

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	<i>Notes</i>	2009 <i>KD</i>	2008 <i>KD</i>
Realised gain on investments carried at fair value through income statement		18,255	1,885,030
Realised (loss) gain on sale of available for sale investments		(1,327)	5,260,234
Unrealised loss on investments carried at fair value through income statement		(5,545,539)	(504,898)
Impairment of available for sale investments		(235,285)	-
Share of results of associates	7	(337,455)	(188,396)
Gain on sale of associates		-	160,311
Dividend income		435,305	1,062,838
Interest income		9,353	13,942
Brokerage fees		631,169	444,810
Other income	3	4,181,447	148,666
Staff costs		(298,337)	(564,372)
Depreciation		(81,993)	(71,959)
Administrative expenses		(1,775,401)	(778,370)
Finance costs		(1,501,053)	(1,286,419)
(LOSS) PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), ZAKAT, AND DIRECTORS' REMUNERATION		(4,500,861)	5,581,417
Contribution to KFAS		-	(50,188)
Zakat		-	(15,560)
Directors' remuneration		-	(41,000)
(LOSS) PROFIT FOR THE YEAR		(4,500,861)	5,474,669
ATTRIBUTABLE TO:			
Equity holders of the parent company		(5,038,253)	5,448,224
Minority interests		537,392	26,445
		(4,500,861)	5,474,669
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE	4	(25.52) fils	27.60 fils

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

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	<i>Notes</i>	2009 KD	2008 KD
ASSETS			
Non current assets			
Goodwill	5	6,773,180	433,197
Property and equipment	6	10,019,317	354,197
Investment in associates	7	2,521,782	4,181,617
Investment properties	8	485,100	481,800
Available for sale investments	9	24,104,169	20,576,475
		<u>43,903,548</u>	<u>26,027,286</u>
Current assets			
Due from related parties	16	1,801,747	936,512
Investments carried at fair value through income statement	10	5,425,042	15,628,085
Accounts receivable and prepayments		6,573,004	1,045,393
Cash and cash equivalents	11	4,692,357	2,600,832
		<u>18,492,150</u>	<u>20,210,822</u>
TOTAL ASSETS		<u>62,395,698</u>	<u>46,238,108</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	19,741,644	18,364,320
Share premium	13	3,534,840	3,534,840
Statutory reserve	13	1,017,426	1,017,426
Voluntary reserve	13	1,017,426	1,017,426
Cumulative changes in fair values		(1,545,551)	(2,502,375)
Foreign currency translation reserve		(11,182)	(19,945)
(Accumulated losses) retained earnings		(3,698,659)	4,094,242
Equity attributable to equity holders of the parent company		<u>20,055,944</u>	<u>25,505,934</u>
Minority interests		<u>16,790,075</u>	<u>228,021</u>
Total equity		<u>36,846,019</u>	<u>25,733,955</u>
Non current liability			
Employees' end of service benefits		332,912	43,920
Term loan	14	8,485,000	3,000,000
		<u>8,817,912</u>	<u>3,043,920</u>
Current liabilities			
Term loans	14	7,000,000	13,000,000
Due to related parties	16	1,898,451	80,771
Accounts payable and accruals	15	2,255,625	1,996,415
Bank overdrafts	11	5,577,691	2,383,047
		<u>16,731,767</u>	<u>17,460,233</u>
Total liabilities		<u>25,549,679</u>	<u>20,504,153</u>
TOTAL EQUITY AND LIABILITIES		<u>62,395,698</u>	<u>46,238,108</u>

