Annual Report 2013 2014

A calculated success

$$V_{A,i} = \Phi\left(\frac{\log\left[\frac{1}{(1+r_{m,A})^{T_A-1}}\right] + (r_f + 0.5\sigma}{\sigma\sqrt{T_A - i}}\right.$$

$H^2+W^2=C^2$

H = 29.7 cm

رسامیل
RASAMEEL
Structured Finance Co.(K.S.C.c) (ش.م.ك.م)للهيكلة المالية

Achievement

begins with analysis

$$P_0 = \frac{D_1}{(1+k_e)} + \cdots + \frac{D_5}{(1+k_e)^5} + \frac{PE_{terminal} \cdot EPS_{terminal}}{(1+k_e)^5}$$

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Value-driven leadership

Board of Directors

Mr. Issam Zaid Al-Tawari
Chairman & Managing Director

Mr. Ahmad A. Al-Bahar
Vice Chairman

Mrs. Hanan Y. Al-Yousef
Member

Mr. Loay S. Al Swayan
Member

Mr. Meshari M. Al-Judaimi
Member

Mr. Moustafa I. El-Gohary
Member

Mr. Saad S. Al-Therban
Member

Shariah Supervisory Board

Sh./Dr. AbdulSattar A. AbuGhudah
Chairman

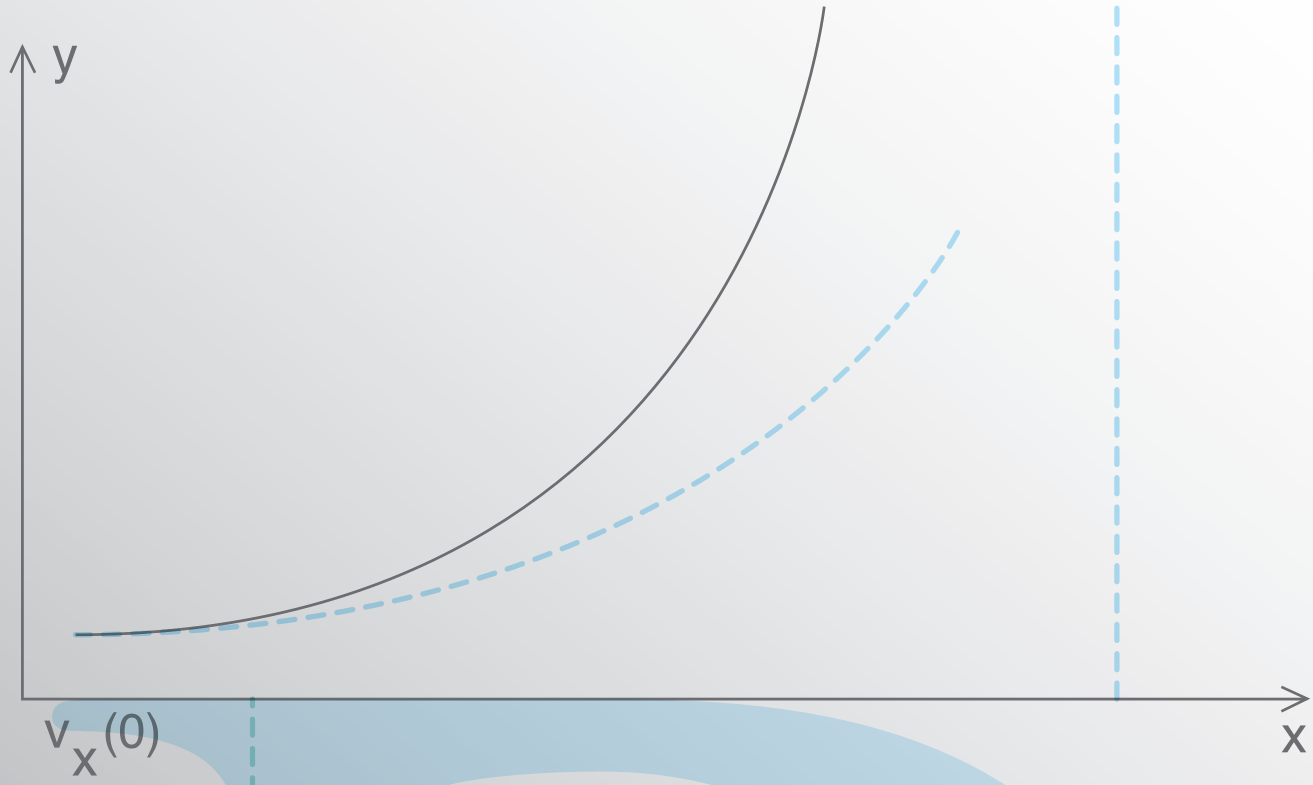
Sh. AbdulSattar A. Al-Kattan
Member

Sh./Dr. Issa Zaki
Member

Sh./Dr. Yousef Al-Sharrah
Member

$$\frac{b_2}{a_2}\left(1-\exp\left[-\frac{\Omega_2 M_1}{a_2+M_2}\right]\right)(a_2+M_2)$$

Performance,
driven by strategy



Chairman's Statement

Dear Shareholders.

On my behalf and on behalf of the Board members of Rasameel Structured Finance, I would like to welcome you to the eighth annual meeting of the ordinary general assembly, and on this occasion I would like to take this opportunity to also sincerely thank those who supported us and the company during the period.

I am delighted to present to you the annual report of Rasameel, the auditors' report and consolidated financial statements for the company and its subsidiaries for the financial year ended 31 March 2014, as well as the report of the members of the Supervisory Board.

The year 2013/2014 was characterized with relative improvement in global Sukuk issuance market, however, the business climate of Sukuk in Kuwait and the Gulf region in general is still facing many challenges, where there are many calls to the need for opening new horizons towards the issuance of Islamic Sukuk, which have great future due to market need for liquidity and for enhancing confidence in Sukuk. We observe nowadays a vast competition among financial institutions for buying these issues, where in the mean time what is offered in the market is negligible, including trading volume; this is due to the huge demand for them, lack of supply and existing challenges.

We have had unremitting efforts in this regard through meetings conducted with a number of high-ranking officials in the regulatory authorities in Kuwait and neighboring countries to discuss ways of creating better conditions for the possibility of marketing Sukuk issues in the region, because of the specific restrictions that limit their trading opportunities in a flexible manner in the market. Also, it is because many of the Sukuk issues aimed at a specific class such as corporate and institutions, but not individuals.

In light of the above mentioned, the below illustration displays the results of the financial period ended on March 31, 2014:

Net profit for the year amounted to KD 25,107 (Net Profit 0.12 Fills per share) compared to Net loss amounted to KD 3,453,589 (Net Loss 11.5 Fills per share) for the financial year 2012/2013.

Company's total assets have decreased to KD 24,735,053 as compared with total assets of KD 25,619,381 in the financial year 2012/2013, i.e. a decrease of only 3.6%, in order to pay off some financial obligations. With regard to shareholders equity, it has increased to KD 21,060,893 as compared with total shareholder's equity of KD 21,006,817 in the fiscal year of 2012/2013, i.e. an increase of approximately less than 0.3%. Total revenues increased to KD 2,856,773 as compared with revenues of KD 345,648 for the fiscal year 2012/2013. Book value per share amounted to 100 fills as of 31 March 2014 on the capital before reduction compared with 70 fills on 31 March 2013 on the capital after reduction. Total liabilities was decreased to KD 3,674,160 as compared with total liabilities amounted to KD 4,612,564 in the fiscal year 2012/2013, which is an decrease of 25.5%.

Achievements:

Rasameel has accomplished important achievements in the financial year 2012/2013 through the commitment in applying its five-years strategic plan, the bold steps and necessary actions taken, where the company managed to begin reaping the benefits of those steps during the financial year 2013/2014 marked by the return to profitability, in addition to reducing its expenses remarkably, which will be reflected positively on the cost reduction. The current year has benefited as well from last year achievements, which witnessed signing significant contracts and agreements that their positive results were reflected through the expansion of its activities during the year 2013/2014. YAAS (Yousef Ahmad Alghanim & Sons Company) landmark inaugural Sukuk Al Isthmar issuance -- YAAS Sukuk I Limited KD 12.5 Million -- was successfully issued on April 8th 2013 through Rasameel Investment Bank, DIFC ("RIB"). A portfolio of consumer finance receivables originated through YAAS' electronics backed the issuance.

