

ANNUAL REPORT

2004 - 2005



Munshaat Real Estate Projects CO. K.S.C (Closed)

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H.H. SHEIKH JABER AL-AHMAD AL-JABER AL-SABAH
AMIR OF KUWAIT



H.H. SHEIKH SA'AD AL-ABDULLAH AL-SALEM AL-SABAH
CROWN PRINCE



H.H. SHEIKH SABAH AL-AHMAD AL-JABER AL-SABAH
PRIME MINISTER



2004-2005

ANNUAL REPORT



MUNSHAAT REAL ESTATE PROJECTS CO.

Corporate profile

Munshaat Real Estate Projects Company is a closed Kuwaiti shareholding company (K.S.C). Its main founders are (AREF) Aref Investment Group and (ILIC) The International Leasing & Investment Company.

The Company's activity in the field of local and international Real Estate focuses on developing Real Estate products and projects, in addition to managing it in an unprecedented professional manner.

Since the Company believes that great achievements cannot be attained without integration and value addition, it is in diligent pursuit of uniqueness by means of developing new and innovative investment tools and products to insure maintaining its stature as leader in the field of investment and Real Estate.

The projects managed by the Company are deemed a firm infrastructure that provide the Company with the means of success, and helps opening new vistas for the Company to create the best unprecedented Financial tools that comply with the Islamic Laws (Sharia'a).

Nevertheless, Munshaat adopts a strategy that hinges in its turn on specialization and focusing in a manner that serves the strategic objectives of the shareholders and the investors of the projects the Company executes as well as the capabilities and infrastructure represented by the Company's expertise and that of affiliate companies, which formulates the business organization that sets the Company in a unique position among others.

Munshaat engages in the field of establishing and managing Real Estate Funds, managing financial and Real Estate portfolios for its account and on behalf of other entities and providing consultancy and Real Estate services. In addition, the Company supervises developing and constructing such projects and establishing local and regional companies in a manner to serve the strategic aims and plans of the Company to achieve the integrity and diversity of investment. In addition, the Company engages in the field of purchasing and selling shares of Real Estate Companies and pursuing the investment projects through the formulations of build, operate and Transfer (BOT).

Munshaat's business mandate focuses on tailor made Real Estate products and services that best suites the investor's needs. In this respect, the Company has developed "Sokouk Al-Intifa'a", a value added Real Estate product developed to execute the Company's projects targeting the Hotel accommodation industry in accordance to the general market practice and Islamic Sharia'a principles. "Sokouk" (Deed), is a contract that regulates the rights pertaining to the annual short term accommodation in a residential unit within a property for a defined short period of time every year over the tenor of the project.

The holder of such "Sokouk" shall have the entitlement for using, selling, endowing and inheriting the rights granted by the Instrument pursuant to the terms regulating and governing these rights, and defined in the "Sokouk Al-Intifa'a" Scheme.

Munshaat believes that major achievements will only be realized through integration and value addition. Therefore, Munshaat Investment and Real Estate Solutions seek for a creativity through the development of products and services suitable for all and aims to open new venues for them to enroll in the world of Investment and Real Estate. This is the Vision of Munshaat.

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MUNSHAAT REAL ESTATE PROJECTS CO.

Board of Directors





Mr. Fuad Hamed Al-Homoud
Chairman



Dr. Khaled Rashed Al-Hajeri
Board Member



Mr. Meshal Khelifa Al-Ameri
Vice Chairman



Mr. Adel Al Baijan
Board Member



Mr. Abdul Fatah Mohammed Yousef
Board Member

2004-2005

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MUNSHAAT REAL ESTATE PROJECTS CO.

Chairman's Address

to the Shareholders' General Assembly

All praise is due to Allah, Lord of all worlds. Peace and blessings be upon His noble messenger Mohammad, family, companions and those guided by him ever after.

Honorable Shareholders,

We meet again after your company has completed its second year with outstanding achievement and success unexpected even for those who are most optimistic, yet all is due to the grace of Allah, generous support of the founders and abundant efforts of the management and staff. I am therefore delighted to present you with the annual report for Munshaat Real Estate Projects Co. for the second fiscal year ended September 30, 2005.

Honorable Shareholders,

National economic indicators continued to improve during the year 2005 as a direct result of the security and political stability in the region. Oil prices also reached record highs while the State budget for the current fiscal year is expected to achieve a surplus of KD 6 billion. Kuwait economy is expected to reach a rate of economic development of 7%. Growth rates and trends are supported by government policies, further opportunities available for the private sector, increased volume of private and government spending on projects and high level of liquidity available to individuals and corporate bodies as well. Such factors have contributed towards providing a positive economic environment and climate that is appealing to medium and short-term investments. As for the regional markets targeted by the company, economic climate is rather similar to such positive indicators seen by the national economy. Average growth rates indicators reached a record high and it is further expected that such markets will witness a more convenient investment atmosphere over the next several years should oil prices and the political and security stability continue to prevail in the region.

Real estate sector was the first to respond to these positive indicators. On a domestic level at the beginning of 2005, real estate trading volume increased up to KD 2.7 billion. By the second half of 2005, trading in real estate companies' shares listed with Kuwait Stock Exchange increased at 52.5% achieving its record high ever.

As for the regional level, Arab Gulf markets are yet witnessing unprecedented growth in real estate sector as result of local, regional and international factors. The region witnesses immense real estate and architectural progress, concentrated mainly in Bahrain, Qatar, UAE, and KSA especially Mecca Al-Mukaramah and Al-Medina Al-Munawarah markets. These markets witnessed enormous real estate projects in

Chairman's Address

response to KSA's policies directed at real estate development. Your company – with the grace of Allah – has managed to keep pace with such developments from all respects.

