

Jiblah Holding Company K.S.C.C
(Previously named as Industrial Company for Light Projects)
Kuwait Shareholder Company Closed
Kuwait

financial statements
for the year ended 31 March 2006

with

Auditor's report

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Auditor's report

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Auditor's report

The Shareholders
Jiblah Holding Company K.S.C.(Closed)
State of Kuwait

We have reviewed the accompanying balance sheet of Jiblah Holding Company (Previously named as Industrial Company for Light Projects) K.S.C.Closed ("The company") as at 31 March 2006 and the related statement of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2006, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We further report that we obtained all the information and explanations that we required for the purpose of our audit and the financial statements includes the information required by the Kuwait Commercial Companies Law of 1960, as amended and the Company's Articles and Memorandum of Association. In our opinion, proper books of account have been maintained by the Company and the accounting information given in the board of directors' report agrees with the books of account. We have not become aware of any contravention, during the year ended 31 March 2006, of the Kuwait Commercial Companies Law of 1960, as amended or of the Company's Articles and Memorandum of Association that would materially affect the Company's activities or its financial position.

Abdul Majeed Ashkanani, CIDA

Licence No. 95 "A"

First Audit

Member of **MGI** International

Kuwait : 8 May 2006

Balance sheet
as at 31 March 2006

	<u>Note</u>	<u>31-Mar-06</u> <u>KD</u>	<u>31-Mar-05</u> <u>KD</u>
Assets			
Current assets			
Cash and cash equivalents	3	38,997	245,559
Investments at fair value through income statement	4	11,823,412	3,136,293
Other debit balances	5	404,774	-
		<u>12,267,183</u>	<u>3,381,852</u>
Non-current assets			
Investment available for sale	6	7,907,620	-
Investment in associates	7	5,856,960	-
Fixed assets	8	97,498	-
		<u>13,862,078</u>	<u>-</u>
Total assets		<u><u>26,129,261</u></u>	<u><u>3,381,852</u></u>
Liabilities and shareholders' equity			
Current liabilities			
Due to related entities		871,618	516,000
Due to bank	9	3,745,415	-
Other credit balance	10	134,523	37,477
		<u>4,751,556</u>	<u>553,477</u>
Non-current liabilities			
Provision for employee's end of service indemnity		9,212	-
Total liabilities		<u>4,760,768</u>	<u>553,477</u>
Shareholders' equity			
Share capital	11	15,600,000	2,000,000
Share premium	12	3,534,840	-
Statutory reserve	13	291,408	84,397
Voluntary reserve	14	291,408	84,397
Accumulated changes in fair values		(113,206)	-
Retained earnings		1,764,043	459,581
		<u>21,368,493</u>	<u>2,628,375</u>
Total equity and liabilities		<u><u>26,129,261</u></u>	<u><u>3,181,852</u></u>

Badr Mosaed Al-Sayer
Chairman & Managing Director

Hamad Mosaed Al-Sayer
Vice Chairman

The accompanying notes form an integral part of these financial statements.

Statement of income
for the year ended 31 March 2006

	Note	31-Mar-06 KD	31-Mar-05 KD
Gain from investments	15	2,398,395	477,269
Interest income		11,312	-
Total revenues		<u>2,409,707</u>	<u>477,269</u>
General and administrative expenses	16	(285,104)	(25,315)
Finance charges		(54,488)	(10,585)
Profit before contributions		<u>2,070,115</u>	<u>441,369</u>
Kuwait Foundation for the Advancement of Science	17	(18,631)	(3,972)
Board of directors' remuneration	18	(25,000)	(8,000)
Net profit for year		<u>2,026,484</u>	<u>429,397</u>
Earning per share (fils)	19	<u>14.45</u>	<u>17.12</u>

The accompanying notes form an integral part of these financial statements.