Bader Musaad Al-Sayer
Chairman

Mahmoud Ashour Al-Jafar
Chief Executive Officer

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

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2009

	<i>Notes</i>	2009 KD	2008 KD
OPERATING ACTIVITIES			
(Loss) profit for the year		(4,500,861)	5,474,669
Adjustments for:			
Depreciation	6	1,535,614	71,959
Provision for employees' end of service benefits		258,730	20,712
Realised gain on sale of available for sale investments	9	1,327	(5,260,234)
Unrealised loss on investments carried at fair value through income Statement		5,545,539	504,898
Impairment of available for sale investments		235,285	-
Share of results of associates		337,455	188,396
Gain on sale of an associate		-	(160,311)
Dividend income		(435,305)	(1,062,838)
Finance cost		1,501,053	1,286,419
Interest income		-	(13,942)
		4,478,837	1,049,728
Working capital changes:			
Investments carried at fair value through income statement		(560,279)	(2,926,202)
Accounts receivable and prepayments		838,248	(145,541)
Due from related parties		945,331	941,145
Accounts payable and accruals		177,872	376,775
Cash used in operations		5,880,009	(704,095)
Employees' end of service benefits paid		(1,027)	(2,307)
Net cash from (used in) operating activities		5,878,982	(706,402)
INVESTING ACTIVITIES			
Net movement in minority interest		-	117,984
Purchase of investment properties		(3,300)	-
Purchase of property and equipment	6	(4,153,889)	(75,415)
Guarantee reconciliation fund		-	20,563
Purchase of available for sale investments		(295,118)	(12,026,061)
Purchase of an associate		-	(1,500,000)
Proceeds from disposal of available for sale investments		3,183,783	9,904,025
Proceeds from sale of investment in associates		1,322,380	1,560,490
Acquisition of subsidiary (net of cash and bank balances)		(4,644,953)	-
Dividend received		1,033,365	1,096,689
Net cash used in investing activities		(3,557,732)	(901,725)
FINANCING ACTIVITIES			
Proceeds from term loans		(524,945)	3,000,000
Due to related parties		-	72,001
Finance cost paid		(1,597,271)	(1,255,291)
Interest received		-	13,942
Dividends paid		(1,302,152)	-
Net cash (used in) from financing activities		(3,424,368)	1,830,652
Foreign currency translation adjustment		-	(17,950)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,103,119)	204,575
Cash and cash equivalents at the 1 April		217,785	13,210
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	(885,334)	217,785

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

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009

	<i>Attributable to equity holders of the parent company</i>									
	<i>Share capital</i> KD	<i>Share premium</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary Reserve</i> KD	<i>Cumulative change in fair value</i> KD	<i>Foreign currency translation reserve</i> KD	<i>(Accumulated losses) retained earnings</i> KD	<i>Sub-total</i> KD	<i>Minority interests</i> KD	<i>Total</i> KD
At 1 April 2008	18,364,320	3,534,840	1,017,426	1,017,426	(2,502,375)	(19,945)	4,094,242	25,505,934	228,021	25,733,955
Net change in fair values of available for sale Investments	-	-	-	-	721,539	-	-	721,539	-	721,539
Impairment loss transferred to consolidated income statement	-	-	-	-	235,285	8,763	-	244,048	-	244,048
Total income for the year recognised directly in equity	-	-	-	-	956,824	8,763	-	965,587	-	965,587
Loss for the year	-	-	-	-	-	-	(5,038,253)	(5,038,253)	537,391	(4,500,861)
Total income (expense) for the year	-	-	-	-	(1,545,551)	8,763	(5,038,253)	(6,575,041)	-	(6,575,041)
Issue of bonus shares (Note12)	1,377,324	-	-	-	-	-	(1,377,324)	-	-	-
Dividend paid	-	-	-	-	-	-	(1,377,324)	(1,377,324)	-	(1,377,324)
Arising on consolidation of subsidiaries	-	-	-	-	-	-	-	-	16,024,663	16,024,663
At 31 March 2009	19,741,644	3,534,840	1,017,426	1,017,426	(1,545,551)	(11,182)	(3,698,659)	20,055,944	16,790,075	36,846,019
Net movement in fair value of available for sale investments	-	-	-	-	(1,520,846)	-	-	(1,520,846)	-	(1,520,846)
Sale of associates	-	-	-	-	192,412	12,178	-	204,590	-	204,590
Foreign currency translation adjustment	-	-	-	-	-	(17,950)	-	(17,950)	-	(17,950)
Total income and (expense) for the year recognised directly in equity	-	-	-	-	(1,328,434)	(5,772)	-	(1,334,206)	-	(1,334,206)
Profit for the year	-	-	-	-	-	-	5,448,224	5,448,224	26,445	5,474,669
Total income and expense for the year	-	-	-	-	(1,328,434)	(5,772)	5,448,224	4,114,018	26,445	4,140,463
Bonus shares issued (Note 12)	1,360,320	-	-	-	-	-	(1,360,320)	-	-	-
Transfer to reserves	-	-	555,497	555,497	-	-	(1,110,994)	-	-	-
Capital contributed by minority interest	-	-	-	-	-	-	-	-	117,984	117,984
At 31 March 2008	18,364,320	3,534,840	1,017,426	1,017,426	(2,502,375)	(19,945)	4,094,242	25,505,934	228,021	25,733,955

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

1 ACTIVITIES

The consolidated financial statements of Jiblah Holding Company K.S.C. (Closed) (“the parent company”) and Subsidiaries (“the group”) for the year ended 31 March 2009 were authorised for issue in accordance with a resolution of the directors on 28 May 2009.

The parent company is a closed shareholding company incorporated on 24 December 2002 under the Commercial Companies Law No. 15 of 1960 and amendments thereto, and is principally engaged in investment activity and related financial services.

The parent company’s registered office is at Qibla, Block 9, Plot 800420, 8th Floor, P.O. Box 29062, Safat 13159 Kuwait.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been presented in Kuwaiti Dinars.

