501,938
Due to related parties	**1,175,150**	212,128
Accrued expenses	**123,812**	152,364
Kuwait foundation for advancement of science	**1,330,348**	746,561
Zakat tax 1%	**983,750**	28,283
Advance from customers	**240,317**	237,591
Staff leave provision	**32,381**	20,784
Board of directors' remuneration	**-**	55,000
Other credit balances	**237,547**	30,718
	7,061,594	11,985,367

12- Term financing

	2008	2007
Tawaroq contracts	**8,950,992**	16,514,118
Wakala payable	**20,290,526**	2,323,754
Murabaha payable	**27,929,075**	19,276,024
	57,170,593	38,113,896

Tawaroq contract due in 2009, with average cost rate is 11.97% (10.08% for the year ended December 31, 2007).

Wakala payable due in 2009, with average cost rate is 8.125% (9% for the year ended December 31, 2007).

Murabaha payable due in 2009, with average cost rate is 6.1% (7.3% for the year ended December 31, 2007).

Investments in quoted shares include an amount of KD 3,389,586 (2007: KD 26,744,988) that has been pledged against Murabaha finance (Note 5).

Investments in unquoted shares are completely (2007: Nil) pledged against Tawaroq finance (Note 6).

Bahrain property with a value of KD 148,477,181(2007: Nil) has been pledged against Murabaha finance (Note 10).

13- Capital

The authorized, issued and fully paid-up capital is as follows:

	2008	2007
Capital (KD)	**250,000,000**	250,000,000
Capital (number of shares)	**2,500,000,000**	2,500,000,000

14- Statutory reserve

As required by the Commercial Companies Law and the Parent Company's Articles of Association, 10% of annual net profit before KFAS, Zakat and BOD remuneration is transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

15- Voluntary reserve

As required by the Company's Articles of Association and recommendation of the Board of Directors, KD 10,268,469 of net profit before KFAS, Zakat and BOD remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors.

16- Net investments loss

	2008	2007
Realized gain on sale of investments at fair value through statement of income	**9,385**	834,027
Unrealized loss from changes in fair value of investments at fair value through statement of income	**(23,486,058)**	(4,645,133)
Cash dividends	**1,872,149**	1,243,953
	(21,604,524)	(2,567,153)

17- Other (loss)/income

	2008	2007
Foreign exchange differences	**(852,780)**	754,813
Sundry	**381,702**	1,354,638
	(471,078)	2,109,451

18- General and administration expenses

General and administration expenses included staff cost amounting to KD 326,880, KD 149,450 for consultancy fees, and other developments & professional fees for the year ended 31 December 2008 (For the year ended 31 December 2007 KD: 454,944 and KD 949,142 respectively)

19- Zakat

This item represents Zakat computed in accordance with law No 46/2006 related to Zakat imposed on the general and closed shareholding companies, Zakat is calculated as 1 % from net profit before deducting the group's provisions and reserves.

20- Earning per share

Earnings per share is calculated by dividing net profit for the year attributable to the shareholders of the parent company over the weighted average number of ordinary shares outstanding during the year as follows:

	2008	2007
Net profit for the year (KD)	**98,422,696**	46,996,466
Weighted average number of outstanding shares	**2,500,000,000**	2,500,000,000
Earning per share (fils)	**39**	19

21- Related parties transaction

Related parties comprise of directors, key management personnel, shareholders. All related party transactions are carried out on terms approved by the Group's management.

Summary of the balances resulted from these transactions as consolidated balance sheet:

	Main shareholders	2008	2007
Due from related parties	1,762	**1,762**	-
Due to related parties	1,175,150	**1,175,150**	212,128

Compensation of key management personnel:

	2008	2007
Compensation of key management personnel	**227,168**	271,107

The transactions with related parties are subject to approval of the shareholders at the general assembly.