Statement of changes in shareholders' equity
for the year ended 31 March 2006

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Accumulated change at fair value KD	Retained earnings KD	Total KD
Balance as at 1 April 2004	2,000,000	-	40,260	40,260	-	318,458	2,398,978
Bouns shares	200,000	-	-	-	-	(200,000)	-
Net profit for the year	-	-	-	-	-	429,397	429,397
Transfer to statutory reserve	-	-	44,137	44,137	-	(88,274)	-
Balance as at 31 March 2005	2,200,000	-	84,397	84,397	-	459,581	2,828,375
Bouns shares	308,000	-	-	-	-	(308,000)	-
Increase in capital	13,092,000	-	-	-	-	-	13,092,000
Share premium	-	3,534,840	-	-	-	-	3,534,840
Accumulated change at fair value	-	-	-	-	(113,206)	-	(113,206)
Net profit for the year	-	-	-	-	-	2,026,484	2,026,484
Transfer to statutory reserve	-	-	207,011	207,011	-	(414,022)	-
Balance as at 31 March 2006	<u>15,600,000</u>	<u>3,534,840</u>	<u>291,408</u>	<u>291,408</u>	<u>(113,206)</u>	<u>1,764,043</u>	<u>21,368,493</u>

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 March 2006

	31-Mar-06	31-Mar-05
	KD	KD
Cash flows from operating activities		
Net profit for the year before contributions	2,070,115	441,369
Adjustements :		
Changes in fair value of investments at fair value through income statement	(848,851)	(223,160)
Losses of investment in associates	69,392	-
Dividend income	(266,037)	(74,266)
Gain on sale of investments available for sale	(15,030)	-
Depreciation	6,058	-
Employees' end of service indemnity and leave salary	19,103	-
Finance charges	54,488	-
Interest income	(11,213)	-
Operating loss before change in working capital	1,078,025	143,943
Investments at fair value through income statement	(7,838,268)	(489,122)
Other debit balance	(404,774)	-
Other credit balance	43,524	16,582
Net cash used in operating activities	(7,121,493)	(328,597)
Cash flows from investing activities		
Investments available for sale	(8,020,826)	-
Dividend income	266,037	74,266
Gain on sale of investments available for sale	15,030	-
Investment in associates	(5,926,352)	-
Interest income	11,312	-
Purchase of fixed assets	(103,556)	-
Net cash (used in) from investing activities	(13,758,355)	74,266
Cash flows from financing activities		
Increase in capital	13,092,000	-
Share premium	3,534,840	-
Due to bank	3,701,358	-
Finance charges	(10,431)	-
Due to related parties	355,618	458,549
Net Cash flows from financing activities	20,673,385	458,549
Net (decrease) increase in cash and cash equivalents	(206,562)	204,218
Cash and cash equivalents at beginning of the year	245,559	41,341
Cash and cash equivalents at end of year	38,997	245,559

The accompanying notes form an integral part of these interim financial statements.

**Notes to the financial statements
for the year ended 31 March 2006**

1) Status and activities :

Jiblah holding company (previously named as Industrial Company for Light Projects) KSCC (the "Company") is a closed shareholding Company incorporated in the State of Kuwait on 24 December 2002. In accordance to the Articles and Memorandum of Association, the Company is engaged in carrying out the following activities inside and outside Kuwait:

- The company can own invest in the local as well in the foreign markets, this company can invest in the limited liability companies whether Kuwait or foreign or joint in incorporation this companies and management, lending and guarantees it to others.
- The company can lending the companies which own on it shares and guarantees to other , in this case must that percent of sharing holding company in capital lender company about 20% at least
- The company can own equity such as patent or industrial trade marks, or industrial charge, or any other rights related by it. And also can lease the rights to other companies to used it inside or outside Kuwait.
- The company can own property and realestates to use in it's activities according to law.
- The company can use financial savings to invest in portfolios managed by the specialized companies.

The company is registered off offices is located in free commercial zone, "Future area", AL-Sayer's administration Building , floor (1).

The Company's number of employees as at 31 March 2006 was 14 (31 March 2005: 1)

The financial statements were approved for issue by the Board of Directors on 7 February 2006. The shairholder's General assembly has power to amend these financial statements after issue

2) Significant accounting policies :

The financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the requirements of the Kuwaiti Commercial Companies Law of 1960 as amended and the Company's Memorandum of Association.

The significant accounting policies as flows :

a) Preparation of financial statements :

The financial statements are prepared on a fair value basis for financial assets and liabilities and investment at fair value through income statement and available for sale, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non financial assets and liabilities are stated at amortized cost or historical cost.