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

The accounting policies used in preparation of the consolidated financial statements are consistent with those used in the previous financial year except as noted below:

Interpretations of the amendments to IAS 39 – Financial Instruments (Recognition)

On 13 October 2008, the International Accounting Standards Board (IASB) approved and published amendments to IAS 39 Financial Instruments. Recognition and Measurement to allow reclassifications of certain financial instruments held for trading to either held to maturity, loans and receivables or available for sale categories with effect from 1 July 2008. Any reclassification of a financial instrument made in periods beginning on or after 1 November 2008 shall take effect from the date the reclassification was made.

The group has adopted the amendments to IAS 39. As a result, the group has reclassified certain trading investments with a carrying value of KD 5,263,481 from the ‘fair value through income statement’ category to the ‘available for sale’ category with effect from 1 October 2008 as these investments are no longer held for the purpose of selling or repurchasing in the near term due to the impact of the global financial crisis on the local and regional equity markets.

International Accounting Standards Board (IASB) Standards issued but not yet adopted

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

- IAS 1: Presentation of Financial Statements (Revised) (effective 2009)
- IAS 23: Borrowing cost (Revised) (effective 2009)
- Amendment to IAS 27: Consolidated and separate financial statements (effective 2009)
- IFRS 3: Business Combinations (Revised) (effective 2009)
- IFRS 8: Operating Segments (effective 2009)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1 "Presentation of Financial Statements" (Revised)

The application of IAS 1 (Revised), which will be effective for the annual periods beginning on or after 1 January 2009, will impact the presentation of the consolidated financial statements to enhance the usefulness of the information presented.

IAS 23 "Borrowing Cost" (Revised)

The application of IAS 23 (Revised), which will be effective for the annual periods beginning on or after 1 January 2009, will require an entity to capitalise borrowing costs attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset and removes the option of expensing these borrowing costs in the consolidated income statement. The application of the revised IAS 23 will not impact the group's financial statements as the group currently capitalises bank borrowing costs.

IAS 27 (Revised) "Consolidated Financial Statements"

IAS 27 (Revised) Consolidated Financial Statements, becoming effective for periods beginning on or after 1 July 2009. The new standard will require entities to account for changes in the ownership of a subsidiary, which does not result in the loss of control, as an equity transaction and therefore will not give rise to a gain or loss in income.

IFRS 3 (Revised) "Business Combinations"

The application of IFRS 3 (Revised) Business Combinations, which will be effective for the periods beginning on or after 1 July 2009, will require changes in accounting for business combinations that will impact the amount of goodwill to be recognised, accounting for step-acquisitions and the treatment of contingent consideration.

IFRS 8 "Operating Segments"

IFRS 8 replaces IAS 14 Segment Reporting (IAS 14) upon its effective date. The group has not early adopted this amendment. The group is still evaluating the impact of application of IFRS 8 on the consolidated financial statement.

Adoption of these standards and interpretations will not have any effect on the financial performance or position of the group. Additional disclosures will be made in the consolidated financial statements when these standard and interpretation becomes effective.

Other significant accounting policies used in the preparation of consolidated financial statements for the year ended 31 March 2009 are as follows:

Basis of consolidation

These consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (the "group"). The financial statements of the subsidiaries are prepared for the year ended 31 December 2008 using consistent accounting policies. Adjustments are made for the effect of any significant event or transactions occurring in the months following the period end of the subsidiaries and 31 March.

Subsidiaries are all entities that are controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. 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.

The financial statements of subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All material intra-group balances and transactions, including material unrealised gains and losses arising on intra-group transactions are eliminated on consolidation.

Minority interest represents the portion of profit and loss and net assets not held by the group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet separately from equity attributable to the equity holders of the parent company. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the fair value of the share of the net assets acquired is recognised as goodwill.

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

All intra-group balances, income and expenses and unrealized gains and losses resulted from intra-group transactions are eliminated in full.

The principal subsidiaries of the group are as follows:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Effective equity interest as at</i>	
		<i>2009</i>	<i>2008</i>
United Brokerage Group Company S.A.E. <i>(Its principal activity is brokerage services)</i>	Egypt	74%	74%
Al Dhow Company for Environmental Projects K.S.C. (Closed) <i>(Its principal activity is construction of environment projects)</i>	Kuwait	44.8%	99.6%
Focus International for Economic and Administrative Consultancies Company K.S.C (Closed) <i>(Its principal activity is consultancy and advisory services)</i>	Kuwait	100%	100%
Artistic View for Marketing and Communication Company K.S.C (Closed) <i>(Its principal activity is marketing and advertising services)</i>	Kuwait	75%	75%
Jiblah Public Services Company K.S.C (Closed) <i>(Its principal activity is research in respect of business information in the State of Kuwait)</i>	Kuwait	100%	100%

Although the parent company owned less than 51% of the voting rights in Al Dhow Company for Environmental Projects K.S.C. (Closed), it had control over this subsidiary as it had the power by way of Board representation to govern the subsidiary's financial and operating decisions.