22- Segment information

Business information segments:

The group manages its activities through two main segments:

- Real estate segments
- Investments segments

	2008			2007		
	Real estate	**Investments**	**Total**	Real estate	Investments	Total
Revenue	**123,061,700**	**(21,604,524)**	**101,457,176**	49,869,326	(2,397,488)	47,471,838
Expenses	**(653,763)**	**(23,106)**	**(676,869)**	(1,946,924)	(127,050)	(2,073,974)
Profit/(loss) for the year before other revenue and undistributed expenses	**122,407,937**	**(21,627,630)**	**100,780,307**	47,922,402	(2,524,538)	45,397,864
Other (loss)/income			**(471,078)**			2,109,451
Undistributed expenses			**(1,886,533)**			(510,849)
Net profit			**98,422,696**			46,996,466

23- The geographic distribution for assets / liabilities

	Assets		Liabilities	
	2008	2007	**2008**	2007
Kuwait	**14,688,548**	41,252,482	**60,886,532**	39,357,597
UAE	**329,849,400**	192,270,926	**3,385,084**	10,775,274
Bahrain Kingdom	**148,558,154**	140,778,235	**-**	-
	493,096,102	374,301,643	**64,271,616**	50,132,871

24- Equity capital ratio

	2008	2007
Share capital (KD)	**250,000,000**	250,000,000
Weighted share capital (KD)	**250,000,000**	250,000,000
Equity including weighted share capital (KD)	**428,824,486**	324,168,772
Equity including weighted share capital /weighted share capital	**172%**	130%

25- Proposed dividends

On date May 6, 2009 The Board of Directors proposed issuing of bonus share 5% of the paid up capital which is 5 shares of each 100 shares of Oqyana Real Estate Company (2007: Nil), and also proposed not to pay remuneration for Board of Directors (2007: KD 55,000).

The above is subject to the approval of the shareholders at the annual general assembly.

26- Financial instruments

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. The group used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of other financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

Financial risks management

The group's use of financial instruments exposes it to financial risks such as credit risk, market risk, liquidity risk.

The Group continuously reviews its risk exposures and takes the necessary procedures to limit these risks at acceptable levels.

The significant risks that the Group is exposed to are as follows:

- **Credit risk**

  Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of accounts receivables.

  Credit risk with respect to receivables is limited due to limited customers dealing with the group business which is concentrated in real estate under developments. For more details see note (8).

  The majority of the group's trade receivables is due for maturity within 90 days and most big portion of this debts represent debts individuals and group's.
  Therefore the management believes there is no future credit risk provision required in excess of the normal provision for impairment of trade receivables.

- **Liquidity risks**

  Liquidity risks are the risk that the Group will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities , managing highly liquid assets, and monitoring liquidity on a periodically basis by method of future cash flow.

  The maturity of liabilities stated below based on the period from the balance sheet date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed and the liability settled.

  Liabilities stated below represents the contractual maturity of financial liabilities based on undiscounted cash flows, as such, these balances accrued during period less than one year so the discount will be immaterial.

The following is maturity table for the financial assets and liabilities as of December 31, 2008:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Assets					
Cash and cash equivalents	1,976,990	-	-	-	1,976,990
Investments at fair value through statement of income	-	3,555,237	-	-	3,555,237
Investment available for sale	-	-	10,800,000	-	10,800,000
Investment in unconsolidated subsidiary	-	-	-	80,971	80,971
Accounts receivable and other debt balances	-	753,080	-	-	753,080
Land and real estate under development	-	-	37,753,120	-	37,753,120
Investments properties	-	-	437,995,931	-	437,995,931
Property and equipment and intangible assets	-	-	180,773	-	180,773
Total assets	1,976,990	4,308,317	486,729,824	80,971	493,096,102
Liabilities					
Accounts payables and other credit balances	123,812	6,937,782	-	-	7,061,594
Term financing	433,288	56,737,305	-	-	57,170,593
Provision for staff indemnity	-	-	39,429	-	39,429
Total liabilities	557,100	63,675,087	39,429	-	64,271,616
Net liquidity gap	1,419,890	(59,366,770)	486,690,395	80,971	428,824,486

As disclosed in the table above, the current liabilities (due within one year) exceeded its current assets by KD 57,946,880 as of December 31 2008 (2007: KD 17,438,777).