Honorable Shareholders,

By the virtue of an initiative of Aref Investment Group and the International Leasing and Investment Co., your company was established with a focus on the execution of the gigantic Zamzam Tower Project during the first stage of its activity. In order to achieve such objective, the company developed a set of organizational tools, structures and infrastructures that the company dedicated itself to develop until perfection. The company began to formulate a matrix of corporate entities to serve these tools. Thus, a remarkable infrastructure were put in place to enable the company to reattempt projects matching Zamzam Tower, and placed the company among major real estate investment companies not only locally but also regionally. After the company carved the concept of "Sokouk Al-Intifa'a" during the first year into a system of solid legal and Islamically acceptable framework and infrastructure, the company transformed it during the second year to become a product recognized by international organizations specialized in controlling and evaluating products according to international quality standards. Hence, the company successfully obtained ISO 9001:2000 quality certification for issuing and control of "Sokouk Al-Intifa'a" as an Islamic financial tool. The company's position and products were further endorsed upon receiving the "Innovation Award in Islamic Banking Sector" from the International Islamic Financial Forum. Award criteria – according to newspapers – were attributed to product positive impact on the Islamic financial market globally and the product's strategic depth and effect on the international market.

Later on, the company embarked upon executing bidirectional projects; the first focused on the development of the infrastructure of company's business activity via establishing companies specialized in sales, marketing, hotel operation and project management, pilgrimage and Umrah services and information technology. Such activities aim at providing an array of services for projects the company adopts in strategic markets of focus.

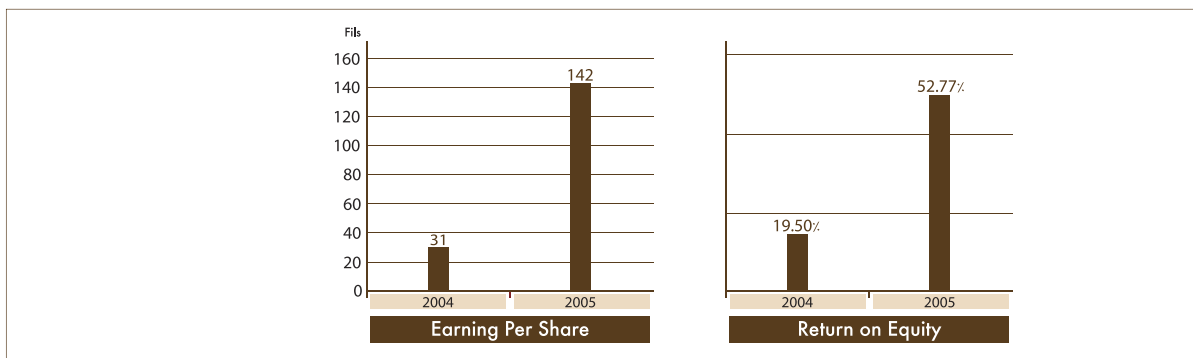
The second line of business the company embarked upon during the past year, focused on profit yielding real estate projects with the aim of investing company funds and realizing the highest profit possible. Such projects included real estate projects in Kuwait and Bahrain expected to produce profitable returns for the company over the coming years.

Chairman's Address

Honorable Shareholders,

The company financial results – with the grace of Allah – were far more remarkable than those achieved by the company to empower its position in the market, secure its infrastructure and build its regional and local reputation.

The company realized net profits of KD 11.8 million during the fiscal year ended on 30/9/2005, which represents 118% of company paid up capital and exceeds projected profits in the budget by 323%. This year's profits also exceed results achieved last year by more than 650% thus achieving distinguished share profitability reaching as high as 142 Fils per share compared to 31 Fils last year.



The realization of such profits, yet enabled the company to increase its paid up capital during the past year from KD 6.5 million to KD 10 million following a transfer of KD 1 million from carried forward profits to the capital and shareholders participation of KD 2.5 million to capital account in order to support the company activities. Such distinguished results harvested in short period, the company assets rose up to KD 24.6 million, thus yielding a return on assets of 48% while shareholders equity rights rose up to KD 22.4 million.

Honorable Shareholders,

Zamzam Project in Al-Biet Towers Complex in Mecca Al-Mukarama, which offered our company a distinctive entry to real estate world that was the focal business concern of company throughout the last two years is geared up to hold its position among the prominent gigantic achievements and unprecedented accomplishment.

Project development rate reached 67% as of 30/09/2005. The hotel operation contract was signed with the French Accor Hotel Management Company specialized in hotel management to assume Zamzam tower management as a five star hotel. The company also signed a contract with WA International Co. specialized in interior designing to prepare and carry out the interior design works of Zamzam tower units. Another contract was signed by the company with the British HDP Co. to carry out furnishing

Chairman's Address

and operational supplies works for the Tower. Such works and activities were commenced by the company according to a comprehensive plan, which aims at completing all preparations and supplies for the tower. With these four contracts, and having finished the construction works, the tower is expected to be opened by mid 2006.

Marketing and sales activities have turned into more of a regional effort beyond what were in 2004. The number of sales agents in Gulf, Arab and Islamic markets increased which led to a further increase of size of marketing operations and sale of Sokouk Al-Intifa'a in local and foreign markets.

Achieved sales reached 70% of total tower units scheduled to be sold exceeding the set targets in the Sales Plan of 40% by the end of the second year of project lifecycle. These sales amounted to USD 430 million. This achievement comes as part of joint achievements accomplished by the company during the year in cooperation with its affiliates.

It is worth noting that Munshaat did not call for any further investments from investors with the exception of the initial call of 35% because of such achievements and accomplishment of Zamzam Tower investment targets and plans. The company experience and distinguished management pattern enabled it to raise necessary funds amounting to USD 573 million by 30/09/2005. Consequently, the company managed to settle investment requirements and expenditures without the need for further calls.