Following YAAS' landmark Sukuk issuance, RSF also successfully structured and arranged YAAS Warehouse II, KD 11 million revolving finance facility. The facility was utilized to ramp up a portfolio of consumer finance receivables for YAAS' second Sukuk securitization issuance planned for 2014.

This transaction won a number of accolades in recognition of its uniqueness and contribution to the Islamic debt capital market. Both RIB and YAAS received the accolades for "Global Sukuk Deal of the Year" and "Kuwait Deal of the Year" at the 2013 Islamic Finance News ("IFN") Awards.

The company has exited from its share in the two plots of land in Al-Jahra and Dasman, which have been acquired last year under a contract settlement with The Investment Dar, which represents 50% of the debt in form of real estate assets.

Chairman's Statement

Two units have been leased in Rasameel wholly-owned floor in the Emirates Financial Tower (EFT), which contains four units valued at AED 25,228,800; meanwhile we are working on leasing the remaining units.

Rasameel received the 20 residential units which were purchased in Mizin/Remram project in Dubai Land in the year 2008. The company achieved revenues from most of the rental units.

70% of the work has been completed in Seef Al-Muharraq Mall project near Arad historical Fort by "Muharraq Mall Company" in Bahrain, which is expected to be open during the current year.

Operating revenues of Rasameel investment in Hajar Tower have slightly decreased compared to last year due to expansion works at the Grand Mosque in Mecca.

With regard to "Rasameel Auto Lease"; which specializes in car rental activities, which was launched last year, the company succeeded during the financial year 2013/2014 in signing exclusively three operational leasing agreements with three major car agencies, so it was able to double its revenues by more than four-fold as a result of the surge in the number of daily rental contracts, services contracts with major companies, and annual operational leasing contract with individuals, corporate and government entities. This necessitated the purchase of additional 200 new vehicles added to the existing fleet, bringing the number of vehicles in the fleet to approximately 700 vehicles. Also, during the period the company applied for some government tenders where it has been awarded a bid with the Ministry of the Interior. In the mean time, the company recognized some profit from selling some of the vehicles.

Specialized Quarterly Releases

During the current year, Rasameel has issued the researches and specialized studies about the Sukuk market, and also started publishing in its website its quarterly report specialized in debt capital markets in the MENA Region. This is as part of Rasameel campaign to educate the market, which was a remarkable success, where Rasameel is seen now as the most capable and committed body for providing reliable news about the latest developments in Sukuk and securitization market, as well as the debt market trends and performance of the secondary debt markets. Thus the company has benefited and managed to attract investors and clients in the market and provide the means to communicate with them.

Many regional and international business intelligence companies such as "Zawya" and "Capital IQ" have approached Rasameel and now depend on us for content.

Awards and Sponsorship

Award of Excellence at London SUKUK Summit 2013

The London Sukuk Summit has established itself as the foremost industry gathering over the years. At the 2013 Summit, Rasameel snatched the award of excellence as Best Islamic Structured Finance House in the GCC for the year 2013.

Future Approach

Despite the positive attributes of securitisation, these might still be outweighed by several challenges in the Middle East. While some of the challenges can still be dealt with such as Sukuk, issuers can still opt for safer asset types with more transparent market information such as auto-loans, credit cards, energy or telecom accounts receivables – there are persistent external challenges to deal with such as market immaturity, readiness, unstable political situation and limited growth in the economy. These will result in prolonging the progress and advancement of the securitisation market in the Middle East debt capital markets. Prior to working on regaining investor interest in securitised assets, external challenges should be resolved and more transparent data should be made available by the originators.

The financial year 2013/2014 may be considered the most important year so far for Rasameel in many aspects, being the company in this year has first established for the success which implanted for last year, through its commitment in applying the five-year strategic plan with insistence, despite all challenges encountered. Repositioning the company's situations in the past year was a cornerstone in re-evaluating some activities and focusing on activities that demonstrated the continuity of stability and success, in addition to exiting from some investments in a timely manner. All of this has helped management by providing clear visibility and capitalize on it through the expansion of major activities that showed spectacular results, as the case in Auto Lease.

Internally, with the company commencing the third year of its five-year strategic plan, and following the success achieved in the past year, the company continues to organize itself internally, where it is still working on cutting costs which results will be shown in full results in the next financial year 2014/2015, where it is expected to achieve savings of up to KD 500 thousand. The company also completed the procedures of capital reduction, began activating Rasameel Investment Bank by providing all necessary support for developing its business and commencing its activities effectively, and by taking advantage of the opportunities available in the region. Meanwhile, the company is currently expanding in the assets-based investments, liquidity management and commercial Murabaha with investors. Rasameel is also heading towards integrating its real estate in the consolidated balance sheet of its real estate subsidiary, whereby exhibiting profitable operations.

Strategically, the company is still directing its activities towards the capital markets in the Gulf region with a particular focus on the Saudi Arabian market as well as the UAE market through Rasameel Investment Bank. Our teams in both Kuwait and the UAE offices are managing activities of alternative financing that include securitization of assets and the issuance of certificates of investments, in addition to direct investment in real estate development projects and in companies that operate in accordance to Islamic Sharia.

Rasameel has worked and will continue to work with strategic allies in those markets on sourcing financing and investments opportunities whereas in the past financial institutions have been major supporters in these areas and Rasameel will continue to build and develop existing and new relationships.

Among the new activities which include Kuwait, Rasameel is heading towards investing in the purchase of government funding contracts with specialized companies where these contracts are discounted then collected at maturity and turn a profit. The Company will continue in its conservative and cautious policy towards the investment in new activities specifically, in addition to its continuous rigorous follow-up for its current investments, and prompt decision making of exiting in a timely manner.

With the praise of Allah, the efforts and contentious support of the Board and shareholders, the company managed to achieve profits this year and has been able to engage into considerable deals by virtue of management and take advantage of available opportunities. On this occasion, we are pleased to emphasize again to abide by the basic and professional integrity in managing the business in order to achieve the best possible results.

Finally, I extend my sincere thanks and gratitude to you all, with sincere wishes to Rasameel for further success and prosperity.

Issam Z. Al Tawari
Chairman & Managing Director

A measured approach, guided by principles

β

$$d_1 = \frac{1}{\sigma\sqrt{T-t}}\left[\ln\left(\frac{S}{K}\right) + \left(r + \frac{\sigma}{2}\right)(\ldots\right.$$

Shariah Supervisory Board’s Report

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

Dear Rasameel Structured Finance Company Shareholders,

Pursuant to Rasameel Annual General Assembly decision to appoint us as Shariah Supervisory Committee for the Company and mandated us to do so.

We have monitored and reviewed the contracts pertaining to the transactions and applications which the company have entered into during the fiscal period ending on 31st March, 2014, to provide our opinion regarding whether the company have abided by the provisions of the Islamic Shariah principles, as per our decisions and guidance which we have issued.

The company’s management is responsible to abide by Islamic Shariah principles and rules in relation to all its activities, therefore, our opinion is limited to provide an independent opinion regarding the extent of company’s management compliance with Sharia principles, and present you with our report.

We have preformed our monitoring and review of the company’s activities, the examination included review of contracts and company procedures based on examining all types of activities. We have also planned and executed our review to obtain all the information and explanations that are deemed necessary for the purpose of providing us with reasonable evidence and assurance that the company did not violate the provisions of the Islamic Shariah.

In our opinion:

1. The contracts and transactions that have been entered into by the company during the fiscal period ending as on 31st March 2014, were performed in accordance with the provisions of the Islamic Shariah.
2. The company did not realize any income from sources or by means prohibited by Islamic Sharia.
3. The computation of Zakat was performed in accordance with Islamic Shariah rules.