The accounting policies used in the preparation of the interim interim financial statement are consistently followed. The company has applied all International Financial Reporting Standards, which become effective on 1 January 2005. The application of International Financial Reporting Standards did not have any effect on these financial statements

b) Cash and cash equivalents :

Cash and cash equivalents comprises cash and bank balances and short-term deposits with an original maturity of three months or less.

c) Accounts receivable :

Accounts receivables are stated at invoice value, less provision for any doubtful debts. Management determines the adequacy of the allowance based upon review of individual customers, current economic conditions, past experience and other pertinent factors.

d) Securities investement :

The Company's management have classified the investments whatever that own it and managed by other to investement held for trading and investemnet available for sale. The management determine suitable classified for each investement as to date of purchase as follows:

**Notes to the financial statements
for the year ended 31 March 2006**

Investment at fair value through income statement :

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as investments at fair value through income statement. These investments are measured initially at cost, including transaction costs and subsequently stated at fair value with any resultant gain or loss recognized in the income statement.

Investment available for sale :

Investments, which the Management have expressed its intention of holding this investments for more than twelve months from the balance sheet date are classified as investments available for sale, Unlisted equity securities classified as available for sale and whose fair value cannot be reliably determined are measured at cost less provision for impairment losses. Unrealised gains and losses arising from changes in fair value of those classified as available for sale are taken to fair valuation reserve in equity. When the "available for sale" is disposed off, or impaired, the related accumulated fair value adjustments are transferred to the income statement as gains or losses.

The investment at fair value through income statement and available for sale investments is determined based on their quoted bid price. If a quoted market price is not available, the fair value of the investment is estimated using generally accepted valuation methods such as discounted cash flow techniques or net asset value or market price of similar investments.

e) Investment in associate company :

Investment in associate company when the investment percentage is 20-50% of the capital investe and the company has significant influence over operating and financial policies of investe, then such investment is accounted for on the equity method.

f) Fixed assets :

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated based on straight-line method and is intended to write off the cost of the fixed assets over their estimated useful lives as follows:

Vehicles	5 years
Computer	3 years

Maintenance and repair, replacement and improvements of minor importance are expenses as incurred. Significant improvements and replacements of assets are capitalized. Gains or losses on retirement or disposal of property, plant and equipment are included in the statement of income

g) Provision for employee's end of service indemnity :

Provision is made for employees' end of service indemnity which is payable on completion of employment. The provision is calculated in accordance with Kuwait Labour Law based on the employees' salaries and accumulated years of service or on the basis of employment contracts, where such contracts provide extra benefits. The provision, which is un-funded, is determined as the liability that would arise as a result of the involuntary termination of staff at the balance sheet date, on the basis that this computation is a reliable approximation of the present value of this obligation.

h) Revenue :

Gain and losses on the sale of investments are recognised upon completion of the sale transaction.

Dividend income is recognised when the shareholders' right to receive the payment is established and Interest income is recognised in the income statement as it accrues

i) Foreign currencies :

The functional currency of the Company is Kuwaiti Dinar ("KD"). Transactions denominated in foreign currencies are translated into KD at rates of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into KD at the rates of exchange prevailing at the balance sheet date. The resultant exchange differences are taken to the statement of income.

**Notes to the financial statements
for the year ended 31 March 2006**

j) Impairment :

The carrying amounts of investments, financial assets and liabilities are reviewed at the balance sheet date to determine whether there is any indication of impairment. In case of existence of events or changes in circumstances, indicates that the carrying amount for the assets may be unrecoverable. An impairment loss is recognized in the statement of income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of the assets is greater of their net selling price or value in use. The net selling price is the amount obtainable from the asset in an arm's length commercial transaction. The value in use is the present value of the estimated future cash flows that expected to arise from the continuing use of assets and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or if not possible for the cash-generating unit to which the asset belongs.

3) Cash and cash equivalents:

	31-Mar-06	31-Mar-05
	KD	KD
Cash in hand	352	-
Cash at bank	38,645	136,126
Cash with portfolio manager	-	109,433
	<u>38,997</u>	<u>245,559</u>

4) Investment at fair value therow income statement :

	31-Mar-06	31-Mar-05
	KD	KD
Local listed securities	8,426,366	1,178,370
Local unlisted securities	53,000	1,886,380
Foreign listed securities	3,344,046	71,543
	<u>11,823,412</u>	<u>3,136,293</u>

Local unlisted securities are carried at cost. Since fair value of these investments cannot be reliably determined. there is active market for these investments and there have not been any recent transactions that provide evidence of the current fair value. Some of these shares were purchased through forward contracts. The accrued amounts as per these forward contracts were K.D 68,100 as at 31 march 2006.