With an aim to follow up and commission such project and yet deal with other projects listed in the agenda in KSA, the company established its subsidiary Munshaat Co. W.L.L. under the name of Munshaat (Saudi) Projects and Contracting Co. This tactical move came after the company established MAS International Company with a focus on the sale and marketing of Sokouk Al-Intifa'a as well as Sokouk Real Estate Marketing Company (later became Sokouk Holding) as the financing arm for the company activities. Munshaat (Saudi) Projects and Contracting Co. has headquarters in Jeddah and a capital of SR 5 million. The new company activity will focus on several lines as part of projects targeted by Munshaat in KSA mainly in hotel operation and project management activities in addition to Pilgrimage and Umrah Services.

Honorable Shareholders,

The company stands proud to be the only company to develop new products with strategic value at the level of its activities. Such products are the crown of the company fruitful efforts and immense expertise in the field of financial engineering and investment in Real Estate. Following remarkable efforts

Chairman's Address

exerted in developing “Sokouk Al-Intifa’a” and its infrastructure, Munshaat has developed the investment framework and prepared financial and marketing studies to develop an Investment Fund specialized in hotel operation by the use of Sokouk Al-Intifa’a.

The company succeeded in promoting such Fund to a Kuwaiti Bank who is currently establishing the Fund in Kingdom of Bahrain in order to invest part of Sokouk Al-Intifa’a of Zamzam Tower during pilgrimage season. Munshaat will be the Investment Advisor of the Fund. Munshaat has pledged to subscribe with 10% of Fund units while the Bank committed to subscribe with a share of 90% of the fund capital of USD 150 million.

Munshaat is on the verge of important developments after it has successfully passed a test of the size of Zamzam Tower Project supported by a distinguished infrastructure, qualified staff, acquired expertise and increasing trust. There are several projects listed on the company agenda; the most prominent is “Al Qiblah Tower.” Al Qiblah Tower is a project to develop a real estate property of 8,173 square meters located within the vicinity of Madina Holy shrine southern side. Munshaat has signed a contract with the Executive Committee for the Development of Central Area in Al-Medina Al-Munawarah to invest the project under BOT scheme for (25) years. The company intends to establish multipurpose hotel building a part of which will be operated according to Sokouk Al-Intifa’a system. Al Qiblah tower is one of the gigantic projects the company intends to carry out within work plan similar to Zamzam Tower Project that achieved brilliant success as far as its objectives are concerned.

Honorable shareholders,

The success we managed to achieve – by the Grace Allah then your support – obliges us to maintain such path, and God’ willing we will do so.

It gives me pleasure at the conclusion of my address to extend sincere gratitude and thankfulness on behalf of Munshaat board members, executive staff, and personnel to the company shareholders and main investment sponsors namely Aref Investment Group and International Leasing and Investment Company as well as to our subsidiaries and affiliates, our business partners, all employees and all those who joined efforts with us in achieving such success.

Allah is the benefactor of success.



Fuad Hamad Al-Homoud
Chairman



Fuad Hamed Al-Homoud
Chairman



Ahmad Ghazi Al-Omani
Executive Vice President



Ahmad Abd Al-Hadi Al-Sader
Operations



Mohamed Abdul-Waged Hamdy
Finance Department



Amani Mohammed Al-Hufiti
Human Resources

MUNSHAAT REAL ESTATE PROJECTS CO.

Executive Management

MUNSHAAT REAL ESTATE PROJECTS CO.

Executive Management Report

This executive management report by the company depicts its activity during the past year and its achievements during such period. The company activity has witnessed several developments over many levels, which focused on the development and completion of the main remaining activities related to "Sokouk Al-Intifa'a" as a product and project requirements of Zamzam Tower in addition to new projects similar to Zamzam. The Management has succeeded - with the grace of Allah – in achieving distinctive results on such levels, which this report sums up.

Munshaat Management has been aware since inception that the product the company deals in will open new horizons not only in the field of hotel operation but also in the financial and investment sector, especially in Mecca and Al-Medina. Munshaat Management strived to build infrastructure qualified to support such product on the level of operation, management and sales. Munshaat was also keen to engage elite professionals qualified to achieve the targeted results.

Munshaat Real Estate Projects Company maintained a strategic line it created since its incorporation in 2003 and achieved brilliant successes. It further realized distinguished financial results indicate the management's wisdom and the extent of efforts exerted by employees.

Financial Results

The company has adopted strategic and distinguished business model that qualifies it to deal with its activity requirements in a manner that achieves several targets especially at the level of financial results, as the company was able to achieve distinguished financial results since incorporation. During the second year, the company achieved qualitative results that classified it among the elite real estate investment companies. Marvelous results were witnessed in respect of growth indicators of assets, equity rights and profits totaling KD. 24.6 million at an increase of 151%, and KD. 22.4 million at a rise of 177%, and KD. 11.8 million representing 650% respectively. Such financial results represent the outcome of the company activities and projects during the past financial year.



CERTIFICATE

The TÜV CERT Certification Body
of TÜV Industrie Service GmbH
TÜV Rheinland Group
certifies in accordance with
TÜV CERT procedures that



Munshaat Real Estate Projects Co.
P.O. Box :1393 - Dasman 15464
State of Kuwait

has established and applies a quality management system for
**Control and Issuance of
Sokouk Al-Intifa'a as an Islamic Financial Tool**

An audit was performed, Report No. 046284
Proof has been furnished that the requirements according to
DIN EN ISO 9001:2000

are fulfilled.
The certificate is valid until 2008-01-20
Certificate Registration No. 01 100 046284



TÜV Rheinland Group

Rakhy
TÜV CERT Certification Body of
TÜV Industrie Service GmbH

www.tuv.com

Achievements

- ISO 9001 Certificate

Munshaat received (ISO 9001:2000) certificate for international quality from the German (TUV) Company that audited the procedures and administrative systems applicable within the Sokouk's Stock Control Unit affiliated to Munshaat Operation Sector, and the extent such procedures are compatible with quality guide and previously prepared procedures. This ISO certificate is a worldwide-recognized standard of Munshaat's ability to achieve the highest level of performance. The process includes a set of unified standards and criteria for quality management and control. Such standards act as a package of administrative practices agreed on internationally which aim at ensuring institutions' ability to provide distinctive quality products, services and added value to meet the company's future expectations. As such, Munshaat Real Estate Investment Company specialized in using Sokouk Al-Intifa'a within its real estate projects would be the first company to obtain such international certificate.