Revenue recognition

- i) Dividend revenue is recognised when the right to receive payment is established.
- ii) Interest income is recognised on an accrual basis.
- iii) Brokerage fee is recognised when services are rendered

Goodwill

Goodwill represents the excess of the cost of an acquisition over the group's share of the fair value of the net identifiable assets of the acquired subsidiary or associate at the date of the acquisition. Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Any excess, at the date of acquisition, of the group's share in the fair value of the net identifiable assets acquired over the cost of the acquisition is recognised as negative goodwill.

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 immediately in consolidated income statement. Impairment losses relating to Goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The group performs its annual impairment test of goodwill as at 31 March of each year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

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

Depreciation is calculated on a straight line basis over the estimated useful lives of 3 to 5 years.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, 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 and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Investment in associates

The group's investment in its an associates is accounted for under the equity method of accounting. Associates are entities over which the group exerts significant influence usually evidenced by a holding of 20% to 50% of the voting power of the investee.

Under the equity method, investment in associates is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of net assets of the investee. The group recognises in the consolidated income statement, its share of the total recognised profit or loss of the associates from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the group's share in the associates arising from changes in the associate's equity that have not been recognised in the associate's income statement. The group's share of those changes is recognised directly in equity.

The associate's financial statements are prepared either to the parent company's reporting date or to a date not earlier than three months of the parent company's reporting date using consistent accounting policies where practicable. In case where the year end of associates is different from that of the group, adjustments are made for the effect of significant transaction or events that occur between that date and the date of group's year end.

Unrealised gains on transactions with associates are eliminated to the extent of the group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Investment properties

The group records investment properties at cost which only comprises of free hold lands. Land is not depreciated. The carrying amounts are reviewed at each balance sheet date on an individual basis by reference to their fair value to assess whether they are recorded in excess of their recoverable amount. Impairment losses, if any, are recognised in the consolidated income statement where carrying values exceed the recoverable amount.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial and non-financial assets

Impairment 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 a group of financial assets may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only 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 (or events)

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 borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest 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 economic conditions that correlate with defaults. If such evidence exists, an impairment loss is recognized in the consolidated income statement.

Impairment is determined as follows:

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

For non equity financial assets the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated income statement. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. For available for sale equity investments, the investment is written down and subsequent increases are reflected as cumulative changes in fair value through equity.

In addition, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

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 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 by recognizing impairment loss in the consolidated income statement. 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.

For assets excluding goodwill, 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 estimated. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future years to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Available for sale investments

Available for sale investments are those non-trading investments that are not designated as at fair value through income statement on initial recognition. After initial recognition at cost including transaction costs associated with the acquisition, available for sale investments are re-measured at fair value unless fair value cannot be reliably measured.

Changes in fair value of available for sale investments are reported as a separate component of equity until the investment is either derecognised or determined to be impaired, at which time, the cumulative gain or loss previously reported in equity is included in the consolidated income statement.

Investments carried at fair value through income statement

Investments classified as "investments carried at fair value through income statement" upon initial recognition are remeasured at fair value with all changes in fair value being recorded in the consolidated income statement. Transaction costs associated with the acquisition of investments carried at fair value through income statement are expensed as incurred.

Accounts receivable

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

Cash and cash equivalents

For the purpose of the cash flow statement, bank balances and cash consist of cash in hand, bank balances and bank overdrafts.

Fair values

For investments traded in an active market, fair value is determined by reference to quoted market bid prices. The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated income statement;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective profit rate.

Employees' end of service benefits

The group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final 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 Kuwaiti employees, the group makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Term loans

Term loans are carried on the balance sheet at their principal amount. Interest is charged as an expense as it accrues, with unpaid amounts included in 'other payables and accruals'.

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 liabilities

A financial asset (in whole or in part) is derecognised either when: the rights to receive the cash flows from the asset have expired; the group has retained the right to receive cash flows from the assets but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or group has transferred its rights to receive cash flows from 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. Where the group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor is transferred control of the asset, the asset recognised to the extent of the group's continuing involvement in the asset a financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

Foreign currencies

Foreign currency transactions are recorded in Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the values were determined. In case of non-monetary assets and liabilities whose change in fair values are recognised directly in equity, foreign exchange differences are recognised directly in equity and for non-monetary assets and liabilities whose change in fair value are recognised in the consolidated income statement, foreign exchange differences are recognised in the consolidated income statement.

