Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)] and its Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2008

الفــــردوس
الفردوس القابضة ش.م.ع

Al Firdous
Al Firdous Holding P.J.S.C

المقر الرئيسي

The Board's Report
For the year ended on 31 March 2008

Praise be to Allah, Lord of the worlds; and best prayers and fully recognizing the prophet Mohammed Seal of the Prophets and Messengers, his family and companions.
The board of Al Firdous Holdings (P.J.S.C.), is pleased to present you the consolidated Balance Sheet for the year ended on 31 March 2008, Income Statement, Cash Flow Statement and Shareholders' Equity Statement.

The Results of the Company:

a. The company had increased its capital from AED 10,000,000 to AED 600,000,000 through the issuance of 590,000,000 shares at AED 1 each to its shareholders. The legal formalities for this increment were completed on 3 July 2007.
b. The company had aquired Al Firdous Hotel Group and the process was completed on 14 July 2007.
c. Despite increasing the company's operational income during the financial year which ended on 31st March 2008, total profits had decreased compared to the reported results of the third quarter ended on 31 Dec 2007; which had reached 55.6 million dirhams. This is due to the loss of some of the company's leased hotels as they were demolished upon the new expansion of Al Haram announced on 6th January 2008. However, the company had managed leasing new hotels to compensate for the lost capacity.
d. Furthermore, the company has expanded its hotel investments around Al Haram and the results of these investments will be reflected in the upcoming fiscal year financials.

Financial Performance:

As a result of the performance, which was summarized in the preceding points; the company had achieved net profits amounting to AED. 19,268,852. On ther other hand, the company's net loss amounted to AED (416,288) for the fiscal year ended 31/03/2007. Shareholders' equity also rose from AED 9,891,896 in the financial year ending 31/03/2007 to become AED 619,160,748.

Board Members:

Sheikh Khaled Zayed Saqr Al Nehayan - Chairman
Dr. Saleh Jameel S Malaikah
Sheikh Mohammed Saqr Khaled Al Qassemi
Saeed Khalifa Humaid Al Romaithi
Abdulrahman Ghanem Abdulrahman Al Mutaiwai
Eng. Hussein Hassan A Biyari
Ayman El Far

Auditors:

Ernst & Young

On Behalf of The Board

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL FIRDOUS HOLDINGS (P.J.S.C.) [FORMERLY MANASEK (P.J.S.C.)] AND ITS SUBSIDIARY

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)] and its subsidiary (together the "Group"), which comprise the consolidated balance sheet as at 31 March 2008 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated financial statements of the Group as of 31 March 2007 were audited by another auditor whose report dated 25 April 2007 expressed an unqualified opinion on those consolidated financial statements.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)] and the UAE Commercial Companies Law of 1984 (as amended). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

ERNST & YOUNG

Opinion

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

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended), and the articles of association of Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)]; proper books of account have been kept by Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)], and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)] have occurred during the year which would have had a material effect on the business of Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)] or on its financial position.

Ernst & Young

Ernst & Young

Signed by
Naushad Anwar
Partner
Registration No. 489
29 June 2008

Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	2008 AED	2007 AED
Revenue	4	**100,129,956**	-
Direct costs	5	**(79,048,173)**	-
Gross profit		**21,081,783**	-
Processing fees	6	**11,800,000**	-
Income on deposits		**6,435,833**	378,841
Other income	7	**504,262**	5,249
Gain on sale of trading securities		**12,322,861**	114,627
Subscription expenses	6	**(303,026)**	-
Administrative expenses	8	**(8,636,563)**	(915,005)
Loss on sale of property, plant and equipment		**(108,224)**	-
Property, plant and equipment written off	9	**(22,197,418)**	-
Finance cost		**(331,623)**	-
Foreign exchange loss		**(417,155)**	-
Net profit (loss) before Zakat		**20,150,730**	(416,288)
Zakat	10	**(881,878)**	-
PROFIT (LOSS) FOR THE YEAR	11	**19,268,852**	(416,288)
Basic and diluted earnings (loss) per share	12	**0.0425**	(0.0416)