The Group is dependent on availability of the continued support from the financial institutions (Rescheduling of the facilities from short term to medium/long credit facilities) (Notes - 12).

The management is in the process of negotiating the terms of the settlement of the short term Murabaha payables amounting to KD 57,170,593 with the financial institutions whereby this short term Murabaha payables will by converted into medium and long term credit facilities.

The management is confident that they will be able to renegotiate the terms of these facilities as contemplated at this stage.

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The following is maturity table for the financial assets and liabilities as of December 31, 2007:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Assets					
Cash and cash equivalents	5,056,101	-	-	-	5,056,101
Investments at fair value through statement of income	-	27,374,303	-	-	27,374,303
Investment available for sale	-	-	11,200,000	-	11,200,000
Investment in unconsolidated subsidiary	-	-	-	80,971	80,971
Accounts receivable and other debt balances	-	230,082	-	-	230,082
Land and real estate under development	-	-	189,440,228	-	189,440,228
Investments properties	-	-	140,697,264	-	140,697,264
Property and equipment and intangible assets	-	-	222,694	-	222,694
Total assets	**5,056,101**	**27,604,385**	**341,560,186**	**80,971**	**374,301,643**
Liabilities					
Accounts payables and other credit balances	152,325	11,833,042	-	-	11,985,367
Term financing	-	38,113,896	-	-	38,113,896
Provision for staff indemnity	-	-	33,608	-	33,608
Total liabilities	152,325	49,946,938	33,608	-	50,132,871
Net liquidity gap	**4,903,776**	**(22,342,553)**	**341,526,578**	**80,971**	**324,168,772**

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- **Market risks**

  Market risk, comprise of price risk, interest rate risk and currency risk. These risks arise due to change in market prices, interest rates and foreign currency rates.

Foreign currencies risks

Foreign currencies risks arise from transactions with foreign currencies. The Group manages these risks by setting limits on transaction with other foreign currencies and counterparty and limiting its transaction business in major currencies with reputable counterparties.

The company's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the balance sheet date, translated into Kuwaiti Dinars at the closing rates are as follows:

	2008 Equivalent	2007 Equivalent
	KD	KD
US Dollars	**(17,784,995)**	(30,874,414)
UAE Dirhams	**326,464,317**	181,495,652
Bahraini Dinar	**120,820,159**	140,778,235

If the foreign currencies had strengthened against the Kuwaiti Dinar assuming the above sensitivity 1%, then this would have the following impact on the profit for the year, and the company's equity.

	Percentage of changes in currencies	**2008**		2007	
		Income statements	**Equity**	Income statements	Equity
US Dollars	**1+**	**(177,849)**	**-**	(308,744)	-
UAE Dirhams	**1+**	**2,895,188**	**369,455**	-	1,814,956
Dinar Bahraini	**1+**	**1,208,201**	**-**	1,407,782	-

If the foreign currencies had weakened against the Kuwaiti Dinar assuming the above sensitivity 1%, then there would be an equal and opposite impact on the profit for the year and the company's equity.

Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially not affected by the changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company is not exposed to cash flow changes due to changes in the interest rates on Wakala and Murabaha as these facilities issued at fixed rates.

Equity price risks

To manage its equity price risks arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limitations set by the Group.

During the year the Group held investments and classified on the balance sheet as investments at fair value through statement of income and available for sale investments.

The equity price risk sensitivity is determined on the assumptions of changes in Kuwait stock market by 5%+/- for the year 2008 and 2007.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. The analysis reflects the impact of positive changes to equity prices in accordance with the above-mentioned equity price risk sensitivity assumptions. All other variables are held constant.