Exchange differences arising from translation of the financial statements of the foreign operations are taken to the consolidated statement of changes in equity under foreign currency translation reserve.

Kuwait Foundation for the Advancement of Sciences (KFAS)

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

Zakat

Effective 10 December 2007, the group has provided for Zakat in accordance with the requirements of law No. 46 of 2006. The Zakat charge calculated in accordance with these requirements is charged to the consolidated income statement.

Segment information

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Judgement

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 effect in the amounts recognised in the consolidated financial statements:

Classification of investments

Classification of financial assets and liabilities is based on management's intention at acquisition and requires considerable judgement.

Classification of investments as fair value through income statement depends on how management monitors the performance of these investments. When the investments have readily available reliable fair values and the changes in fair values are reported in the consolidated income statement in the regular management accounts, they are classified as at fair value through income statement.

All other investments are classified as available for sale.

Impairment of investments

The group treats 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 accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Estimation uncertainty

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

Valuation of 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;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- earnings multiple technique; or
- other valuation models.

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

Impairment of investments

The group treats 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.

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

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2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of goodwill

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment provision of receivables

An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

3 OTHER INCOME

Included in other income is KD 1,750,000, which represents placement fees, received from a third party on acquiring Al Dhow share capital during the year and net income from environmental projects underlining arising from the consolidation of a subsidiary is KD 2,431,443.

4 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is computed by dividing the (loss) profit for the year attributable to equity holders of the parent company by the weighted average number of shares outstanding during the year calculated as follow:

	<i>2009</i>	<i>2008</i> <i>(Restated)</i>
(Loss) profit for the year attributable to equity holders of the parent company (KD)	(5,038,253)	5,448,224
Weighted average number of shares outstanding during the year	197,416,440	197,416,440
Basic and diluted (loss) earnings per share	(25.52) fils	27.60 fils

Earnings per share reported for the year ended 31 March 2008 was 29.67 fils before retroactive adjustment relating to the issue of bonus shares at 7.5% of paid up capital approved by the shareholders in the Annual General Assembly Meeting dated 17 July 2008 related to the year ended 31 March 2008 (Note 12).

5 GOODWILL

	<i>31 March</i> <i>2009</i> <i>KD</i>	<i>31 March</i> <i>2008</i> <i>KD</i>
At 1 April 2008	433,197	433,197
Additions	639,467	-
Disposals	-	-
Arising on consolidation of subsidiaries	5,700,516	-
At 31 March 2009	6,773,180	433,197

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

5 GOODWILL (continued)

During the year, Al Dhow Company for Environmental Projects K.S.C. (Closed) ("Al Dhow"), issued additional share capital solely to a third party, which reduced the effective equity interest of the parent company from 99.6% to 37.5% and accordingly the parent company lost control over that subsidiary and it was classified as 'investment in

associates. Subsequently Al Dhow issued additional shares in which the parent company subscribed 22 million new shares which increased the effective equity interest of the group from 37.5% to 44.8% which resulted in recognition of goodwill of KD 639,467. The investment in Al Dhow was reclassified as investment in subsidiary during the year as the parent company has control over the subsidiary by way of Board representation.

During the year, Al Dhow acquired new subsidiaries which resulted in additional goodwill of KD 5,700,516.

6 PROPERTY AND EQUIPMENT

	<i>Buildings</i> <i>KD</i>	<i>Furniture & Fixtures</i> <i>KD</i>	<i>Vehicles</i> <i>KD</i>	<i>Computer & Software</i> <i>KD</i>	<i>Tools & Equipments</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Cost						
At 1 April 2008	226,655	78,389	61,403	87,490	6,426	460,363
Additions	1,330,976	106,538	1,309,862	102,509	1,304,005	4,153,890
Arising on acquisition of subsidiaries	1,300,743	100,066	1,163,563	299,477	5,716,960	8,580,809
Foreign currency translation adjustments	(18,227)	95	(1,514)	9,281	-	(10,365)
At 31 March 2009	2,840,147	285,088	2,533,314	498,757	7,027,391	13,184,697
Depreciation						
At 1 April 2008	17,701	30,596	17,529	36,710	3,630	106,166
Charge for the year	276,885	90,106	482,356	70,959	615,309	1,535,615
Arising on acquisition of subsidiaries	153,544	33,622	157,733	48,082	1,136,199	1,529,180
Foreign currency translation adjustments	(2,335)	(347)	(554)	(2,345)	-	(5,581)
At 31 March 2009	445,795	153,977	657,064	153,406	1,755,138	3,165,380
Net carrying amount						
At 31 March 2009	2,394,352	131,111	1,876,250	345,351	5,272,253	10,019,317

7 INVESTMENT IN ASSOCIATES

Details of associates are as follows:

	<i>Effective equity interest as at</i>	
	<i>31 March</i> <i>2009</i> <i>KD</i>	<i>31 March</i> <i>2008</i> <i>KD</i>
Kuwait National Lube Oil Manufacturing Company K.S.C. (Closed) (Registered in Kuwait and its principal activity is manufacturing of lube oil)	30%	30%
Arab International Industrial Project Company K.S.C.(Closed) (Registered in Kuwait and its principal activity is engaging in industrial projects)	-	21.05%

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

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At 31 March 2009

7 INVESTMENT IN ASSOCIATES (continued)

The following table illustrates summarised information of the group's share in associate:

	<i>31 March 2009 KD</i>	<i>31 March 2008 KD</i>
Current assets	5,172,412	1,560,394
Non current assets	25,455,806	7,958,665
Current liabilities	(17,471,364)	(3,899,467)
Non current liabilities	(4,750,917)	(2,128,860)
Net assets	<u>8,405,937</u>	<u>3,490,732</u>
Goodwill arising on acquisition of an associate	(5,884,155)	690,885
	<u>2,521,782</u>	<u>4,181,617</u>
Revenue	<u>1,511,812</u>	<u>1,553,593</u>
Results	<u>(337,455)</u>	<u>(188,396)</u>
	<i>31 March 2009 KD</i>	<i>31 March 2008 KD</i>
Opening balance	4,181,617	4,099,454
Additions	-	1,500,000
Effect of a subsidiary becoming an associate	-	-
Share of results	(337,455)	(188,396)
Dividends received	-	(33,851)
Change in fair value reserve recognised in equity	-	192,412
Foreign currency translation adjustments	-	12,177
Disposals	(1,322,380)	(1,400,179)
Carrying value of the associates	<u>2,521,782</u>	<u>4,181,617</u>

8 INVESTMENT PROPERTIES

Investment properties represent free hold lands in Kuwait which was purchased at the end of 31 March 2007 which is carried at cost less any impairment. The fair value of the investment properties at the balance sheet date was estimated by an independent valuer to be KD 711,000.

9 AVAILABLE FOR SALE INVESTMENTS

	<i>2009 KD</i>	<i>2008 KD</i>
Unquoted equity securities	12,016,986	15,528,350
Quoted equity securities	12,087,183	5,048,125
	<u>24,104,169</u>	<u>20,576,475</u>

Quoted equity securities amounting to KD 3,600,000 (2008: KD Nil) are secured against a term loan (Note 14).

Unquoted equity securities amounting to KD 12,016,986 (31 March 2008: KD 15,528,350) are carried at cost as fair value cannot be measured reliably. Management is of the opinion that there are no circumstances that would indicate any impairment in value of these investments at the balance sheet date.

9 AVAILABLE FOR SALE INVESTMENTS (continued)

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

Due to the adoption of the IAS 39 amendments issued by the IASB on 13 October 2008, the group reclassified one of the trading investments with a carrying value of KD 5,263,481 from the “fair value through income statement” category to the “available for sale” category with effect from 1 October 2008 (See Notes 2 and 10).

10 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
Quoted equity securities	2,427,116	10,948,545
Unquoted portfolios	2,356,571	4,038,185
Unquoted equity securities	641,355	641,355
	<u>5,425,042</u>	<u>15,628,085</u>

Due to the adoption of the IAS 39 amendments issued by the IASB on 13 October 2008, the group reclassified one of the trading investments with a carrying value of KD 5,263,481 from the “fair value through income statement” category to the “available for sale” category with effect from 1 October 2008.

11 CASH AND CASH EQUIVALENTS

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

	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
Bank balances and cash	4,692,357	2,600,832
Bank overdrafts	(5,577,691)	(2,383,047)
	<u>(885,334)</u>	<u>217,785</u>

Bank overdrafts carry interest at commercial rates of 2% to 2.5% over Kibor rates (2008: 2% to 2.5% over Kibor rates).

12 SHARE CAPITAL AND DIVIDENDS

The Annual General Meeting held on 28 July 2007 approved 8 bonus shares for every 100 shares to the parent company shareholders as of that date. This resulted in increase of authorised, issued and fully paid up shares of the parent company from 170,040,000 shares of 100 fils each to 183,643,200 shares of 100 fils each.

The Annual General Meeting held on 17 July 2008 approved a cash dividend of 7.5% and a bonus shares at 7.5% of the paid up share capital to the parent company’s shareholders on records as 31 March 2008. This resulted in increase of authorised, issued and fully paid up shares of the parent company from 183,643,200 to shares of 100 fils each to 197,416,440 shares of 100 fils each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

13 RESERVES

Share premium

The share premium balance is not available for distribution.