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
At 31 March 2008

	Notes	2008 AED	2007 AED
ASSETS			
Non-current assets			
Islamic financing and investing assets	22	**90,315,019**	-
Property, plant and equipment	13	**17,015,566**	4
Goodwill	3	**111,202,380**	-
		218,532,965	4
Current assets			
Inventories		**1,349,571**	2
Accounts receivable and prepayments	14	**246,864,516**	35,718
Investments	15	**114,625,184**	-
Bank balances and cash	16	**122,830,382**	10,334,059
		485,669,653	10,369,779
TOTAL ASSETS		**704,202,618**	10,369,783
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**600,000,000**	10,000,000
Additional paid in capital		**894,645**	894,645
Statutory reserve	18	**1,826,610**	-
Retained earnings (accumulated deficit)		**16,439,493**	(1,002,749)
Total equity		**619,160,748**	9,891,896
Non-current liabilities			
Employees' end of service benefits	19	**1,041,100**	22,532
Murabaha financing	20	**546,943**	-
		1,588,043	22,532
Current liabilities			
Accounts payable and accruals	21	**83,180,355**	455,355
Murabaha financing	20	**273,472**	-
		83,453,827	455,355
Total liabilities		**85,041,870**	477,887
TOTAL EQUITY AND LIABILITIES		**704,202,618**	10,369,783

Chairman
29 June 2008

Vice Chairman
29 June 2008

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
Year ended 31 March 2008

	2008 *AED*	*2007* *AED*
OPERATING ACTIVITIES		
Profit for the year before zakat	**20,150,730**	(416,288)
Adjustments for:		
Depreciation	**4,686,521**	-
Provision for employees' end of service benefits	**84,715**	7,462
Loss on sale of property, plant and equipment	**108,224**	-
Property, plant and equipment written off	**22,197,418**	-
Net gain trading securities	**(12,322,861)**	(114,627)
Dividend and income from deposits	**(6,815,094)**	-
Finance cost	**331,623**	-
	28,421,276	(523,453)
Working capital changes:		
Inventories	**(634,074)**	-
Accounts receivable and prepayments	**(215,399,925)**	6,940
Accounts payable and accruals	**62,514,448**	3,829
Cash used in operations	**(125,098,275)**	(512,684)
Finance costs	**(331,623)**	-
Zakat	**(881,878)**	-
Net cash used in operating activities	**(126,311,776)**	(512,684)
INVESTING ACTIVITIES		
Islamic financing and investing assets	**(90,315,019)**	-
Purchase of property, plant and equipment	**(20,788,292)**	-
Proceeds from sale of property, plant and equipment	**3,603,576**	-
Dividend and income from deposits	**6,815,094**	-
Purchases of trading securities, net	**(102,302,323)**	10,804,627
Acquisition of a subsidiary, net of cash acquired	**(147,250,944)**	-
Net cash (used in) from investing activities	**(350,237,908)**	10,804,627
FINANCING ACTIVITIES		
Proceed from issue of shares	**590,000,000**	-
Murabaha financing repaid	**(953,993)**	-
Net cash from financing activities	**589,046,007**	-
INCREASE IN CASH AND CASH EQUIVALENTS	**112,496,323**	10,291,943
Cash and cash equivalents at the beginning of the year	**10,334,059**	42,116
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**122,830,382**	10,334,059

The attached notes 1 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2008

	Share capital AED	*Proposed increase in share capital AED*	*Additional paid in capital AED*	*Statutory reserve AED*	*Retained earnings (accumulated deficit) AED*	*Total AED*
Balance at 1 April 2007	10,000,000	-	894,645	-	(1,002,749)	9,891,896
Proposed increase in share capital	-	590,000,000	-	-	-	590,000,000
Issue of shares	590,000,000	(590,000,000)	-	-	-	-
	600,000,000	-	894,645	-	(1,002,749)	599,891,896
Profit for the year	-	-	-	-	19,268,852	19,268,852
Transferred to statutory reserve	-	-	-	1,826,610	(1,826,610)	-
Balance at 31 March 2008	**600,000,000**	**-**	**894,645**	**1,826,610**	**16,439,493**	**619,160,748**

	Share capital AED	*Proposed increase in share capital AED*	*Additional paid in capital AED*	*Statutory reserve AED*	*Accumulated deficit AED*	*Total AED*
Balance at 1 April 2006	10,000,000	-	894,645	-	(586,461)	10,308,184
Loss for the year	-	-	-	-	(416,288)	(416,288)
Balance at 31 March 2007	10,000,000	-	894,645	-	(1,002,749)	9,891,896

The attached notes 1 to 26 form part of these financial statements.