Seeking the guidance of Allah the Almighty,
Wasalamu Alaikum Wa Rahmatu Allah Wa Barakatul

Sh./Dr. AbdulSattar A. AbuGhudah

Sh./Dr. Issa Zaki

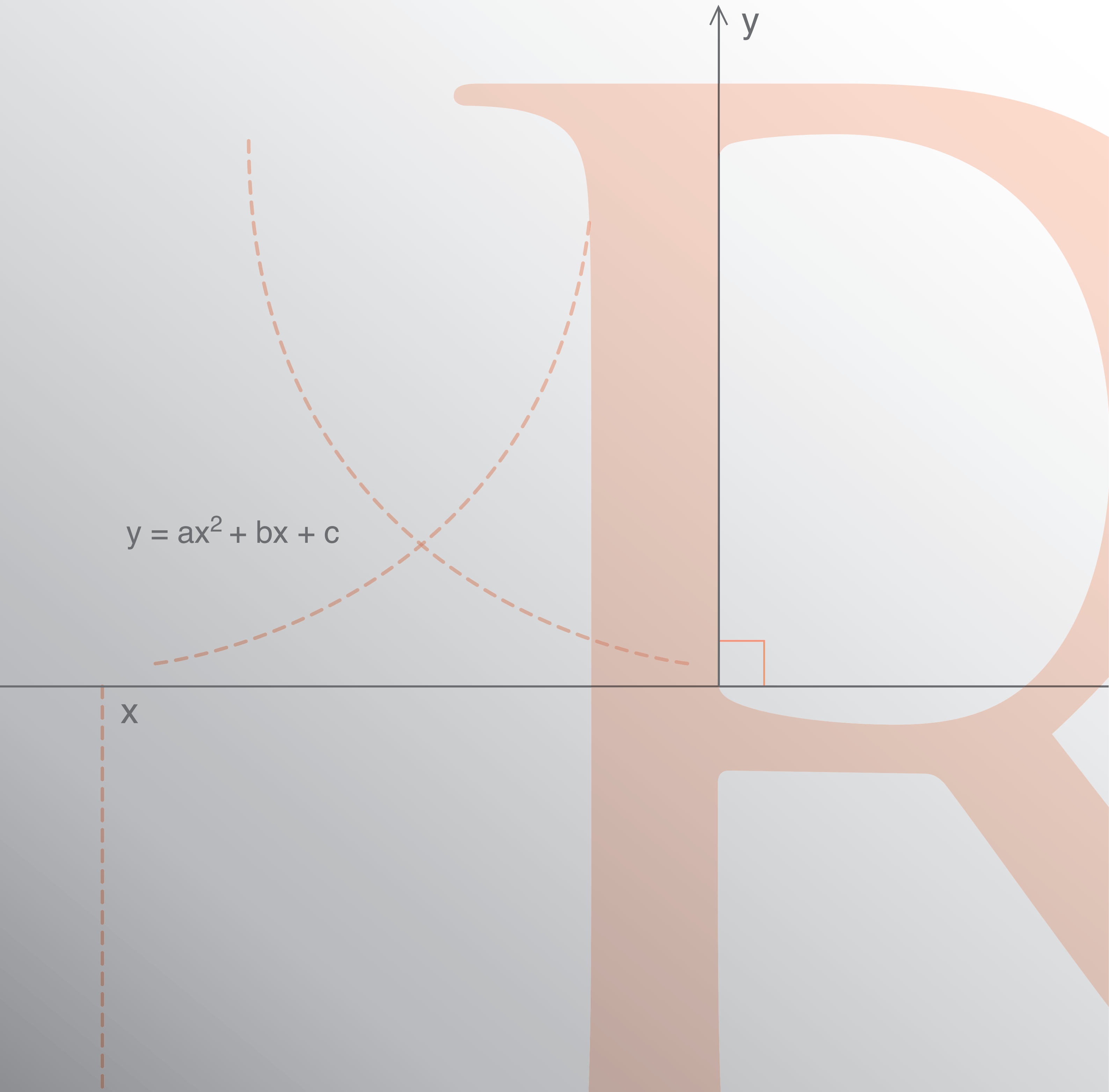
Sh./Dr. Yousef Al-Sharrah

Sh. AbdulSattar A. Al-Kattan

$$\ldots = \frac{1}{\sigma\sqrt{T-t}}\left[\ln\left(\frac{S}{K}\right)+\left(r+\frac{\sigma^2}{2}\right)(T-t)\right]$$

$$d_2 = \frac{1}{\sigma\sqrt{T-t}}\left[\ln\left(\frac{S}{K}\right)+\left(r-\frac{\sigma^2}{2}\right)(T-t)\right]$$

Calculated moves lead
to positive outcomes



Financial Highlights

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rasameel Structured Finance Company K.S.C. (Closed) (the "parent company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free form material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group'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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted for use by the State of Kuwait.

Report on 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 parent company's 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 Companies Law No. 25 of 2012, as amended, and by the parent company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the parent company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 March 2014 that might have had a material effect on the business of the parent company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, or of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 March 2014 that might have had a material effect on the business of the parent company or on its financial position.

WALEED A. AL-OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

1 June 2014
Kuwait

	Notes	*2014* *KD*	*2013* *KD*
INCOME:			
Management and arrangement fee		**320,165**	53,973
Finance income		**39,898**	246,962
Rental income		**593,187**	606,456
Investment income	3	**109,925**	358,156
Gain on partial disposal of an associate		**-**	115,293
Share of results of an associate	11	**(1,892)**	5,682
Unrealised gain (loss) on revaluation of investment properties	12	**1,103,763**	(1,280,256)
Loss on sale of investment properties		**(130,168)**	-
Foreign exchange gain		**17,856**	29,313
Revenue form vehicles rental		**776,042**	210,069
Other income		**27,997**	-
Total income		**2,856,773**	345,648
EXPENSES:			
General and administrative expenses	4	**2,381,938**	2,247,995
Portfolio management and collection charges		**49,166**	183,734
Properties management and maintenance charges		**230,070**	245,448
Professional and legal fees		**214,748**	436,233
Finance costs		**131,611**	166,827
Total expenses		**3,007,533**	3,280,237
Loss before provision for credit and impairment losses		**(150,760)**	(2,934,589)
Impairment loss on financial assets available for sale	9	**-**	(419,463)
Impairment loss on held to maturity investment		**-**	(864,715)
Provision made for a legal case	17	**-**	(1,105,872)
Net release of provision for impairment losses on Islamic financing receivables	6	**175,867**	1,871,050
PROFIT(LOSS) FOR THE YEAR BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND ZAKAT		**25,107**	(3,453,589)
Contribution to KFAS		**-**	-
Zakat		**-**	-
PROFIT (LOSS) FOR THE YEAR		**25,107**	(3,453,589)

The attached notes 1 to 23 form part of these consolidated financial statements.

Rasameel Structured Finance Company K.S.C. (Closed) and Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	Notes	2014 KD	2013 KD
Profit (loss) for the period		**25,107**	(3,453,589)
Other comprehensive income			
Other comprehensive income (loss) to be reclassified to consolidated income statement in subsequent periods:			
Net movement in cumulative changes in fair value		**-**	(387,005)
Exchange differences arising on translation of foreign operations		**28,969**	8,571
Impairment loss transferred to consolidated statement of income	9	**-**	419,463
Net other comprehensive income (loss) to be reclassified to consolidated income statement in subsequent periods		**28,969**	41,029
Total other comprehensive income for the period		**28,969**	41,029
Total comprehensive income (loss) for the period		**54,076**	(3,412,560)
Attributable to:			
Equity holders of the parent company		**54,076**	(3,412,560)

The attached notes 1 to 23 form part of these consolidated financial statements.

	Notes	*2014* *KD*	*2013* *KD*
ASSETS			
Cash and cash equivalents	5	**5,149,468**	4,613,359
Islamic financing receivables	6	**8,808**	559,339
Investments at fair value through profit and loss	7	**334,294**	898,263
Other assets	8	**1,733,915**	625,585
Financial assets available for sale	9	**1,959,124**	5,049,612
Held to maturity investment	10	**110,231**	-
Investment in an associate	11	**1,673,706**	1,644,928
Investment properties	12	**11,112,478**	10,963,833
Properties and equipment	13	**2,653,029**	1,264,462
TOTAL ASSETS		**24,735,053**	25,619,381
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**21,000,000**	30,000,000
Statutory reserve	15	**2,511**	403,129
Share options reserve		**7,510**	7,510
Cumulative changes in fair values		**(56,805)**	(56,805)
Foreign currency translation reserve		**85,081**	56,112
Retained earnings (accumulated losses)		**22,596**	(9,403,129)
TOTAL EQUITY		**21,060,893**	21,006,817
LIABILITIES			
Islamic finance payable	16	**1,783,633**	1,884,463
Other liabilities	17	**1,890,527**	2,728,101
TOTAL LIABILITIES		**3,674,160**	4,612,564
TOTAL EQUITY AND LIABILITIES		**24,735,053**	25,619,381

Issam Zaid Al-Tawari
Chairman

The attached notes 1 to 23 form part of these consolidated financial statements.