	Profit/loss of the year		Equity	
	2008	2007	**2008**	2007
Investments at fair value through statement of income	**175,371**	1,349,777	**-**	-
Available for sale investments	**-**	-	**540,000**	560,000

In case of a negative change in equity prices by 5% and other variables are held constant, there would be an equal and opposite impact on the profit for the year and equity, and the balances shown above would be negative.

27- Capital risk management

The Group's objectives when managing capital is safeguarding the group's ability to continue as a going concern to be able to provide returns for shareholders and benefits for other beneficiaries with risk level.

The group determines share capital that is adequate for risks and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

Consistently with others in the industry, the group monitors capital on the basis of debt – to – adjusted capital ratio. This ratio is calculated as net debts divided by total adjusted capital.

Net debts calculated as total debts including facilities, as shown in the balance sheet less cash and cash equivalent. Total adjusted capital comprise of all components of equity (share capital reserves and retained earning).

The gearing ratio as follows:

	2008	2007
Debts	**57,170,593**	38,113,896
Less: Cash and cash equivalent	**1,976,990**	5,056,101
Net debts	**55,193,603**	33,057,795
Equity	**428,824,486**	324,168,772
Total equity and debts	**484,018,089**	357,226,567
Gearing ratio	**11%**	9%

28- Stand alone balance sheet for Oqyana Real Estate company K.S.C (closed) - (Parent company)

	2008	2007
Assets		
Cash and cash equivalents	**5,262**	2,603,346
Investments at fair value through statement of income	**3,555,237**	27,374,303
Investment available for sale	**10,800,000**	11,200,000
Investment in Subsidiary	**332,677,267**	194,579,169
Accounts receivable and other debt balances	**257,033**	47,858
Investments properties	**148,477,181**	140,697,264
Intangible assets	**12,039**	-
Property and equipment	**58,979**	26,975
Total assets	**495,842,998**	376,528,915
Liabilities and equity		
Liabilities		
Accounts payable and other credit balances	**3,710,055**	1,234,597
Term financing	**57,170,593**	38,113,896
Provision for staff indemnity	**5,883**	9,104
Total liabilities	**60,886,531**	39,357,597
Equity		
Capital	**250,000,000**	250,000,000
Statutory reserve	**18,839,156**	8,808,234
Voluntary reserve	**18,839,156**	8,808,234
Fair value reserve	**(400,000)**	-
Retained earnings	**147,678,155**	69,554,850
Total equity	**434,956,467**	337,171,318
Total liabilities and equity	**495,842,998**	376,528,915

Notes to the consolidated financial statements
for the year ended December 31, 2008

"All amounts are in Kuwaiti Diners unless otherwise stated"

29- Stand alone income statement for Oqyana Real Estate company K.S.C (closed) - (Parent company)

	2008	2007
Revenues		
Real estate income	**7,137,251**	49,869,326
Net investments loss	**(21,604,524)**	(2,567,153)
Share of profit /(loss) from Subsidiary	**115,924,449**	(159,530)
Wakala investment income	**-**	169,665
Other (loss)/income	**(471,078)**	2,109,451
	100,986,098	49,421,759
Expenses and other charges		
Finance cost	**14,365**	-
Depreciation and amortization	**65,945**	21,895
Advertising fees	**-**	164,268
Management and custody fees	**23,106**	127,050
General and administration expenses	**573,453**	1,601,231
	676,869	1,914,444
Profit for the year before KFAS, Zakat and Board of Directors' remuneration	**100,309,229**	47,507,315
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	**(902,783)**	(427,566)
Zakat 1%	**(983,750)**	(28,283)
Board of Directors' remuneration	**-**	(55,000)
Net profit for the year	**98,422,696**	46,996,466
Earning per share (fils)	**39**	19

30- Comparative figures

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

OQYANA - World First (Dubai)








Water Garden City (Bahrain)

OQYANA
REAL ESTATE Co.