1 ACTIVITIES

Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)] ("the Company") is a public joint stock company registered on 1 July 1998 in the Emirate of Dubai, United Arab Emirates, according to Ministerial Decree Number 106 for the year 1998, and commenced its operations on 22 October 1998. The address of the Company's registered office is P.O. Box 25233, Dubai, United Arab Emirates. On 13 September 2007, the Company secured approval from the Ministry of Economy to change its name from "Manasek (P.J.S.C.)" to "Al Firdous Holdings (P.J.S.C.)."
The Company is engaged principally in the business of organising Haj and Umra trips.

The Group consists of the Company ("the Parent Company") and Al Firdous Group Co Ltd for Hotels ("the subsidiary"), the details of which are as follows:

Beneficial ownership interest		**Country of incorporation**	**Principal activities**
2007	**2006**		
100%	-	Kingdom of Saudi Arabia	Managing and operating hotels and restaurants in the Kingdom of Saudi Arabia and organising Haj and Umra trips.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading securities.

The presentation currency of the consolidated financial statements is United Arab Emirates Dirhams (AED). The functional currency of the subsidiary is Saudi Riyals (SAR) and presentation currency is AED.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of UAE Law.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2008. The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group balances and transactions, including unrealised profits, have been eliminated on consolidation.

2.2 CHANGES IN ACCOUNTING POLICIES

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

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretation did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Amendment - Presentation of financial statements

2 ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 7 Financial Instruments Disclosures
This standard requires disclosures that enable users of the consolidated financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising out of those financial instruments. The new disclosures are included throughout the consolidated financial statements.

IAS 1 Presentation of financial statements
This amendment requires the Group to make new disclosures to enable users of the consolidated financial statements to evaluate the Group's objectives, policies and processes for managing capital. Such new disclosures have been included in note 25.

IASB Standards and Interpretations issued but not adopted

The following IASB Standards and Interpretations have been issued but are not yet mandatory, and have not yet been adopted by the Group:

IAS 1 Presentation of Financial Statements
A revised IAS 1 *Presentation of Financial Statements* was issued in September 2007 and becomes effective for annual periods commencing on or after 1 January 2009. Adoption of the revised standard may require an entity to:

- Present all non-owner changes in equity (that is, 'comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity.
- Present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement.
- Disclose income tax relating to each component of other comprehensive income.
- Disclose reclassification adjustments relating to components of other comprehensive income.

IAS 23 Borrowing Costs
A revised IAS 23 Borrowing Costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

•IFRIC 12 Service Concession Arrangements (effective 1 January 2008); and
•IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008).

Management anticipate that the Standards and Interpretations that have been issued but are not yet mandatory will have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue is recognised in the consolidated income statement upon rendering services and issuance of invoices.

Profit on deposits is recognised as the profit accrues using an effective profit rate, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2 ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Dividend revenue is recognised when the right to receive the dividend is established.

Rental income from letting out of properties is apportioned to income on a time-proportion basis.

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

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land which is determined to have an indefinite life. The rates of depreciation are based upon the following estimated useful lives:

Furniture and fixtures	6 - 8 years
Machinery and equipment	5-8 years
Leaseholds improvements	10 years
Motor vehicles	5 years
Advertisement boards	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such condition 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.

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

Business combination and goodwill
Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets (excluding goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

2 ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill) (continued)
Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

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 makes an estimate 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 from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless that asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:
Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to Goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 March.

Trading investments
These are initially recognised at cost and subsequently remeasured at fair value. All related realised and unrealised gains or losses are included in the consolidated income statement as gains or losses from trading securities.