	Notes	2014 KD	2013 KD
OPERATING ACTIVITIES			
Profit (loss) for the year		**25,107**	(3,453,589)
Adjustments for:			
Unrealised loss (gain) on investments at fair value through profit and loss	3	**109,674**	(154,582)
Realised gain on investments at fair value through profit and loss		**(57,427)**	-
Income form held to maturity investments	3	**(71,441)**	(4,082)
Income form investment deposits and saving accounts	3	**(18,907)**	(20,411)
Dividend income	3	**(24,069)**	(21,500)
Share of results of an associate	11	**1,892**	(5,682)
Gain on partial disposal of an associate		**-**	(115,293)
Loss on sale of investment properties		**130,168**	
Other income		**(27,997)**	
Unrealised (gain) loss on revaluation of investment properties	12	**(1,103,763)**	1,280,256
Depreciation	13	**390,137**	117,420
Finance costs		**131,611**	166,827
Impairment loss on financial assets available for sale	9	**-**	419,463
Impairment loss on held to maturity investment		**-**	864,715
Net release of provision for impairment losses on Islamic financing receivables	6	**(175,867)**	(1,871,050)
Provision made for a legal case	17	**-**	1,105,872
Provision for employees' end of service benefits		**246,001**	409,533
Foreign exchange gain		**(17,856)**	(29,313)
		(462,737)	(1,311,416)
Working capital changes:			
Islamic financing receivables		**726,398**	4,905,756
Investments at fair value through profit and loss		**511,722**	-
Other assets		**(220,000)**	45,375
Other liabilities		**(256,767)**	(365,535)
Cash flows (used in) form operating activities		**298,616**	3,274,180
Employees' end of service benefits paid		**(800,512)**	(41,167)
Net cash flows (used in) form operating activities		**(501,896)**	3,233,013
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		**(2,500,000)**	(1,000,000)
Proceeds form redemption of financial assets available for sale		**5,590,488**	6,043
Additions to properties under development	12	**(87,983)**	(7,386)
Disposal of investment properties		**113,900**	-
Purchase of held to maturity investments		**(2,800,000)**	-
Proceeds form held to maturity investments		**2,689,769**	-
Net movement on properties and equipment	13	**(1,778,704)**	(1,344,812)
Income form investment deposits and saving accounts	3	**18,907**	20,411
Dividend received	3	**24,069**	21,500
Net cash flows form (used in) investing activities		**1,270,446**	(2,304,244)
FINANCING ACTIVITIES			
Net movement in Islamic finance payable		**(100,830)**	(403,130)
Finance costs paid		**(131,611)**	(138,563)
Net cash flows used in financing activities		**(232,441)**	(541,693)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**536,109**	387,076
Cash and cash equivalents at 1 April		**4,613,359**	4,226,283
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	**5,149,468**	4,613,359

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Share capital KD	Statutory Reserve KD	Share options reserve KD	Cumulative changes in fair values KD	Foreign currency translation reserve KD	Retained earnings (accumulated losses) KD	Total KD
Balance at 1 April 2013	30,000,000	403,129	7,510	(56,805)	56,112	(9,403,129)	21,006,817
Profit for the year	-	-	-	-	-	25,107	25,107
Other comprehensive income for the year	-	-	-	-	28,969	-	28,969
Total comprehensive income (loss) for the year	-	-	-	-	28,969	25,107	54,076
Accumulated losses written-off (Note 14)	(9,000,000)	(403,129)	-	-	-	9,403,129	-
Transfer to statutory reserves	-	2,511	-	-	-	(2,511)	-
Balance at 31 March 2014	**21,000,000**	**2,511**	**7,510**	**(56,805)**	**85,081**	**22,596**	**21,060,893**
Balance at 1 April 2012	30,000,000	403,129	7,510	(89,263)	47,541	(5,949,540)	24,419,377
Loss for the year	-	-	-	-	-	(3,453,589)	(3,453,589)
Other comprehensive income for the year	-	-	-	32,458	8,571	-	41,029
Total comprehensive income (loss) for the year	-	-	-	32,458	8,571	(3,453,589)	(3,412,560)
Balance at 31 March 2013	30,000,000	403,129	7,510	(56,805)	56,112	(9,403,129)	21,006,817

The attached notes 1 to 23 form part of these consolidated financial statements.

INCORPORATION AND ACTIVITIES

The consolidated financial statements of Rasameel Structured Finance Company K.S.C. (Closed) (the "parent company") and subsidiaries (collectively the "Group") for the year ended 31 March 2014 were authorised for issuance in accordance with a resolution of the parent company's board of directors on 1 June 2014 and were approved by the relevant regulatory authority before issuance. The Annual General Meeting of the parent company's shareholders has the power to amend these consolidated financial statements after issuance.

The New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year form the date of publishing the executive regulations to comply with the new amended law.

The parent company is a closed shareholding company incorporated in the state of Kuwait on 4 January 2006 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company is engaged in the following activities:

- carrying out all types of investments in all fields and participating in incorporating companies both inside and outside Kuwait;
- managing the funds of public and private institutions;
- dealing in local and international securities;
- carrying out finance and brokerage to invest in various sectors inside and outside the State of Kuwait in accordance with the provisions of the Islamic Sharea'a; and
- providing and preparing studies and technical, economic and valuation consultancy.

The parent company is regulated by the Central Bank of Kuwait and the Capital Market Authority. All activities of the Group are performed according to the instructions of the Islamic Sharea'a as approved by the Fatwa and Sharea'a Supervisory Board of the parent company.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the International Accounting Standard IAS 39 requirement for collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of financial assets at fair value through statement of income, financial assets available-for-sale and investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the parent company's functional and presentation currency.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at 31 March 2014. Control is achieved when the Group is exposed, or has rights, to variable returns form its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns form its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising form other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income form the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group has no non-controlling interest, the profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the following new and amended IFRS effective as of 1 January 2013. However, the implementation of new and amended IFRS did not have a significant impact on the Group's consolidated financial statements.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately form items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect only the presentation of the consolidated financial statements and have no impact on the Group's financial position or performance.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IAS 19: Employee Benefits (Amendment)
The IASB has issued numerous amendments to IAS 19. These range form fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard requires the recognition of actuarial gains and losses in other comprehensive income and impacts the net benefit expense as the expected return on plan assets is now calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment did not have an impact on the Group's financial position and performance.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
The amendment becomes effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 11 and IFRS 12; IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment did not have a material impact on the Group's financial position and performance.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard did not have any material impact on the consolidated financial statements of the Group as the Group has not entered into any such arrangements.

IFRS 10: Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated, IFRS 10 establishes a single control model that applies to all entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled and therefore, are required to be consolidated by the Group, compared with the requirements that were in IAS 27. The Group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the entity. The Group controls an investee when it is exposed, or has rights, to variable returns form its involvement with the investee and has the ability to affect those returns through its power over the investee. Once control is established, the standard requires the Group to start consolidating the investee form the date the investor obtains control of the investee and cease consolidation when the investor loses control of the investee. This did not have any material impact on the consolidated financial statements of the Group.

IFRS 12: Disclosure of Involvement with Other Entities
IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising form involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. This did not have any material impact on the consolidated financial statements of the Group.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The standard does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 requires an entity to disclose information that helps users of its financial statements to assess both of the following: (a) For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements. (b) For fair value measurements using significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income for the period.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 13 Fair Value Measurement (continued)

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments, thereby affecting the disclosures consolidated financial statements. The Group provides these disclosures in Note 22.

2.4 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. However, the Group expects no significant impact form the adoption of the amendments on its consolidated financial position or performance.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This amendment is not expected to impact the Group's financial position or performance and becomes effective for annual periods beginning on or after 1 January 2014.