Statutory reserve

As required by the Law of Commercial Companies and the parent company's articles of association, 10% of the profit for the previous year is transferred to statutory reserve. No transfer is required in the year where losses are made. The parent company may resolve to discontinue such annual transfers when the reserve exceeds 50% of paid up share capital.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount. No transfer has been made for the year ended 31 March 2009 as the group incurred losses.

Voluntary reserve

As required by the parent company's articles of association, 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat, and directors' remuneration should be transferred to voluntary reserve. No transfer is required in the year where losses are made.

14 TERM LOANS

	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
Term loans with maturity within 1 year	7,000,000	13,000,000
Term loan with maturity above 1 year	8,485,000	3,000,000
	<u>15,485,000</u>	<u>16,000,000</u>

Short term loans are KD denominated revolving loans with local banks carrying interest at 2% to 2.5% (2008: 2%) per annum over Central Bank of Kuwait's prevailing discount rate.

Long term loan represents a facility borrowed from a local bank which carries interest at at 2% to 2.5% (2008: 1%) per annum over Central Bank of Kuwait's prevailing discount rate and is repayable through semi-annual installments over a period of five years commencing from 30 May 2008. The loan is secured against investments carried at fair value through income statement (Note 9).

15 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
Trade payables	1,653,717	796,356
Other payables	505,543	693,003
Accrued expenses	96,365	507,056
	<u>2,255,625</u>	<u>1,996,415</u>

16 RELATED PARTY TRANSACTIONS

Related parties represent associated company, 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.

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

16 RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties included in the consolidated income statement are as follows:

	2009	2008
	KD	KD
Key management compensation:		
Salaries and other short term benefits	108,288	198,519
Employees end of service benefits	8,192	9,519
	116,480	208,038

Amount due from and due to related parties are disclosed in the consolidated balance sheet. These are repayable on demand and are interest free.

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

	<i>Associate</i>	<i>Other related parties</i>	2009	2008
	<i>KD</i>	<i>KD</i>	KD	KD
Due from related parties	901,875	899,872	1,801,747	936,512
Due to related parties	-	1,898,451	1,898,451	80,771

17 SEGMENTAL INFORMATION

Primary segment information

The primary business segment reporting format is determined to be geographical segment as the group's risks and rates of return are affected predominantly by operating in different countries.

The group has only one business segment, hence no separate business segment information is presented.

A geographical analysis based on location of assets is as follows:

	<i>Segment revenue</i>		<i>Segment profit</i>	
	2009	2008	2009	2008
	KD	KD	KD	KD
Geographical areas:				
Kuwait	387,608	548,249	(2,740,875)	(1,958,498)
Foreign	(1,231,685)	7,734,288	(1,789,986)	7,433,167
	(844,077)	8,282,537	(4,500,861)	5,474,669
	Assets		Liabilities	
	2009	2008	2009	2008
	KD	KD	KD	KD
Geographical areas:				
Kuwait	54,354,399	36,955,620	24,899,164	19,704,418
Foreign	8,041,299	9,282,488	650,515	799,735
	62,395,698	46,238,108	25,549,679	20,504,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

The fair values of financial instruments, with the exception of certain available for sale investments carried at cost (Note 9), are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

19 RISK MANAGEMENT

The main risks to which the group's assets and liabilities are exposed and the principal methods of risk management are as follows:

19.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated balance sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	<i>Gross maximum exposure 2009 KD</i>	<i>Gross maximum exposure 2008 KD</i>
Accounts receivable and prepayments	6,573,004	1,045,393
Due from related parties	1,801,747	936,512
Cash and bank balances (excluding cash on hand)	4,692,357	2,600,832
Total credit risk exposure	13,067,108	4,582,737

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Collateral and other credit enhancements

The group does not hold any collateral and does not use other credit enhancements

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 receivables.

Receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19 RISK MANAGEMENT (continued)

19.2 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The table below summarizes the maturity profile of the group's financial liabilities at 31 March 2009 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately and are included in less than three months.

31 March 2009	<i>Within 1 month KD</i>	<i>1 to 3 months KD</i>	<i>3 to 12 months KD</i>	<i>1 to 5 years KD</i>	<i>Total KD</i>
Term loans	-	4,350,000	3,450,000	7,685,000	15,485,000
Due to related parties	-	-	1,898,451	-	1,898,451
Accounts payable and accruals	-	-	2,308,694	-	2,308,694
Bank overdrafts	-	2,050,969	3,526,722	-	5,577,691
TOTAL FINANCIAL LIABILITIES	-	6,400,969	11,183,867	7,685,000	25,269,836
31 March 2008	<i>Within 1 month KD</i>	<i>1 to 3 months KD</i>	<i>3 to 12 months KD</i>	<i>1 to 5 years KD</i>	<i>Total KD</i>
Term loans	-	4,510,737	9,903,899	2,818,500	17,233,136
Due to related parties	-	-	80,771	-	80,771
Accounts payable and accruals	-	530,329	1,466,086	-	1,996,415
Bank overdrafts	2,383,047	-	-	-	2,383,047
TOTAL FINANCIAL LIABILITIES	2,383,047	5,041,066	11,450,756	2,818,500	21,693,369

19.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of diversification of assets in terms of geographical distribution and industry concentration, and a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

19.3.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The group is exposed to interest rate risk on its interest bearing bank overdrafts and term loans. It is the group's policy to manage its interest cost through keeping substantially all of its borrowings and placements at variable rates of interest.