2 ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-trading investments

These are classified as follows:
- Held to maturity
- Investments carried at fair value through income statement
- Available for sale

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

Held to maturity
Investments which have fixed or determinable payments and fixed maturity and which are intended to be held to maturity are carried at amortised cost, less provision for impairment in value.

Investments carried at fair value through income statement
Investments are classified as fair value through income statement if the fair value of the investment can be reliably measured and the classification as fair value through income statement is as per the documented strategy of the Group. Investments classified as "Investments at fair value through income statement" after initial recognition are remeasured at fair value with all changes in fair value being recorded in the consolidated income statement.

Available for sale investments
Available for sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit and loss, held to maturity or financing and investing assets.

After initial recognition, securities which are classified "available for sale" are normally remeasured at fair value unless fair value cannot be reliably determined in which case they are measured at cost less impairment. Fair value changes are reported as a separate component of equity until the security is derecognised or the security is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported as "cumulative changes in fair value" within equity is included in the consolidated income statement for the period.

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

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation 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.

In addition to the provision for specific impaired financial assets, collective provisions are made to cover impairment against a specific group of assets where there is a measurable decrease in estimated future cash flows.

Impairment is determined as follows:

(a) for assets carried at amortised cost, impairment is based on present value of estimated future cash flows discounted at the original effective profit rate;
(b) for assets carried at fair value, impairment is the difference between cost and fair value; and
(c) for assets carried at cost, impairment is based on the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

2 ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair values
For investments actively traded in active financial markets, fair value is determined by reference to quoted market prices at the close of business on the balance sheet date. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted investments, a reasonable estimate of the fair value is determined by reference to the market value of a similar investment or is based on acceptable valuation techniques.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Provisions are made for damaged and obsolete inventories, if any.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, bank balances and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Pensions and employees' end-of-service benefits

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

With respect to its UAE national employees, the Group makes a provision for contributions to be made to the UAE Pension Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Saudi Arabia
Benefits payable to the employees of the subsidiary at the end of their services are provided for in accordance with the guidelines set by the Saudi Arabian Labor Law.

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

Derecognition of financial assets and financial liabilities

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

2 ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and financial liabilities (continued)

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 from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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

Foreign currency translation
The consolidated financial statements are presented in AED, which is the Group's functional and presentation 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 in foreign currencies are initially recorded at the functional currency rate 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 balance sheet date. All differences are taken to profit or loss.

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.

Foreign group companies
The balance sheets of overseas subsidiaries, joint venture and associates are translated using the closing rate method, whereby assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. The income statements of overseas subsidiaries and joint ventures are translated at average exchange rates for the year. Exchange differences arising on the retranslation of net assets are taken directly to equity. Goodwill and fair value adjustments arising on business combinations are treated as assets of the foreign operation.

On the disposal of a foreign entity, accumulated exchange differences are recognised in the consolidated income statement as a component of the gain or loss on disposal.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements.

Classification of investments:
Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, carried at fair value through income statement or available for sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular that the Company has the intention and ability to hold these to maturity.

The Company classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

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

All other investments are classified as available-for-sale.

3 BUSINESS COMBINATION

In 2007, the Company entered into an agreement to acquire 100% ownership in Al Firdous Group Co for Hotels, a company involved in managing and operating hotels and restaurants in the Kingdom of Saudi Arabia and organising Haj and Umrah trips, for a consideration amounting to AED 150,000,000. The transfer and registration of Al Firdous Group Co for Hotels in favour of the Company was finalised on 14 July 2007. This transaction has been accounted for using the purchase method of accounting. The net assets acquired in the transaction and the goodwill arising, were as follows:

	Carrying Value AED
Assets acquired:	
Property, plant and equipment	26,823,009
Accounts receivable and prepayments	31,428,873
Inventories	715,495
Bank balances and cash	2,749,056
Total assets	61,716,433
Less: liabilities assumed	
Employees' end of service benefits	(933,853)
Accounts payable and accruals	(20,210,552)
Murahaba financing	(1,774,408)
Net assets	38,797,620
Goodwill on acquisition	111,202,380
Total consideration	150,000,000
Cash flow on acquisition:	
Cost of acquisition	150,000,000
Less: net cash acquired	2,749,056
Net cash outflow	147,250,944

At this stage, the Group has provisionally recognised the values of net assets acquired and has not performed an impairment test on goodwill. Adjustments to the provisional acquired values will be finalised within twelve months of the transfer date and recorded retrospectively as allowed by International Financial Reporting Standard 3, *Business Combinations*, and an impairment test on the carrying value of the goodwill will also be performed at that stage.