IAS 36 Impairment of Assets – Recoverable amount Disclosures of Non-financial Assets (Amendments)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted these amendments to IAS 36 in the current Adoption of other new or amended Standards are not expected to have material effect on the consolidated financial position or financial performance of the Group. Additional disclosures will be made in the consolidated financial statements when these standards become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The standard was initially effective for annual periods beginning on or after 1 January 2015, but International Accounting Standards Board ("IASB") in its July 2013 meeting tentatively decided to defer the mandatory effective date of IFRS 9 until the issue date of the completed version of IFRS 9 is known. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but is not expected to have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

The application of these standards will be made in the consolidated financial statements when these standards become effective. The Group's management is yet to assess the impact of the application of these standards on the consolidated financial statements of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded swaps and profit rate contracts in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in the consolidated statement of income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, form the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit form the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised only to the extent of the expenses incurred that are recoverable. Revenue is measured at the fair value of the consideration received excluding discounts. The following specific recognition criteria must also be met before revenue is recognised:

- Management, arrangement and advisory fees are recognised when earned;
- Islamic financing income which comprises consumer financing, tawarruq, and ijara is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding;
- Dividend income is recognised when the right to receive the payment is established;
- Profit form saving accounts and held to maturity investments are recognised as the profit accrues;
- Income form the sale of properties is recognised when the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably;
- Rental income on investment properties is earned on occupancy basis; and
- Revenue form vehicles rental arising form operating leases on vehicles is accounted for on a straight-line basis over the lease terms.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Finance costs

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalization of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)
The Group calculates the contribution to KFAS at 1% of profit for the year attributable to equity holder of the parent company before contribution to Zakat and Directors' remuneration in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the transfer to statutory reserve and accumulated losses brought forward should be excluded form profit for the year when determining the contribution.

Zakat
Contribution to Zakat is calculated at 1% of the profit for the year attributable to equity holder of the parent company before contribution to KFAS and Directors' remuneration in accordance with the Ministry of Finance resolution No. 58/2007.

Cash and cash equivalents
Cash and cash equivalents are defined as bank balances and cash, treasury placements and Islamic financing receivables with contractual maturities of three months or less.

Financial instruments
Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as "financial assets at fair value through statement of income", "loans and receivables", "held-to-maturity investments", or "financial assets available-for-sale", or "derivatives designated as hedging instruments in an effective hedge, " as appropriate. The Group determines the classification of its financial assets at initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Financial instruments(continued)
Financial assets(continued)
Initial recognition and measurement(continued)

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through statement of income, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within frame established by regulation or convention in the market place (regular way purchases) are recognised on the trade date, i.e., the date that Group commits to purchase or sell the asset.

The Group's financial assets include bank balances, treasury placements, loans and receivables, financial assets at fair value through statement of income, financial assets available-for-sale, financial assets held-to-maturity and other assets.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets carried at fair value through statement of income
The category of financial assets at fair value through statement of income is sub divided into:

Financial assets held for trading
Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Transaction costs associated with the acquisition of financial assets at fair value through statement of income are expensed as incurred.

Financial assets at fair value through statement of income are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of income.

Financial assets designated at fair value through statement of income upon initial recognition:
Financial assets are designated at fair value through statement of incom e (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through statement of income using the fair value option at designation; these instruments cannot be reclassified after initial recognition.

Treasury placements
Treasury placements include money placed in investment accounts with the parent company and its subsidiaries. Such placements are valid for either three months or one year and are automatically renewable for the same period unless prior written notice to the contrary is given, before the due date.

These are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. After initial recognition, loans and receivables are carried at amortised cost using the effective profit rate method, less impairment losses, if any. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective profit rate.

The Group classifies its loans and receivables as Islamic financing receivables; Islamic financing receivables comprise of wakala placements, murabaha financings and ijara receivables.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Financial instruments (continued)
Subsequent measurement (continued)

Wakala placements
Wakala placements comprise amounts invested with financial institutions under wakala arrangements for the onward deals by these institutions in various Islamic investment products or a sum of money provided to an agent, who invests it according to specific conditions in return for fees. The agent is obligated to return the amount in case of negligence or violations of any terms and conditions of the wakala agreement.

Murabaha financings
Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis.

Ijara receivables
Ijara is an Islamic transaction involving the purchase and immediate lease of an asset at cost where the lessor conveys to the lessee the right to use the asset for an agreed period of time in return for a payment or series of payments. At the end of the lease term, the lessee has the option to purchase the asset. Ijara receivables are stated at the aggregate of the minimum lease payments due, net of any deferred income.

Financial assets available-for-sale
Financial assets available-for-sale investments are those non-derivative financial assets that are not designated as at financial assets at fair value through statement of income, financial assets held to maturity or receivables. Financial assets available-for-sale consist of debt securities (i.e. sukuk), which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Financial assets available for sale are initially recognized at cost (including transaction costs associated with the acquisition of the investment) and after initial measurement, financial assets available for sale are subsequently measured at fair value unless fair value cannot be reliably determined. Changes in fair value of financial assets available for sale are reported in other comprehensive income until the investment is derecognized, at which time the cumulative change in fair value reserve is recognised in the consolidated statement of income, or determined to be impaired, at which time the cumulative change in fair value reserve is recognised in the consolidated statement of income in impairment of investment and removed form the fair value reserve.

Financial assets held-to-maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the effective yield method, less impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective profit rate. The effective profit rate amortisation is included in financing income in the consolidated statement of income. Gains and losses are recognised in the consolidated statement of income when the investments are derecognised or impaired, as well as through the amortisation process.

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

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

When the Group has transferred its rights to receive cash flows form an asset or has entered into pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Financial instruments (continued)
Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.
If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective profit rate.

The carrying amount of the asset is reduced by the amount of impairment and the amount of impairment loss is recognised in the consolidated statement of income.

In Addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision of 1% for cash facilities is made on all applicable credit facilities (net of certain categories of collateral), that are not provided for sepecifically.

Financial assets available-for-sale
For available for sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a Group of investments is impaired.

In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income is removed form fair value reserve and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of sukuk investments classified as available for sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income. If, in a subsequent year, the fair value of a sukuk increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Accounts receivable
In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Financial liabilities
Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through statement of income or loan and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, including directly attributable transaction costs.

The Group's financial liabilities include Ijara payables, accrued expenses and other liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Ijara payables
Ijara is an Islamic transaction involving the purchase and immediate lease of an asset at cost where the lessor conveys to the lessee the right to use the asset for an agreed period of time in return for a payment or series of payments. At the end of the lease term, the lessee has the option to purchase the asset. Ijara payables are stated at the aggregate of the minimum lease payments due, net of any deferred income.

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

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another form the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Offsetting of financial instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to settle on a net basis so as to realize the assets and liabilities simultaneously.

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

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

Fair value measurements related to items recorded at fair value to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all assets recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy.

Fair values of financial instruments

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Fair values (continued)

Fair values of financial instruments (continued)

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to recent arm's length transactions, current fair value of another instrument that is substantially the same, an earnings multiple, or an industry specific earnings multiple or is based on the expected cash flows of the investment discounted at current rates applicable for items with similar terms and risk characteristics. 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.

The fair value of profit bearing financial instruments is estimated based on discounted cash flows using profit rates for items with similar terms and risks characteristics.

The fair value of Islamic currency swaps, forward foreign exchange contracts are determined based on the counter party valuation. An analysis of fair values and further details as to how they are measured are provided in Note 22.

Investment in associates

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in other comprehensive income. Unrealized gains and losses resulting form transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared on different reporting date, which are not more than three months, form that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the impairment in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds form disposal is recognized in consolidated statement of income.

Investment properties

Investment properties comprise of developed properties and properties under development held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is determined based on the lower of two valuations performed by accredited independent valuers at the end of each year using valuation methods consistent with the market conditions at the reporting date. Gains or losses arising form changes in the fair value of investment properties are included in the statement of income in the period in which they arise.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Investment properties (continued)
Investment properties are derecognised when it has been disposed of or permanently withdrawn form use and no future economic benefit is expected form its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of income in the year of disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made form investment properties when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Properties under construction
Properties under construction are carried at cost less any impairment in value. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset.
The carrying values of properties under construction 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.

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

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

Depreciation on property and equipment is calculated using straight line method to allocate the cost net of their residual value over the estimated useful lives, as follows:

• Building	15 years
• Furniture & Fixture	5 years
• Leased motor vehicles	Shorter of lease term or 5 years
• Property, Equipment & Software	2-5 years
• Decoration	3-5 years

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those form other assets or groups of assets and then its recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs to sell an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies and disclosures (continued)

Impairment of non-financial assets (continued)
After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) arising form past event and the costs to settle the obligation are both probable and reliably measurable.

End of service benefits
Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its national employees, the parent company makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The parent company obligations are limited to these contributions, which are expensed when due.

Foreign currencies translation
The consolidated financial statements are presented in Kuwaiti Dinars, which is the parent company's functional and presentational currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial position date. All differences are included within foreign exchange gain / (loss) in the consolidated statement of income.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies
On consolidation the assets and liabilities of foreign subsidiaries are translated into Kuwait Dinar at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular is recognized in the consolidated statement of income.