- Islamic Banking Sector Innovation Award

Munshaat topped its ISO 9001 certificate with Islamic Banking Sector Innovation Award granted by the International Islamic Financial Forum, which convened in Dubai for the year 2005. The company received such Award as the first to introduce "Sokouk Al-Intifa'a" product as an investment financial tool in compliance with Islamic Sharia provisions. The company has had precedence in this regard and pioneered providing such product to the world. This Award is particularly significant as awarded by the most qualified and competent referee panel having very strict terms and conditions. The panel includes specialists in Islamic finance, investment and economy affairs. Awarding report indicated that Munshaat received the Award for "Sokouk Al-Intifa'a" product, given the product's positive impact on Islamic financial market, strategic implications and its effect on the international market.

Mr. Faisal Hamud Al Hamoud, the chairman of Munshaat receives the award of innovation from H.H. Sheikh / Hasher Al Maktoum



Mr. Faisal Al Hamoud and Mr. Ahmed Al Omari Carrying the award

es committee opinions:

judges were confronted with an impressive list of
ders for the awards due to the huge growth of Islamic
and products in recent years".

recipients of the award deserve much praise and
ition for uniquely combining an important need for
to the holy city of Makkah with a financing/utility
accept tat is now going of the word".

is an idea that carries the promise of giving birth to
such ventures and therefore is innovative in all
is of the word".



www.munshaat.com

Munshaat

Achievements recognized by Winning the Innovation Award For Sokouk Al Intifaa Product

Under the patronage of the H.H. Sheikh Mohammad
Bin Rashid Al Maktoum Dubai's Crown Prince and
the Minister of Defense

- Munshaat Real Estate Projects Co. wins the Innovation in
Islamic Finance Award for its Sokouk Al Intifaa product of
Zamzam Tower – Holy Makkah.

- The award was presented during the activities of the Interna-
tional Islamic Forum held at Dubai UAE in the presence of
more than four hundred financial experts from the field of
Islamic finance.

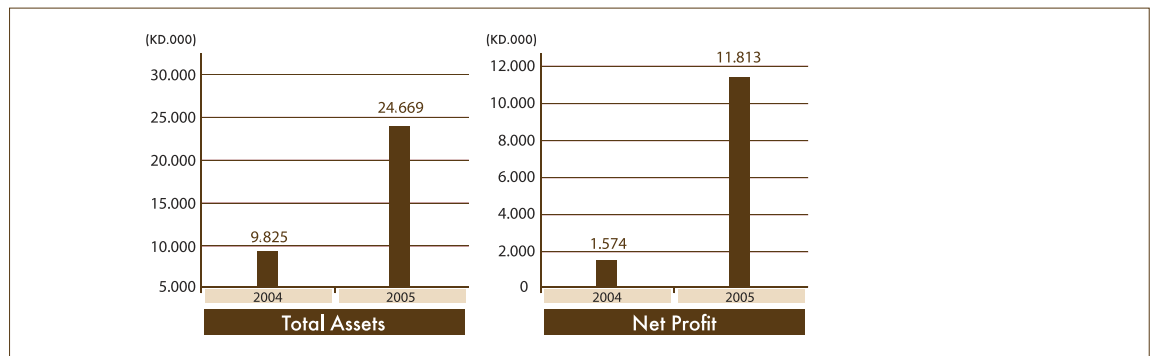
Following are the criteria for awarding Sokouk Al Intifaa product.

- The global impact of the product on the Islamic finance world-
wide.
- Strategic positioning of the product and its effect on the real-
estate market.



The Bloc

The company started to incorporate a set of subsidiaries to develop the company's business activity infrastructure dealing in sales and marketing activities, financing operations, hotel operation, project management, Hajj, and Umra services. This bloc also includes a company specialized in information technology. Such activities target is to provide various services for the company projects undertaken in strategic markets especially in Mecca and Medinah Al Munawarah. As for sales and marketing, MAS International Company established by Munshaat in 2003 secured a remarkable position. The Company managed to arrive at its planned targets in introducing and widely spreading Sokouk Al-Intifa'a in the markets in a manner which helped achieve sales that exceeded all predictions. Moreover, because of the success that participated in realizing one of Munshaat Real Estate Company most particular targets, the company managed to achieve impressive financial results.



In the area of financing services, the company established Sokouk Real Estate Development Company (later became Sokouk Holding) for providing deferred sale services under facilities and flexibility to Sokouk holders to enable them pay Sokouk value, target additional investors and open new horizons of investment in the field of hotel operation. Although the company is recent, it was able to realize periodic achievements and participate in realizing strategic targets for Munshaat.

As for hotel operation activities and the requirements of this strategic activity comprising various activities such as preparation and supply works necessary for the construction of facilities and the provision of services within Zamzam Tower Project and other similar projects according to the required service level, the company has established Munshaat Projects and Contracting Company based in Jeddah city. The company has become aware of the need to establish a company based in KSA to act on its behalf regarding these projects and to follow up closely and directly the company's various projects. Zamzam Tower Project tops such projects as the countdown of its take over and operation time has begun. Hence, the company ought to have administrative licenses, recruit manpower, conclude contracts necessary for supplies and furniture works, follow up hotel operation works in addition to various Hajj and Umrah services such as transportation and Hajj grouping and other services that will be provided as a main business line to the company and complementary to its other activities.



Fuad Hamed Al-Homoud
Chairman of Munshaat Real Estate Project Co.