4 REVENUE

	2008 AED	*2007 AED*
Hajj	**32,683,041**	-
Umra	**12,857,772**	-
Hotel Services	**46,608,627**	-
Food and Beverages	**7,253,059**	-
Others	**727,457**	-
Total revenue	**100,129,956**	-

5 DIRECT COSTS

	2008 *AED*	*2007* *AED*
Lease payments	**45,441,639**	-
Omra office costs	**11,146,205**	-
Salaries and other benefits	**5,885,032**	-
Cost of food and beverages	**4,915,985**	-
Depreciation	**4,611,197**	-
Water and electricity	**3,205,331**	-
Repairs and maintenance	**1,421,431**	-
Haj ticket costs	**398,410**	-
Other haj costs	**183,272**	-
Other operating expenses	**1,839,671**	-
Total direct costs	**79,048,173**	-

6 PROCESSING FEES

	2008 *AED*	*2007* *AED*
Share capital increase processing fees	**11,800,000**	-
Less: share capital increase expenses	**(303,026)**	-
	11,496,974	-

Processing fees represent fees of AED 0.02 per share, collected upon subscription to the additional 590,000,000 shares issued during the year.

7 OTHER INCOME

	2008 *AED*	*2007* *AED*
Dividend income	**379,261**	-
Other	**125,001**	5,249
Total other income	**504,262**	5,249

8 ADMINISTRATIVE EXPENSES

	2008 *AED*	*2007* *AED*
Salaries and benefits	**2,395,448**	179,760
Governmental expenses	**1,853,315**	-
Travel and transportation	**685,814**	3,995
Marketing expenses	**369,366**	-
Repairs and maintenance	**269,147**	320
Stationery and printing	**118,050**	-
Rent	**109,002**	106,666
Annual General Meeting	**100,000**	-
Insurance	**104,985**	-
Depreciation	**75,324**	-
Telephone and post	**57,616**	22,937
Leave salaries	**16,333**	-
Others	**2,482,163**	601,327
Total administrative expenses	**8,636,563**	915,005

9 PROPERTY, PLANT AND EQUIPMENT WRITTEN OFF

The subsidiary held leases for buildings surrounding the Haram in Makkah, Saudi Arabia. During the year, the Government of Saudi Arabia ordered the evacuation of such buildings for a new expansion project for the Haram. As a result, the subsidiary evacuated five hotels and the related leasehold improvements and certain other assets were written-off at a net book value of AED 22,197,418.

10 ZAKAT

The subsidiary has accrued for Zakat in accordance with the provisions and rules of Zakat applied in the Kingdom of Saudi Arabia. Such provision is charged to the consolidated income statement.

11 PROFIT (LOSS) FOR THE YEAR

The profit (loss) for the year is stated after charging:

	2008 *AED*	*2007* *AED*
Staff cost	**8,296,813**	189,760
Operating lease	**45,550,641**	106,666

12 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit for the year, net of Zakat, by the weighted average number of shares outstanding during the year as follows:

	2008	*2007*
Net profit (loss) attributable to ordinary shareholders	**AED 19,268,852**	(416,288)
Weighted average number of shares outstanding during the year	**452,500,000**	10,000,000
Basic and diluted earnings per share	**AED 0.0425**	(0.0416)