2.6 Significant accounting judgements, estimates and assumptions

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgements, estimates and assumptions (continued)

Judgements

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

Classification of real estate

Management of the Group decides on acquisition of a developed and under development property whether it should be classified as trading, investment property or properties and equipment.

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

Classification of financial instruments

Judgements are made in the classification of financial instruments based on management's intention at acquisition.

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets as fair value through statement of income depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of consolidated statement of income in the management accounts, they are designated as fair value through statement of income.

The Group classifies financial assets as held-to-maturity when it has the positive intention and ability to hold them to maturity.

Classification of assets as Islamic financing receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments, the financial asset is classified as Islamic financing receivables.

All other financial assets are classified as available-for-sale.

Impairment of financial assets available-for-sale

The Group treats financial assets available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)
Valuation of unquoted equity investments

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

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. There are a number of investments where this estimation cannot be reliably determined. As a result, these investments are carried at cost less impairment.

Fair value measurements

The Group measures certain financial instruments, and non-financial assets such as investment properties, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 22 of the consolidated financial statements.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Group must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An analysis of fair values and further are provided in Note 22.

Valuation of investment properties
The Group estimates the fair value of investment properties using considerable judgement and assumptions required to reflect the market conditions at the consolidated financial position date, based on the lower of two valuations undertaken by independent real estate assessors.

3 INVESTMENT INCOME

	2014	*2013*
	KD	*KD*
Unrealised (loss) gain on investments at fair value through profit and loss	**(109,674)**	154,582
Realised gain on sale of investments at fair value through profit and loss	**57,427**	-
Income form held to maturity investments	**71,441**	4,082
Income form investment deposits and saving accounts	**18,907**	20,411
Dividend income	**24,069**	21,500
Other investment income	**47,755**	157,581
	109,925	358,156

4 GENERAL AND ADMINISTRATIVE EXPENSES

	2014	*2013*
	KD	*KD*
Staff costs and benefits	**1,600,142**	1,761,138
Operating lease	**149,694**	127,340
Depreciation (Note 13)	**390,137**	117,420
Other general and administrative expenses	**241,965**	242,097
	2,381,938	2,247,995

5 CASH AND CASH EQUIVALENTS

	2014	*2013*
	KD	*KD*
Cash and bank balances	**1,299,468**	2,463,359
Investment deposits	**3,850,000**	2,150,000
	5,149,468	4,613,359

Investment deposits represent amounts placed in investment accounts with local and foreign Islamic banks. Such deposits mature within 3 months form the date of the placements and are classified as cash and cash equivalents in the consolidated statement of financial position. Investment deposits carry an average rate of profit of approximately 0.75% (2013: 0.75%) per annum.

6 ISLAMIC FINANCING RECEIVABLES

	2014 **KD**	2013 KD
At 31 March		
Gross amount	**382,591**	1,124,099
Less: deferred income	**(72)**	(15,182)
	382,519	1,108,917
Less- impairment losses:		
Specific provision	**(373,648)**	(545,058)
General provision	**(63)**	(4,520)
	(373,711)	(549,578)
	8,808	559,339

Islamic financing receivables are stated net of general and specific provisions for impairment losses as follows:

	General		Specific		Total	
	2014 **KD**	2013 KD	**2014** **KD**	2013 KD	**2014** **KD**	2013 KD
At the beginning of the year	**4,520**	32,225	**545,058**	2,603,321	**549,578**	2,635,546
Provided during the year	**-**	-	**-**	90,758	**-**	90,758
Provision no longer required	**(4,457)**	(27,705)	**(171,410)**	(1,934,103)	**(175,867)**	(1,961,808)
Provision written off	**-**	-	-	(214,918)	-	(214,918)
At the end of the year	**63**	4,520	**373,648**	545,058	**373,711**	549,578

The average profit rate attributable to consumer financing receivables is 4% (2013: 7.9%) per annum.

The fair values of consumer financing do not materially differ form its carrying value as it is stated net of any required provision, and will mature substantially within twelve months form the reporting date.

7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2014 **KD**	2013 KD
Quoted equity securities	**334,294**	898,263

Quoted equity securities with carrying value KD 334,294 (2013: KD 898,263) are carried at fair value based on last bid prices of Kuwait Stock Exchange.

8 OTHER ASSETS

	2014	*2013*
	KD	*KD*
Accrued income	**261,491**	128,520
Staff receivable	**106,111**	170,024
Trade receivable	**211,265**	59,643
Receivable due to disposal of investment properties	**799,033**	-
Advance, deposit and prepayments	**271,937**	127,380
Amount due form a related party (Note 18)	**23,973**	88,783
Others	**60,105**	51,235
	1,733,915	625,585

9 FINANCIAL ASSETS AVAILABLE FOR SALE

	2014	*2013*
	KD	*KD*
Unquoted managed fund	**349,178**	354,665
Unquoted equity securities	**1,609,946**	1,694,947
Unquoted debt instrument	**-**	3,000,000
	1,959,124	5,049,612

Unquoted managed fund amounting to KD 349,178 (2013: KD 354,665) is carried at fair value as advised by the investment manager. No impairment has been recognised on these investments since there has been no significant or prolonged decline in fair value below cost.

As at 31 March 2014, unquoted equity securities amounting to KD 1,609,946 (2013: KD 1,694,947) are carried at cost, less impairment if any, due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these financial assets. There is no active market for these financial assets and the Group intends to hold them for the long term.

The Group's management has performed a detailed review of the financial assets available for sale based on the latest available financial information of these investments to assess whether impairment has occurred in the value of these investments, as a result an impairment charge of KD Nil (2013: KD 419,463) has been recorded in the consolidated statement of income.

10 HELD TO MATURITY INVESTMENT

Held to maturity investment represents a balance of KD 110, 231 arising form a short term investment on Islamic sukuk purchased during the year amounting to KD 2,800,000 where KD 2,689,769 was matured and collected.
The profit attributable to this sukuk is 6% per annum.

11 INVESTMENT IN AN ASSOCIATE

The following table illustrates the Group's investment in an associates:

	2014	*2013*
	KD	*KD*
At the beginning of the year	**1,644,928**	1,523,953
Additions	**-**	882,450
Disposal	**-**	(767,157)
Share of results	**(1,892)**	5,682
Foreign currency translation adjustment	**30,670**	-
At the end of the year	**1,673,706**	1,644,928

Summarised financial information of the associate:

	2014	*2013*
	KD	*KD*
Share of the associate's statement of financial position:		
Assets	**2,589,775**	1,628,865
Liabilities	**1,024,952**	90,466
Net assets	**1,564,823**	1,538,399
Goodwill included in the carrying amount	**108,883**	106,529
	1,673,706	1,644,928
Share of the associate's statement of income:		
(Loss) profit for the year	**(1,892)**	5,682

12 INVESTMENT PROPERTIES

	2014	*2013*
	KD	*KD*
At the beginning of the year	**10,963,833**	11,487,071
Additions	**87,983**	7,386
Disposal	**(1,043,101)**	-
Investment properties received in settlement of financing receivables	**-**	749,632
Unrealised gain (loss) on revaluation	**1,103,763**	(1,280,256)
At the end of the year	**11,112,478**	10,963,833

Investment properties are categorised into:

	2014	*2013*
	KD	*KD*
Properties under development	**-**	909,646
Developed properties	**11,112,478**	10,054,187
	11,112,478	10,963,833

The fair values of the investment properties are calculated based on the lower of the two valuations obtained form professional independent real estate valuers. Fair value of investment properties are determined by reference to value of recent transactions in the market for similar properties. As significant valuation inputs used are based on unobservable market data, these are classified under level 3 fair value hierarchy. An analysis of fair values and further are provided in Note 22.