Gerard Pelisson
Founding & Co-Chairman for Accor

Claude Losguardi
French Ambassador in Kuwait



Projects

1- Zamzam Tower Project in Mecca

Punctual development of Zamzam Tower construction works continues in progress as the development rate reached 67% as on 30/09/2005 in harmony with the agreed schedule. Accordingly, it is expected that construction works will be concluded and the tower delivered to Munshaat at the specified time in June 2006.

On the other hand, the company has signed a contract with Accor International Hotel Management Company to handle the hotel management of the Tower and provide a five star service. The company has also signed with the same company a contract for technical support under which it supervises engineering works to ensure their compatibility with hotel management requirements. The company also concluded another contract with one of the most famous international interior designers i.e. WA International Company. The company has approved the project interior designs, the developer started execution according to the standards, and the hotel and service level required. Finally, the company has concluded a contract with HDP Company under which it will provide and install furniture according to the proposed international specifications and approved designs in this regard.

At a time when the market value of Zamzam Tower Project presently amounted to USD 750 million, sales – in cooperation with MAS Company – reached 70% of the units offered for sale. This percentage exceeds by far the targets sales as per the plan. Since Sokouk sales yields are used to pay off developer fees and other project expenditure its achievement in sales and ability to mobilize the funds have enabled the company to meet all expenses without the need to make further calls from the Investors in Zamzam Project. Munshaat is hence expected to redeem the investment, achieve its targets, and repay the participations according to the plan and timetable set.

2 Sokouk's Real Estate Fund

During the third quarter, Munshaat has developed the investment framework for an exclusive investment product based on Sokouk Al-Intifa'a of Zamzam Tower within limited period of time namely at Hajj time through the establishment of an Investment Fund for that purpose. Munshaat has offered such product to a Kuwaiti bank that seized this opportunity to gain entry to such new investment market. Munshaat signed a contract under which Munshaat sold Hajj Sokouk for USD 150 million. The bank is currently in the process of establishing such Fund in Bahrain. Although Munshaat has committed to subscribe in share estimated at 10% out of fund units, it will be acting as the Fund Investment Advisor. As such, Munshaat will have crowned its leadership in the area of real estate investment tools and products after it had developed Sokouk Al-Intifa'a product through its remarkable experience in the field of financial and real estate engineering.

3 Al Qiblah Tower Project in Madinah

Munshaat is mainly dedicated to expand its operations in the Holy locations. Al Qiblah Tower Project came as a natural addition and strategic integration to Zamzam Tower Project, which had opened new horizons for Islamic projects in KSA.

Before the end of the fiscal year of 2004-2005, a contract was concluded with Executive Committee for the Development of the Central Area represented by Prince Megrin Bin Abdulaziz, of Madinah area and Head of Committee for the investment of real estate property of an area of 8137 square meters under BOT system for 25 years. This project was named "Al Qiblah Tower". Munshaat is presently developing Al Qiblah Tower Project in order to offer it to investors at the beginning of current year.

Al Qiblah Tower is a mega size project in Madinah, with an objective to construct a tower consisting of 1000 five-star hotel units. It is distinguished for its view overlooking the Holy Shrine of Madinah from the southern side.

Munshaat will construct, furnish and operate the tower building according to the best hotel standards in the region. The project building phase will last for two years, and consequently be operated for 23 Hejri years. The company is currently negotiating with a professional office to complete the project's final design.

Munshaat's work team is currently engaged in studying several projects within the company lines of business and strategies in implementation of the plan laid down to deal with its various activities. Among such projects is the establishment of a company specialized in information technology in order to develop software systems necessary for managing the company products. Another company specialized in project management will also be established given the value it adds to Munshaat activities. The company is also conducting studies about several conventional real estate projects for short and medium term investment of the company's funds to capitalize the company profit throughout the years to come.

Conclusion

The company having exerted its best efforts hopes that it meets shareholders expectations and receives Allah's benefaction. The company is determined to maintain the same level of progress, being fully aware the seriousness of competition and optimistic of receiving continuous support from its honorable shareholders and Board of Directors to sustain the success levels it has achieved thus far.

MUNSHAAT REAL ESTATE PROJECTS CO.

Sharia Controller's Report

from 1/10/2004 to 30/9/2005

Annual report of Fatwa and Sharaia controller on the transactions and operations of Munshaat Real Estate Projects Company for the fiscal year ended 30th September 2005, to be presented to the Company's General Assembly.

Thanks be to Allah and prayer and peace be upon our Prophet Mohammed and all his family members and companions,

To the shareholders of Munshaat Real Estate Projects Company

Peace and Allah's Mercy and Blessings be upon you,

We have audited the principles applied in the contracts related to the transactions and applications released by the company during this period. We have made the necessary audit required for expressing our opinion as to whether the company observed the provisions and principles of the Islamic Sharia, and the Fatwa's, Resolutions and Guidelines issued by us.

It is the responsibility of Management to ensure that the company operates according to the principles of the Islamic Sharia. Our responsibility is merely to express an independent opinion based on our audit of the company's transactions and operations and in presenting a report to you.

We have carried out the audit, which comprises of an examination of the documents and procedures followed by the company, on the basis of selecting different group of operating transactions.

We have planned and carried out the audit for the purpose of obtaining all the information and explanations that we deemed necessary for providing us with such evidence as is sufficient to give a reasonable assurance that Munshaat defines its objectives, which states Munshaat's complete adherence to the Islamic Sharia provisions in business conduct and operations.

In our opinion,

- a) The contracts, operations and transactions made by the company during the year ended 30th September 2005 and which we have perused, were conformant to the provisions and principles of the Islamic Sharia.
- b) The disposal of the profits was made in conformity with the basis that was approved by us according to the provisions and principles of the Islamic Sharia.

In conclusion, we pray to Allah The Great & Almighty to give the management and personnel of the company continuous success and enable them to achieve a lasting progress in furtherance of sound principles of the Islamic Sharia.