13 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fixtures AED	Machinery and equipment AED	Leasehold improvements AED	Motor vehicle AED	Advertisement boards AED	Total AED
Cost						
At 1 April 2007	78,915	115,900	-	5,500	-	200,315
Acquired on business combination	3,186,686	2,962,362	19,865,426	704,307	104,228	26,823,009
Additions	3,510,865	1,053,843	15,542,823	547,452	133,309	20,788,292
Assets written off	-	-	(22,197,418)	-	-	(22,197,418)
Disposals	(573,770)	(765,990)	(3,794,271)	(64,512)	(140,091)	(5,338,634)
At 31 March 2008	**6,202,696**	**3,366,115**	**9,416,560**	**1,192,747**	**97,446**	**20,275,564**
Depreciation						
At 1 April 2007	78,914	115,898	-	5,499	-	200,311
Depreciation charge for the year	919,357	663,119	2,798,809	288,463	16,773	4,686,521
Relating to disposals	(614,421)	(575,495)	(359,471)	(63,134)	(14,313)	(1,626,834)
At 31 March 2008	**383,850**	**203,522**	**2,439,338**	**230,828**	**2,460**	**3,259,998**
Net carrying amount						
At 31 March 2008	**5,818,846**	**3,162,593**	**6,977,222**	**961,919**	**94,986**	**17,015,566**

	Furniture and Fixtures AED	Machinery and equipment AED	Leasehold improvements AED	Motor vehicle AED	Advertisement boards AED	Total AED
Cost						
At 1 April 2006	78,915	115,900	-	5,500	-	200,315
Acquired on Combination	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2007	78,915	115,900	-	5,500	-	200,315
Depreciation						
At 1 April 2006	78,914	115,898	-	5,499	-	200,311
Depreciation charge for the year	-	-	-	-	-	-
Acquired on combination	-	-	-	-	-	-
Relating to disposals	-	-	-	-	-	-
At 31 March 2007	78,914	115,898	-	5,499	-	200,311
Net carrying amount						
At 31st March 2007	1	2	-	1	-	4

14 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2008 *AED*	*2007* *AED*
Trade receivables	**12,224,693**	-
Due from related parties (note 22)	**170,102,446**	-
Prepayments	**62,026,492**	30,218
Deposits	**753,575**	5,500
Other receivables	**1,757,310**	-
	246,864,516	35,718

As at 31 March 2008, trade receivables at nominal value of AED 2,048,606 (2007: nil) were impaired. Movements in the allowance for impairment of receivables were as follows:

	2008 *AED*	*2007* *AED*
At 1 April	-	-
Charge for the year	**2,048,606**	-
Amounts written off	-	-
Unused amounts reversed	-	-
At 31 March	**2,048,606**	-

As at 31 December, the ageing of unimpaired trade receivables is as follows:

		Neither past due non impaired	*Past due but not impaired*				
	Total *AED*	*AED*	*<30 days* *AED*	*30-60 days* *AED*	*60-90 days* *AED*	*90-120 days* *AED*	*>120 days* *AED*
2008	**12,224,693**	-	**1,908,847**	**6,224,366**	**2,905,016**	**167,193**	**1,019,271**
2007							

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

15 INVESTMENTS

	2008 *AED*	*2007* *AED*
Trading securities		
Quoted shares	**114,625,184**	-

Trading investments represent the investment portfolio managed by EFG Hermes (local broker in United Arab Emirates).

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows consist of the following balance sheet amounts:

	2008 *AED*	*2007* *AED*
Bank balances and cash	**122,830,382**	10,334,059

Included in cash and cash equivalents as at 31 March 2008 is a bank short-term time deposit of AED 3.7 million (2007: nil). The deposit is denominated in AED and carries an effective profit rate of 1.5% p.a.

17 SHARE CAPITAL

	2008 *AED*	*2007* *AED*
Issued and fully paid:		
600,000,000 shares @ AED 1 each		
(31 March 2007: 10,000,000 shares @ AED 1 each)	**600,000,000**	10,000,000

In the extraordinary general meeting held on 7 May 2007, the shareholders resolved to increase the Company's share capital from AED 10,000,000 to AED 600,000,000 through the issuance of 590,000,000 shares of AED 1 each to its shareholders. The legal formalities to register the new share capital were completed on 3 July 2007.