13 PROPERTIES AND EQUIPMENT

	Leasehold improvements	***Furniture and fixtures***	***Equipment***	***Computer software***	***Capital work in progress***	***Leased motor vehicles***	***Total***
	KD	***KD***	***KD***	***KD***	***KD***	***KD***	***KD***
Cost							
At 1 April 2013	101,849	157,807	150,056	121,889	63,092	1,220,050	1,814,743
Additions during the year	71,493	1,469	10,456	1,540	7,152	1,988,391	2,080,501
Disposal during the year	-	(760)	(430)	-	(63,092)	(313,815)	(378,097)
At 31 March 2014	**173,342**	**158,516**	**160,082**	**123,429**	**7,152**	**2,894,626**	**3,517,147**
Depreciation							
At 1 April 2013	101,849	143,293	111,123	103,426	-	90,590	550,281
Charge for the year	575	3,493	20,513	6,820	-	358,736	390,137
Relating to the disposal	-	(240)	(180)	-	-	(75,880)	(76,300)
At 31 March 2014	**102,424**	**146,546**	**131,456**	**110,246**	**-**	**373,446**	**864,118**
Net carrying amount							
At 31 March 2014	**70,918**	**11,970**	**28,626**	**13,183**	**7,152**	**2,521,180**	**2,653,029**

13 PROPERTIES AND EQUIPMENT (continued)

	Leasehold improvements	*Furniture and fixtures*	*Equipment*	*Computer software*	*Capital work in progress*	*Leased motor vehicles*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
Cost							
At 1 April 2012	101,849	142,488	121,491	104,879	-	-	470,707
Additions during the year	-	15,319	28,565	17,010	63,092	1,220,050	1,344,036
At 31 March 2013	101,849	157,807	150,056	121,889	63,092	1,220,050	1,814,743
Depreciation							
At 1 April 2012	101,849	141,313	92,632	97,067	-	-	432,861
Charge for the year	-	1,980	18,491	6,359	-	90,590	117,420
At 31 March 2013	101,849	143,293	111,123	103,426	-	90,590	550,281
Net carrying amount							
At 31 March 2013	-	14,514	38,933	18,463	63,092	1,129,460	1,264,462

14 SHARE CAPITAL

The authorised, issued and fully paid in share capital of the parent company as at 31 March 2014 comprised 210,000,000 shares (2013: 300,000,000) of 100 fils each.

On 9 December 2013, the ordinary Annual General Assembly of the parent company's shareholders have approved to extinguish accumulated losses of KD 9,403,129 as of 31 March 2014 against statutory reserve in the amount of KD 403,129 and share capital in the amount of KD 9,000,000 as at that date. As a result of the written-off, the total number of authorized, issued, and fully paid shares reduced form 300,000,000 shares to 210,000,000 shares.

15 STATUTORY RESERVE

As required by Companies Law and the parent company's Memorandum of Incorporation and Articles of Association, as amended, 10% of the profit for the year before contribution to KFAS, Zakat and directors remuneration should be transferred to statutory reserve. No transfer is made to statutory reserve in the year where the Group incurs loss for the year.

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

16 ISLAMIC FINANCE PAYABLE

	2014	*2013*
	KD	*KD*
At 31 March 2014		
Ijara gross amount	**1,783,633**	1,884,463

Ijara payables carry an average rate of profit of approximately 7.25% (2013:8.36%) per annum (Note 20). It is payable on a monthly basis amounting AED 227,402 (equivalent to 17,467KD) for each installment.

17 OTHER LIABILITIES

	2014	*2013*
	KD	*KD*
Payable for purchase of investment properties (Note 12)	**-**	182,668
Employees' end of service benefits	**285,059**	839,570
Provision made for a legal case	**1,105,872**	1,105,872
Other liabilities and accruals	**499,596**	599,991
	1,890,527	2,728,101

During the year, certain employees' contracts were either revised or ceased due to resignation resulting in a settlement of KD 800,512 of indemnity payable in 2013.

In 2009, one of the customers of the Group filed a lawsuit against the parent company claiming that the parent company has breached terms of the financing agreement with them. The lawsuit was initially rejected by the expert section of the Court because the customer did not provide sufficient evidence to support the Lawsuit. However, in November 2012, based on information provided by the customer, the Court of First Instance determined that compensation of KD 1,105,872 should be paid to the customer. Although the management of the parent company has appealed against this verdict, however due to the uncertainty on the final outcome of the lawsuit, the management have recorded full provision against the compensation. On 27 March 2013, upon request form the parent company, the Court of Appeal has decided to transfer the case to the expert's committee to further investigate the evidence in order for them to issue the report with their recommendation on the case. Since the expert committee is still ongoing investigating the evidence, as a results the Court is expected to announce the final results in due course.

18 RELATED PARTY TRANSACTIONS

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

Transactions and balances with related parties included in the consolidated financial statements are as follows:

	Major shareholders KD	*2014* KD	*2013* KD
Consolidated statement of financial position			
Amount due form a related party (Note 8)	23,973	**23,973**	88,783
Key management compensation			
Salaries and short-term benefits		**274,712**	377,631
Employees' end of service benefits		**36,468**	54,794
		311,180	432,425

19 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through profit or loss, financial assets available for sale and investment in an associate is based on management's estimate of liquidation of those financial assets.

The maturity profile of assets and liabilities is as follows:

2014	*On demand* KD	*Within 3 months* KD	*3 to 12 months* KD	*Over 1 year* KD	*Total* KD
Assets					
Cash and cash equivalents	1,299,468	3,850,000	-	-	**5,149,468**
Islamic financing receivables	8,808	-	-	-	**8,808**
Financial assets at fair value through profit or loss	-	-	334,294	-	**334,294**
Other assets	461,542	1,106,267	8,143	157,963	**1,733,915**
Financial assets available for sale	-	-	-	1,959,124	**1,959,124**
Held to maturity investment	-	110,231	-	-	**110,231**
Investment in an associate	-	-	-	1,673,706	**1,673,706**
Investment properties	-	-	-	11,112,478	**11,112,478**
Furniture and equipment	-	-	-	2,653,029	**2,653,029**
Total assets	1,769,818	5,066,498	342,437	17,556,300	**24,735,053**

19 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

	On demand KD	Within 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
Liabilities					
Employee's end of service benefits	-	-	-	285,059	**285,059**
Islamic finance payable	-	18,381	55,143	1,710,109	**1,783,633**
Other liabilities	3,221	189,602	306,772	1,105,873	**1,605,468**
Total Liabilities	**3,221**	**207,983**	**361,915**	**3,101,041**	**3,674,160**

2013	On demand KD	Within 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
Assets					
Cash and cash equivalents	2,463,359	2,150,000	-	-	4,613,359
Islamic financing receivables	-	316,192	157,024	86,123	559,339
Financial assets at fair value through profit or loss	-	-	898,263	-	898,263
Other assets	217,306	111,870	67,024	229,385	625,585
Financial assets available for sale	-	3,000,000	-	2,049,612	5,049,612
Investment in an associate	-	-	-	1,644,928	1,644,928
Investment properties	-	-	-	10,963,833	10,963,833
Furniture and equipment	-	-	-	1,264,462	1,264,462
Total assets	2,680,665	5,578,062	1,122,311	16,238,343	25,619,381

	On demand KD	Within 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
Liabilities					
Employee's end of service benefits	-	-	-	839,570	839,570
Islamic finance payable	-	19,625	61,049	1,803,789	1,884,463
Other liabilities	2,226	314,049	466,383	1,105,873	1,888,531
Total Liabilities	2,226	333,674	527,432	3,749,232	4,612,564

20 RISK MANAGEMENT

Risk management is an integral part of the Group's decision-making process. It is managed by members of senior management drawn form all key areas of the Group, who guide and assist with overall management of the Group's risks. Each individual within the Group is accountable for the risk exposures relating to their responsibilities.

The Group is exposed to credit risk, liquidity risk and market risk (profit rate risk, equity price risk and currency risk).

The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

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.

20 RISK MANAGEMENT (continued)

Market risk (continued)
Profit rate risk

Profit rate risk arises form the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. The Group is not exposed to profit rate risk as the Group's profit bearing assets and liabilities carry profit at fixed rates.