And may Allah's Mercy and Blessings be upon you.
Kuwait, 02.10.2005



Dr. Anwar Abdussalam Shuaib
Sharia Controller

Financial Statements

SEPTEMBER 30, 2005

AUDITOR'S REPORT

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MUNSHAAT REAL ESTATE PROJECTS CO. K.S.C. (CLOSED)

Auditor's Report

AUDITOR REPORT TO THE BOARD OF DIRECTORS OF MUNSHAAT REAL ESTATE PROJECTS COMPANY K.S.C. (CLOSED)

We have audited the accompanying consolidated balance sheet of Munshaat Real Estate Projects Company K.S.C. (Closed) (the parent company) and subsidiary (together referred to the group) as of 30 September 2005 and the related consolidated statement of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Share of income from the associate amounting to KD 1,521,828 for the period ended 30 September 2005 is not based on audited or independently reviewed management accounts.

In our opinion, except for the effects of adjustments, that would be required in respect to the matters discussed above, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of 30 September 2005 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 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, 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 30 September 2005 that might have had a material effect on the business of the parent company or on its financial position.



WALEED A. AL OSAIMI
License No. 68-A
OF ERNST & YOUNG

October 18, 2005
State of Kuwait

2004-2005

ANNUAL REPORT

CONSOLIDATED STATEMENT OF INCOME

Year ended 30 September 2005

	Note	30 September 2005 KD	9 April 2003 to 30 September 2004 KD (Restated)
Assignment of lease right	3	5,700,925	-
Management fees		399,581	564,796
Sales commission		1,241	1,162,495
Share of results of associate		1,521,828	1,182,731
Project fee income	4	4,115,205	-
Unrealised gain on investments carried at fair value through income statement		921,325	407,650
Gain on sale of investments available for sale		18,579	-
Placement fee received		360,993	30,000
Murabaha income		30,619	2,280
Other income		2,727	13,600
Other operating cost		(543,702)	(1,260,934)
General and administration expenses		(511,992)	(478,033)
Depreciation		(21,621)	(20,675)
PROFIT FOR THE YEAR		11,995,708	1,603,910
Contribution to Kuwait Foundation of the Advancement of Sciences		(107,961)	(14,435)
Board of Directors' remuneration		(74,500)	(15,000)
NET PROFIT FOR THE YEAR	5	11,813,247	1,574,475

CONSOLIDATED BALANCE SHEET

30 September 2005

	Note	30 September 2005 KD	30 September 2004 KD (Restated)
ASSETS			
Non-current assets			
Fixed assets	6	56,463	42,198
Investment in associate	7	2,174,559	952,731
Investments available for sale	8	2,000,088	1,500,000
Investment properties	9	2,301,891	-
Investments carried at fair value through income statement	10	5,528,975	4,607,650
		12,061,976	7,102,579
Current assets			
Accounts receivable and prepayments	11	5,299,584	1,608,969
Cash and cash equivalents	12	7,307,348	1,113,244
		12,606,932	2,722,213
TOTAL ASSETS		24,668,908	9,824,792
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	10,000,000	6,500,000
Statutory reserve	14	1,359,962	160,391
Voluntary reserve	14	679,982	80,196
Retained earnings		10,347,778	1,333,888
		22,387,722	8,074,475
Non-current liabilities			
Employees' end of service benefits		13,002	7,509
Current liabilities			
Accounts payable and accruals	15	2,268,184	1,742,808
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		24,668,908	9,824,792



Fuad Hamed Al-Homoud
Chairman

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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 September 2005

	Note	30 September 2005 KD	9 April 2003 to 30 September 2004 KD (Restated)
OPERATING ACTIVITIES			
Profit for the year		11,813,247	1,574,475
Adjustments for:			
Depreciation		21,621	20,675
Murabaha income		(30,619)	(2,280)
Share of results of associate		(1,521,828)	(1,182,731)
Unrealised gain on investments carried at fair value through income statement		(921,325)	(407,650)
Gain on sale of investments available for sale		(18,579)	-
Provision for employees' end of service benefits		6,009	7,509
Operating profit before changes in working capital:		9,348,526	9,998
Accounts receivable and prepayments		(3,690,615)	(1,608,451)
Accounts payable and accrued expenses		(1,278,977)	1,742,808
Cash from operations		4,378,934	144,355
Employees' end of service benefits paid		(516)	-
Net cash from operating activities		4,378,418	144,355
INVESTING ACTIVITIES			
Purchase of fixed assets		(35,886)	(62,873)
Investment in associate		-	(50,000)
Purchase of investment properties		(497,538)	-
Purchase of investments available for sale		(712,800)	(1,500,000)
Purchase of investments carried at fair value through income statement		-	(4,200,000)
Proceeds from sale of investments available for sale		231,291	-
Dividends received from associate		300,000	280,000
Murabaha income received		30,619	1,762
Net cash used in investing activities		(684,314)	(5,531,111)
FINANCING ACTIVITIES			
Capital introduced		2,500,000	6,500,000
Net cash from financing activities		2,500,000	6,500,000
INCREASE IN CASH AND CASH EQUIVALENTS		6,194,104	1,113,244
Cash and cash equivalents at the beginning of the year		1,113,244	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	7,307,348	1,113,244

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 30 September 2005

	<i>Capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
Capital introduced	6,500,000	-	-	-	6,500,000
Net profit for the period	-	-	-	1,574,475	1,574,475
Transfer to reserves	-	160,391	80,196	(240,587)	-
Balance at 30 September 2004	6,500,000	160,391	80,196	1,333,888	8,074,475
Capital introduced	2,500,000	-	-	-	2,500,000
Payment of uncalled portion of capital (Note 13)	1,000,000	-	-	(1,000,000)	-
Net profit for the year	-	-	-	11,813,247	11,813,247
Transfer to reserves	-	1,199,571	599,786	(1,799,357)	-
Balance at 30 September 2005	10,000,000	1,359,962	679,982	10,347,778	22,387,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1- ACTIVITIES

These consolidated financial statements financial statements of Munshaat Real Estate Projects Company K.S.C. (Closed) and its subsidiary (the group) for the year ended 30 September 2005 were authorised for issue in accordance with a resolution of the Board of Directors on 18 October 2005.