18 STATUTORY RESERVE

As required by the UAE Commercial Companies Law of 1984 (as amended) and the Company's articles of association, 10% of the profit for the year is required to be transferred to a statutory reserve until such time that the reserve equals 50% of the paid up share capital. The transfer for the current year has been made on profit for the year net of accumulated losses. The reserve is not available for distribution except in the circumstances stipulated by the Law.

19 EMPLOYEES' END OF SERVICE BENEFITS

	2008 *AED*	*2007* *AED*
Balance at 1 April	**22,532**	15,070
Acquired on business combination	**933,853**	-
Provision for the year	**84,715**	7,462
Balance at 31 March	**1,041,100**	22,532

An actuarial valuation has not been performed as the net impact of discount rates and future increases in benefits is not likely to be material.

20 MURABAHA FINANCING

Murabaha financing is secured by promissory notes. It carries charges at a fixed rate and its repayable in 6 equal semi annual installments.

21 ACCOUNTS PAYABLE AND ACCRUALS

	2008 *AED*	*2007* *AED*
Trade payables	**3,498,740**	314,152
Other payables	**74,780,642**	-
Accrued expenses	**4,000,108**	141,203
Accrued revenue	**900,865**	-
	83,180,355	455,355

22 RELATED PARTY TRANSACTIONS

Related parties represent 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.

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

	Due from other related parties ***2008*** ***AED***	*Due from other related parties* *2007* *AED*
Accounts receivable and prepayments:		
Bin Zayed Group	**170,102,446**	-
Islamic financing and investing assets	**90,315,019**	-

Due from Bin Zayed Group represents advance payments made for the purchase of land in Dubai jointly with the Bin Zayed Group. Islamic financing and investing assets due from Al Masa'a Real Estate Development represent amounts advanced for investments in Sharia compliant real estate projects. At 31 March 2008, the legal procedures for purchases made by the related parties were not complete. For the year ended 31 March 2008, the Group has not recorded any impairment of amounts owed by related parties (2007: nil).

Compensation of key management personnel is as follows:

	2008 *AED*	*2007* *AED*
Short term benefits	**600,331**	-

23 COMMITMENTS

The Group has signed lease contracts over rented buildings for a period of 2 to 15 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates. The lease expenditure charged to the consolidated income statement during the year is disclosed in note 5.

The future aggregate minimum lease payments under operating leases are as follows:

	2008 *AED*	*2007* *AED*
Not later than 1 year	**61,713,167**	-
Later than 1 year and no later than 5 years	**218,016,510**	-
Later than 5 years	**133,548,868**	-
Total	**413,278,545**	-

24 SEGMENTAL INFORMATION

The Group operates in two geographic markets: U.A.E. under Al Firdous Holdings (P.J.S.C) [formerly Manasek (P.J.S.C.)] which functions as the corporate office and Kingdom of Saudi Arabia under Al Firdous Group Co ltd for Hotels Group which organises Haj and Umra trips. The following table shows the distribution of the Group's operating income and total assets and liabilities by operating and geographic segments:

2008:

	U.A.E corporate 2008 AED	*Kingdom of Saudi Arabia haj and umra 2008 AED*	*Total 2008 AED*
Revenues	2,699,189	97,430,767	100,129,956
Processing fees	11,800,000	-	11,800,000
Income on deposits	6,435,833	-	6,435,833
Other income	504,262	-	504,262
Depreciation	-	4,686,521	4,686,521
Operating lease commitment	-	413,278,545	413,278,545
Segment profits/(losses)	**24,117,543**	**(4,848,691)**	**19,268,852**

24 SEGMENTAL INFORMATION (continued)

	U.A.E corporate 2008 AED	***Kingdom of Saudi Arabia haj and umra 2008 AED***	***Total 2008 AED***
Total assets	573,209,063	130,993,555	704,202,618
Total liabilities	75,295,980	9,745,890	85,041,870

2007:

	U.A.E corporate 2007 AED	*Kingdom of Saudi Arabia haj and umra 2007 AED*	*Total 2007 AED*
Revenues	-	-	-
Processing fees	-	-	-
Income on deposits	378,841	-	378,841
Other income	5,249	-	5,249
Depreciation	-	-	-
Amortisation	-	-	-
Operating lease commitment	-	-	-
Segment profits / (losses)	**(416,288)**	**-**	**(416,288)**