Equity price risk

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

The effect on other comprehensive income (as a result of a change in the fair value of financial assets available for sale) and the Group's loss for the year (as a result of a change in the fair value of investments carried at fair value through statement of income) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	31 March 2014			31 March 2013		
Market indices	**Change in equity price**	**Effect on other omprehensive income**	**Effect on statement of income**	Change in equity price	Effect on other comprehensive income	Effect on statement of income
	%	**KD**	**KD**	%	KD	KD
Kuwait	+-5	**28,700**	**16,714**	+-5	32,950	44,913
Others	+-5	**69,256**	**-**	+-5	69,531	-

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

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

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

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

	2014	2013
	KD	KD
US Dollar	**1,204,884**	1,142,041
UAE Dirham	**521,433**	713,389
Saudi Riyal	**1,587,779**	1,514,582
Bahraini Dinar	**238,046**	93,745

The effect on results for the year (due to change in the fair value of monetary assets and liabilities) and on other comprehensive income, as a result of change in currency rate of foreign operations, with all other variables held constant is shown below:

20 RISK MANAGEMENT (continued)

Market risk (continued)

	31 March 2014			*31 March 2013*		
Currency	***Change in currency rate***	***Effect on results***	***Effect on other comprehensive income***	*Change in currency rate*	*Effect on results*	*Effect on other comprehensive income*
	%	***KD***	***KD***	*%*	*KD*	*KD*
US Dollar	+-5	**4,785**	**12,212**	+-5	3,608	12,428
UAE Dirham	+-5	**6,089**	**-**	+-5	5,883	-
Saudi Riyal	+-5	**895**	**-**	+-5	357	-
Bahraini Dinar	+-5	**74**	**19,436**	+-5	7,339	19,656

Equity price risk(continued)
The effect of decrease in currency rate is expected to be equal and opposite to the effect of the increases shown above.

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

Maximum exposure to credit risk
The Group's policy is to enter into Islamic financing arrangements only with recognised, creditworthy third parties. The maximum aggregate exposure is the gross amount as disclosed in Note 6. In addition, these receivable balances are monitored on an ongoing basis.

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

The Group's Islamic financing receivables are primarily granted to clients located in the State of Kuwait.

The table below provides information regarding the Group's maximum exposure to credit risk without taking account of credit enhancements:

	Gross maximum exposure	
	2014	*2013*
	KD	*KD*
Cash and cash equivalents	**5,149,468**	4,613,359
Islamic financing receivables, net of provisions	**8,808**	559,339
Held to maturity investments	**110,231**	-
Other assets	**1,733,915**	625,585
	7,002,422	5,798,283

An industry sector analysis of the Group's assets, before and after taking into account collateral held or other credit enhancements, is disclosed in "Risk concentration of the maximum exposure to credit risk" below:

Credit quality for class of financial assets
Neither internal credit grading system nor external credit grades are used by the Group to manage the credit quality of Islamic financing receivables.

The Group manages the credit quality by ensuring that adequate collaterals are available for all the individual facilities granted, which the management reviews on a regular basis.

20 RISK MANAGEMENT (continued)

Credit risk (continued)

The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in business through diversification of financing and investing activities. The table below summarises the credit quality of Islamic financing receivables:

Credit quality for class of financial assets(continued)

	Neither past due nor impaired	***Past due or Impaired***	***Total***
	KD	***KD***	***KD***
At 31 March 2014			
Cash and cash equivalents	**5,149,468**	**-**	**5,149,468**
Islamic financing receivables			
Consumer financing	**-**	**382,519**	**382,519**
Held to maturity investments	**110,231**	**-**	**110,231**
Other assets	**1,733,915**	**-**	**1,733,915**
	6,993,614	**382,519**	**7,376,133**

	Neither past due nor impaired	*Past due or Impaired*	*Total*
	KD	*KD*	*KD*
At 31 March 2013			
Cash and cash equivalents	4,613,359	-	4,613,359
Islamic financing receivables			
Consumer financing	466,294	657,805	1,124,099
Held to maturity investments	-	864,715	864,715
Other assets	625,585	-	625,585
	5,705,238	1,522,520	7,227,758

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

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

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

Analysis of past due but not impaired
All the past due finance facilities are impaired. See Note 6 for more detailed information with respect to the impairment losses on Islamic financing receivables.

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

20 RISK MANAGEMENT (continued)

Credit risk (continued)

Risk concentration of the maximum exposure to credit risk (continued)
The Group's assets can be analysed by the industry sector as follows:

	2014 ***KD***	*2013* *KD*
Banks and financial institutions	**5,149,468**	4,613,359
Islamic financing	**8,808**	559,339
Held to maturity investments	**110,231**	-
Others	**1,733,915**	625,585
	7,002,422	5,798,283

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, parent company's management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The liquidity profile of financial liabilities reflects the projected cash flows, based on contractual repayment obligations which include future interest payments over the life of these financial liabilities. The liquidity profile of undiscounted financial liabilities at 31 March was as follows:

	1 to 3 months ***KD***	***3 to 12 months*** ***KD***	***Over one year*** ***KD***	***Total*** ***KD***
At 31 March 2014				
Islamic finance payable	**52,380**	**157,140**	**3,208,067**	**3,417,587**
Other liabilities	**192,823**	**306,772**	**1,390,932**	**1,890,527**
	245,203	**463,912**	**4,598,999**	**5,308,114**
At 31 March 2013				
Islamic finance payable	53,623	163,046	3,756,864	3,973,533
Other liabilities	316,275	466,383	1,945,443	2,728,101
	369,898	629,429	5,702,307	6,701,634

21 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the parent company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years end 31 March 2014 and 31 March 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at the minimum level. The Group includes within net debt, Islamic finance payable less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent company less cumulative changes in fair values.

21 CAPITAL MANAGEMENT (continued)

	2014 KD	*2013* KD
Islamic finance payable	**1,783,633**	1,884,463
Less: Cash and cash equivalents	**(5,149,468)**	(4,613,359)
Net debt	**-**	-
Total capital	**21,060,893**	21,006,817
Capital and net debt	**21,060,893**	21,006,817
Gearing ratio	**Nil**	Nil

22 FAIR VALUES

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. This level also includes items whose fair values have been provided by reputable external fund managers
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows an analysis of the Group's assets recorded at fair value by level of the fair value hierarchy as at 31 March:

	Level 1 KD	*Level 2* KD	*Level 3* KD	*Total* KD
At 31 March 2014				
Investments at fair value through statement of income				
Quoted equity securities	334,294	-	-	334,294
Financial assets available for sale				
Unquoted securities	-	349,178	-	349,178
Investment properties	-	-	11,112,478	11,112,478
	334,294	**349,178**	**11,112,478**	**11,795,950**

22 FAIR VALUES (continued)

	Level 1 KD	*Level 2* KD	*Level 3* KD	*Total* KD
At 31 March 2013				
Investments at fair value through statement of income				
Quoted equity securities	898,263	-	-	898,263
Financial assets available for sale				
Unquoted securities	-	354,665	-	354,665
Investment properties	-	-	10,963,833	10,963,833
	898,263	354,665	10,963,833	12,216,761

During the year ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of financial instruments are not materially different form their carrying values except for available for sale investment carried at cost.

The following table shows a reconciliation of the beginning and closing balances of the Group's assets classified in level 3 of the fair value hierarchy:

31 March 2014	**At 1 April 2013** KD	**Gain recorded in the consolidated income statement** KD	**Net purchases, sales, transfers and settlements** KD	**At 31 March 2014** KD
Assets measured at fair value				
Investment properties	10,963,833	1,103,763	(955,118)	11,112,478

31 March 2013	At 1 April 2012 KD	Loss recorded in the consolidated income statement KD	Net purchases, sales, transfers and settlements KD	At 31 March 2013 KD
Assets measured at fair value				
Investment properties	11,487,071	(1,280,256)	757,018	10,963,833

23 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

The principal subsidiaries and associates of the Group are set out below:

Name of the company	Country of incorporation	Direct Interest in equity %	Indirect Interest in equity %	Total Interest in equity % **2014**	Total Interest in equity % 2013	Principal activities/type
Subsidiaries						
Rasameel Arabian Holding K.S.C.C	Kuwait	60	40	**100**	100	Holding Company
Rasameel International for Credit Facilities W.L.L.	Kuwait	98	2	**100**	100	Credit Facilities
Rasameel International Holding K.S.C.C.	Kuwait	60	40	**100**	100	Holding Company
Rasameel Global Holding Company K.S.C.C.	Kuwait	96	4	**100**	100	Holding Company
Haikala for Economical Studies Company W.L.L.	Kuwait	50	50	**100**	100	Consultancy services
Haikala Holding Company W.L.L.	Bahrain	99	1	**100**	100	Holding Company
Rasameel Structuring and General Trading Company W.L.L.	UAE	99	1	**100**	100	General trading
Rasameel Investment Bank Limited	UAE	100	-	**100**	100	Consultancy services and investment business
Rasameel Motors for General Trading & Contracting W.L.L	Kuwait	99	1	**100**	100	General trading and contracting
Rasameel for Credit Facilities W.L.L	Kuwait	99	1	**100**	100	Credit Facilities
Investments in Associates						
The Muharraq Mall Company L.L.C.	Bahrain	22.5		**22.5**	22.5	Commercial complex services