Munshaat Real Estate Projects Company K.S.C. (Closed) (the parent company) was established on 8 April 2003 in accordance with Articles of Association authenticated at the Real Estate Registration and Authentication Department in the Ministry of Justice under No. 1416/Vol.1.

The parent company is jointly owned by the International Leasing & Investment Company K.S.C. (Closed) and AREF Investment Group S.A.K. (Closed).

The main objectives of the parent company are to own, sell and purchase real estate, in addition to developing them for the benefit of the parent company inside and outside the State of Kuwait, and to manage properties of other parties. The parent company also can utilise its surpluses by investing these in financial and real estate portfolios that are managed by specialised entities.

The objectives for which the parent company was established shall be practiced according to Islamic Shari'a, and the parent company shall not directly or indirectly perform any operations that include dealing through usury or any other work that may contradict the Islamic Shari'a.

The parent company was established on 8 April 2003 accordingly comparative information is given only for the period 9 April 2003 to 30 September 2004.

During the year, the parent company has consolidated its sole subsidiary. The subsidiary company was incorporated during 2005; comparatives represent the parent company's figures. Details of the consolidated subsidiary are included in Note 17.

The parent company's registered address is P.O. Box 1393 Dasman – 15464 - State of Kuwait.

The group employed 20 employees as of 30 September 2005 (2004: 17 employees).

2- SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with Standards issued, or adopted by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and applicable requirements of Ministerial Order No. 18 of 1990.

The consolidated financial statements have been presented in Kuwaiti Dinars.

Accounting convention

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

The accounting policies, with the exception of the early adoption of the revised versions of International Accounting Standard (IAS) 32, Financial Instruments: Disclosure and Presentation and IAS 39, Financial Instruments: Recognition and Measurement, are consistent with those used in the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The significant accounting policies adopted are as follows:

Early adoption of IAS 32 and IAS 39

The group has early adopted the revised versions of International Accounting Standard 32 "Financial Instruments: Disclosure and Presentation" and International Accounting Standard 39 "Financial Instruments: Recognition and Measurement" which would have become mandatory for the year ending 30 September 2006. The comparative figures have been restated to conform to current year presentation. The main changes arising are summarised as follows:

Investments carried at fair value through income statement

Certain investments previously classified as available for sale have been redesignated as "financial assets carried at fair value through income statement". The redesignation had no impact on the results for the comparative period. The group now classifies investments upon initial recognition into the following categories:

- Investments available for sale
- Investments carried at fair value through income statement

Impairment of investments available for sale

In the case of investments available for sale, reversals of previously recognised impairment losses are no longer recorded through the income statement but as increases in cumulative changes in fair value. There was no impact on the income statement for the year ended 30 September 2005 as there were no such reversals in that period.

Derecognition of financial assets

With effect from 1 October 2004 a financial asset (in whole or in part) is derecognised either when the company has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company for the year ended 30 September 2005 and individual financial statements of its subsidiary company for the period then ended.

All significant intra-group balances and profits are eliminated upon consolidation.

Revenue recognition

Murabaha income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the net balance outstanding. Project fees income, placement, and management fees are recognised when earned upon performance of services envisaged under the service agreements. Dividend income is recognised when the right to receive payment is established.

Investments carried at fair value through income statement

Investments classified as "Investments carried at fair value through income statement" upon initial recognition are remeasured at fair value with all changes in fair value being recorded in the income statement.

Investments available for sale

Investments classified as available for sale are initially recognised at cost and are subsequently remeasured at fair value. Unrealised gains or losses on remeasurement to fair value are taken to a separate reserve in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Fixed assets

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

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets as follows:

Furniture and fixtures	5 years
Equipment and computers	3 years

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

Investment in associate

Associated companies are those companies where the group has a long term investment and exerts significant influence over operating and financial policies.

Investment in associated company is accounted for using the equity method of accounting, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of net assets of the associated company.

Investment properties

Investment properties are initially recorded at cost. Subsequently, investment properties are remeasured to fair value based on annual external valuation by independent, registered, real estate assessors. Any gain or loss arising from a remeasurement to fair value is included in the consolidated statement of income.

Accounts receivable

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

Cash and cash equivalents

Cash and cash equivalents are defined as bank balances and cash and short-term murabaha.

Short-term murabaha are financial assets originated by the group and represent deals with high credit quality local financial institutions with a residual maturity of up to three months from the contract date. These are stated at amortised cost and are subject to an insignificant risk of changes in value.

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.

Foreign currencies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

Trade and settlement date accounting

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

Fair values

For investments traded in organised markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the consolidated balance sheet date.

Investments

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

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

Investment properties

For investment properties, fair value is determined by independent registered real estate assessors.

Other financial assets and liabilities

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

Fiduciary assets

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

3- ASSIGNMENT OF LEASE RIGHT

This represents revenues generated as a result of assignment of beneficial investment in leasehold right related to a leasehold land in Saudi Arabia. The title is not transferred to the assignee.