	U.A.E Corporate 2007 AED	*Kingdom of Saudi Arabia haj and umra 2007 AED*	*Total 2007 AED*
Total assets	10,369,783	-	10,369,783
Total liabilities	477,887	-	477,887

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise murabaha financing, trade payables and other payables. The Group has various financial assets such as trading investments, trade receivables, bank balances and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are profit rate risk, credit risk, liquidity risk, currency risk and equity price risk. The Management reviews and agrees policies for managing each of these risks which are summarized below.

Profit rate risk
Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

The Group is exposed to profit rate risk on its profit bearing assets (bank deposits) and profit bearing liabilities (murabaha financing). The Group's profit bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market profit rates on its financial position and cash flows. Details of maturities of the major classes of profit bearing financial instruments as at 31 March are as follows:

31 March 2008

	Less than 1 years AED	***1 to 5 years AED***	***Over 5 years AED***	***Total AED***	***Effective profit rate AED***
Bank deposits					
(Included in cash and cash equivalents)	**3,700,707**	-	-	**3,700,707**	**1 %**
Murabaha financing	**(820,415)**	-	-	**(820,415)**	**3 %**
	2,880,292	-	-	**2,880,292**	

31 March 2007

	Less than 1 years AED	*1 to 5 years AED*	*Over 5 years AED*	*Total AED*	*Effective profit rate AED*
Bank deposits					
(Included in cash and cash equivalents)	-	-	-	-	-
Murabaha financing	-	-	-	-	-
	-	-	-	-	

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in profit rates, with all other variables held constant. For profit bearing assets and liabilities, the analysis is prepared assuming the amount outstanding at the consolidated balance sheet date was outstanding for the whole year.

The sensitivity of the consolidated income statement is the effect of the assumed changes in profit rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 March 2008.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Profit rate risk (continued)

There is no impact on the Group's equity.

	Increase/ decrease in basis points	*Effect on profit for the year AED*
2008		
AED	**+10**	**2,880**
AED	**- 10**	**(2,880)**
2007		
AED	+10	-
AED	- 10	-

Liquidity risk
The Group limits its liquidity risk by ensuring that adequate liquid funds and bank facilities are available. The Group's terms of sale require amounts to be paid within 30 days from the last day of the relevant month. Trade payables are normally settled within 30 - 60 days of the date of purchase.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and equity from shareholders.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 March 2008, based on contractual payment dates and current market interest rates.

At 31 March 2008

	Less than 3 months AED	***3 to 12 months AED***	***1 to 5 years AED***	***>5 years AED***	***Total AED***
Accounts payable	**431,923**	**2,819,811**	**180,539**	**66,467**	**3,498,740**
Other payables	**74,780,642**	**-**	**-**	**-**	**74,780,642**
Murabaha financing	**-**	**277,424**	**554,847**	**-**	**832,271**
Total	**75,212,565**	**3,097,235**	**735,386**	**66,467**	**79,111,653**

At 31 March 2006

	Less than 3 months AED	*3 to 12 months AED*	*1 to 5 years AED*	*>5 years AED*	*Total AED*
Accounts payable	314,152	-	-	-	314,152
Total	314,152	-	-	-	314,152

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk
The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitors outstanding receivables, and provision is made for any specific debts considered doubtful of recovery.

The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents and investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Currency risk
The functional currencies of the Group are UAE Dirham and Saudi Riyal, which are currently pegged to the US dollar. The Group is not exposed to any other significant currency risk.

Equity price risk
The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown

	Increase/ decrease in equity price	*Effect on profit before tax AED*
2008	**+5%**	**5,731,259**
	-5%	**(5,731,259)**
2007	+5%	-
	-5%	-

Capital Management

The primary objective of the Group's capital management is to comply with the regulatory requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group fully complied with the externally imposed capital requirements and no changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 31 March 2007.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities.

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

The fair value of the Group's financial assets and liabilities are not materially different from their carrying value at the balance sheet date.