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19 RISK MANAGEMENT (continued)

19.3 Market risk (continued)

19.3.1 Interest rate risk (continued)

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 March 2009 and 2008. There is no impact on equity. The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant:

	<i>Change in interest rates by 25 basis points</i>	
	<i>Effect on (loss) profit</i>	
	<i>2009</i>	<i>2008</i>
	<i>KD</i>	<i>KD</i>
KD	± 52,657	± 45,958

19.3.2 Currency risk

Interest rate risk sensitivity to interest rate movements will be on a symmetric basis because financial instruments which can give rise to non-symmetric movements are not significant.

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 by the group on the basis of determined limits and a continuous assessment of the group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations, and consequently the group does not hedge foreign currency exposures.

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

<i>Currency</i>	<i>Change in currency rate in %</i>	<i>2009</i>		<i>2008</i>		
		<i>Effect on profit for the year KD</i>	<i>Effect on equity KD</i>	<i>Change in currency rate in %</i>	<i>Effect on profit for the year KD</i>	<i>Effect on equity KD</i>
EURO	± 3%	-	± 5,767	-	-	-
USD	± 3%	-	-	± 3%	-	± 46,412
Omani Riyal	± 3%	± 46,542	± 59,854	± 3%	± 1,943	± 59,854
Jordanian Dinar	± 3%	-	± 11,627	± 3%	-	± 18,686
Egyptian Pound	± 3%	± 15,510	± 17,343	± 3%	± 12,097	± 15,152

19 RISK MANAGEMENT (continued)

19.3 Market risk (continued)

19.3.3 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The unquoted equity price risk exposure arises from the group's investment portfolio. The group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the group's quoted investments are listed on the Kuwait Stock Exchange.

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

<i>Market indices</i>	<i>Change in equity price %</i>	<i>2009</i>		<i>2008</i>		
		<i>Effect on profit for the year KD</i>	<i>Effect on equity KD</i>	<i>Change in equity price %</i>	<i>Effect on profit for the year KD</i>	<i>Effect on equity KD</i>
Kuwait	± 20%	± 1,040,204	± 3,412,342	± 5%	± 359,866	± 89,496

19.3.4 Prepayment risk

Prepayment risk is the risk that the group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The group is not significantly exposed to prepayment risk.

19.4 OPERATIONAL RISK

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

20 COMMITMENTS

At 31 March 2009, the group has an amount of KD 2,125,928 in respect of capital commitments for purchase of investments (2008: KD 319,200).

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 group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2009 and 2008.

The group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The group includes within net debt, term loans, due to related parties, accounts payable and accruals, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less cumulative changes in fair values and foreign currency translation reserve.

Jiblah Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009

21 CAPITAL MANAGEMENT (continued)

	<i>2009</i> <i>KD</i>	<i>2008</i> <i>KD</i>
Term loans	15,485,000	16,000,000
Due to related parties	1,898,451	80,771
Accounts payable and accruals	2,308,694	1,996,415
Less: Cash and cash equivalents	885,334	(217,785)
Net debt	20,577,479	17,859,401
Equity attributable to the equity holders of the parent company	26,067,448	25,505,934
Plus: Cumulative changes in fair values	1,545,551	2,502,375
Plus: Foreign currency translation reserve	11,182	19,945
Capital	27,624,181	28,028,254
Capital and net debt	48,116,660	45,887,655
Gearing ratio	43%	39%

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

With the exception of available for sale investments carried at cost, fair values of financial instruments are not materially different from their carrying values.

23 SUBSEQUENT EVENTS

The group is exposed to equity price risk with respect to its equity investments. Equity investments are classified either as investments carried at fair value through income statement including trading securities.

Subsequent to the balance sheet date, as a result of the volatility in the local equity market, there has been change in the some of the investments held by the group.

The volatility in stock market indices subsequent to the balance sheet date up to 24 May 2009, and its approximate impact on the group, was as follows:

	<i>Effect on</i> <i>profit and loss</i> <i>increase of</i> <i>KD</i>
Investments carried at fair value through income statement	295,150

**Jiblah Holding Company K.S.C. (Closed)
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