4- PROJECT FEE INCOME

This amount represents project fee income from a related party. The balance due is classified under amounts due from related parties (Note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5- NET PROFIT FOR THE YEAR

The net profit for the year is stated after charging:

	2005 KD	9 April 2003 to 30 September 2004 KD
Staff costs	374,343	366,756

6- FIXED ASSETS

	Furniture and Fixtures KD	Equipment and computers KD	Total KD
Cost			
At 1 October 2004	21,559	41,314	62,873
Additions	15,597	20,289	35,886
At 30 September 2005	37,156	61,603	98,759
Depreciation			
At 1 October 2004	6,047	14,628	20,675
Depreciation charge for the year	5,179	16,442	21,621
At 30 September 2005	11,226	31,070	42,296
Net carrying amount			
At 30 September 2005	25,930	30,533	56,463
At 30 September 2004	15,512	26,686	42,198

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

7- INVESTMENT IN ASSOCIATE

	Country of incorporation	Ownership	
		30 September 2005	30 September 2004
MAS International General Trading and Contracting Company (W.L.L.)	Kuwait	50%	50%

The associate is engaged in marketing activities.

8- INVESTMENTS AVAILABLE FOR SALE

	30 September 2005 KD	30 September 2004 KD (Restated)
Investment in unquoted securities (carried at cost)	2,000,088	1,500,000

Investment in unquoted securities represents a 6.54% (30 September 2004: 5%) equity interest in Sukook Real Estate Development Company K.S.C. (Closed). During the year ended 30 September 2005 a further amount of KD 712,800 (2.4%) was invested in the capital of this company. Subsequently, a part of the group's holding was sold to the parent company's employees and other parties resulting in a gain of KD 18,579.

9- INVESTMENT PROPERTIES

Investment properties represent leasehold investment buildings in the state of Bahrain acquired during June 2005 from one of the shareholders of the parent company for KD 2,301,891. Management believes that the market value as at 30 September 2005 approximates the recorded amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

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10- INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	30 September 2005 KD	30 September 2004 KD (Restated)
Investment in real estate portfolio	5,528,975	4,607,650

Investments carried at fair value through income statement represent interest in a real estate portfolio managed by the group. During the year the group has recognised an unrealised fair value gain of KD 921,325 (30 September 2004: KD 407,650).

11- ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2005 KD	30 September 2004 KD
Amounts due from related parties (Note 16)	5,133,425	1,566,883
Staff receivable	117,935	6,242
Prepaid expenses	7,171	5,326
Other receivables	41,053	30,518
	5,299,584	1,608,969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

12- CASH AND CASH EQUIVALENTS

	30 September 2005 KD	<i>30 September 2004 KD</i>
Cash on hand and at banks	3,467,348	63,244
Murabaha investment	3,840,000	1,050,000
	7,307,348	1,113,244

Murabaha investment represents deposit with a Kuwaiti financial institution which is a shareholder of the parent company (Note 16). This investment earned an average income at 3.38% (30 September 2004: 1.8%) per annum.

13- SHARE CAPITAL

The annual general meeting of the parent company held on 7 December 2004 approved utilisation of KD 1,000,000 from the retained earning to settle an equivalent portion of the uncalled capital.

At the board meeting on 9 May 2005 the board of directors decided to settle a portion of capital of KD 2,500,000, which was fully paid during the year.

Accordingly, the share capital of the parent company consists of:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	2005 Shares	<i>2004 Shares</i>	2005 Shares	<i>2004 Shares</i>
Shares of 100 fils each at 30 September	150,000,000	150,000,000	65,000,000	65,000,000
Payment of a portion of uncalled capital	-	-	10,000,000	-
Capital introduced	-	-	25,000,000	-
Share of 100 fils each at 30 September	150,000,000	150,000,000	100,000,000	65,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

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14- RESERVES

As required by Kuwait Law of Commercial Companies and the parent company's articles of association, 10% of the net profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences and directors' remuneration has been transferred to statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

As required by the parent company's articles of association, 5% of the net profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences and directors' remuneration has been transferred to general reserve. The Ordinary General Meeting may upon an approval by the board of directors of the parent company increase the percentage as it deems appropriate, and may resolve to discontinue such annual transfers, if proposed by the board of directors of the parent company.

15- ACCOUNTS PAYABLE AND ACCRUALS

	30 September 2005 KD	30 September 2004 KD
Amounts due to related parties (Note 16)	1,913,886	1,561,851
Other payables	354,298	180,957
	<u>2,268,184</u>	<u>1,742,808</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

16- RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders, directors and senior management of the group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the parent company's management.

Transactions with related parties included in the consolidated statement of income and consolidated balance sheet are as follows:

	30 September 2005 KD	30 September 2004 KD
Consolidate statement of income:		
Assignment of lease right	5,700,925	-
Management fees	399,581	564,796
Project fee income	4,090,205	-
Gain on sale of investment available for sale	18,579	-
Murabaha income	30,619	2,280
Other operating cost	493,320	986,640
Consolidated balance sheet:		
Investment properties	2,301,891	-
Cash and cash equivalents	3,840,000	1,050,000

Amounts due from and to related parties are disclosed in Note 12 and 15 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

17- CONSOLIDATED SUBSIDIARY COMPANY

	<i>Country of incorporation</i>	<i>Interest in equity</i>	<i>Principal activities</i>
Munshaat for Projects and Contracting Company W.L.L.	Kingdom of Saudi Arabia	100%	Contracting and real estate activities

18- RISK MANAGEMENT**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of lending activities. It also obtains security when appropriate.

All murabaha investments are placed with parent company's shareholders.

Liquidity Risk

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

Market Risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices.

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

Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group had no significant exposures in foreign currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

19- FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, short term murabaha, investments and receivables. Financial liabilities consist of payables and accrued expenses.

The fair values of financial instruments, with the exception of available for sale investments carried at cost (see Note 8), are not materially different from their carrying values.

20- FIDUCIARY ASSETS

The aggregate value of assets under management at 30 September 2005 amounted to KD 40 million (30 September 2004: KD 41.3 million).

21- COMPARATIVE FIGURES

The corresponding figures for 2004 have been reclassified in order to conform with the presentation for the current year's. Such reclassifications do not affect previously reported net profit or shareholders' equity.