5) Other debit balances:

	31-Mar-06	31-Mar-05
	KD	KD
Prepayment expenses	266,037	-
Advance payment	4,737	-
Others	134,000	-
	<u>404,774</u>	<u>-</u>

**Notes to the financial statements
for the year ended 31 March 2006**

6) Investments available for sale:

	31-Mar-06	31-Mar-05
	KD	KD
Local listed securities	5,275,668	-
Local unlisted securities	2,631,952	-
	7,907,620	-

Local unlisted securities are carried at cost. Since fair value of these investments cannot be reliably determined, there is no active market for these investments and there have not been any recent transactions that provide evidence of the current fair value.

7) Investment in associates:

	Country of incorporation	Percentage of holding %	31-Mar-06	31-Mar-05
			KD	KD
Industrial Quarry and Cement K.S.C Closed	Kuwait	25	680,608	-
National Kuwaiti Company for Oils K.S.C Closed	Kuwait	30	3,760,000	-
Oman emerging company O.S.C Closed	Oman	33.33	1,416,352	-
			5,856,960	-

The amount paid up to acquisition associate companies, Investments in associates are measured by equity method, until date of financial statement as at 31 March 2006, associate companies did not issue any financial statements, except Industrial Quarry and Cement K.S.C Closed

8) Fixed assets:

	Furniture & fixed KD	Vehicles KD	Computer KD	Total KD
Cost:				
As at 31 March 2006	59,565	18,355	25,636	103,556
Accumulation deperciation:				
As at 31 March 2006	1,986	1,692	2,380	6,058
Net book value :				
As at 31 March 2006	57,579	16,663	23,256	97,498

There was addition to the fixed assets during the year .

9) Due to bank:

Due to bank represents outstanding amount in respect of bank facilities obtained from a local bank. The outstanding balance carries interest 2 % over the Central Bank of Kuwait discount rate.

	31-Mar-06	31-Mar-05
	KD	KD
Short-term loan (The industrial bank of Kuwait)	3,044,056	-
Bank overdrafts (The industrial bank of Kuwait)	701,359	-
	3,745,415	-

**Notes to the financial statements
for the year ended 31 March 2006**

10) Other credit balances:

	31-Mar-06	31-Mar-05
	KD	KD
Accrued expenses	90,892	18,450
Payable to KFAS	18,631	7,595
Board of directors' remuneration	25,000	8,000
Others	-	3,432
	134,523	37,477

11) Share capital :

The Company's authorized capital comprises of 156,000,000 share (one hundred fifty six million share) (as at 31 March 2005: 22,000,000 share) value of share 100 fils each, Shareholder's assembly meeting on 2 May 2005 has approved. The increase of capital stock as follows:

	Shares	KD
Capital as at 1 April 2005	22,000,000	2,200,000
Bonus shares (14% of capital)	3,080,000	308,000
Increasing in capital	130,920,000	13,092,000
Paid up capital	156,000,000	15,600,000

12) Share premium :

Share premium represents 27 fils each share on 130,920,000 number of shares .

13) Statutory reserve :

In accordance with the Commercial Companies Law and the parent Company's articles of association, 10% of the net profit is required to be transferred to statutory reserve. The general assembly may discontinue such annual transfer when the reserve equals 50% of the paid up share capital. This reserve is not available for distribution except for payment of a dividend of 5% of paid up share capital in periods when the profit is not sufficient for the payment of such dividends.

14) Voluntary reserve :

In accordance with the parent Company's Articles of Association, 10% of net profit for the period is required to be transferred to voluntary reserve. This deduction may be discontinued based on a suggestion by the Board of Directors. This suggestion is subject to the approval of the shareholders' general assembly meeting. There are no restrictions on distributing the voluntary reserve.

15) Gain from investements :

	31-Mar-06	31-Mar-05
	KD	KD
Profit from sold securities investemnet at fair value through	1,337,869	179,843
Changes in fair values of securities investment through	848,851	223,160
Gain from securities investments	15,030	-
Losses of investment in associates	(69,392)	-
Dividend income	266,037	74,266
	2,398,395	477,269

**Notes to the financial statements
for the year ended 31 March 2006**

16) General and administrative expenses :

	31-Mar-06	31-Mar-05
	KD	KD
Salaries and other benefits	219,625	23,350
Rent	8,077	-
Charges and stationery	7,346	-
Professional fees	3,326	-
Insurance and travel expenses	5,250	-
Communication charges	2,040	-
Depreciation	6,058	-
Provision for employee's end of service indemnity	19,103	-
Others	14,279	1,965
	285,104	25,315

**17) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) :
foreign currency risk :**

Contribution to KFAS was calculated at 1% of profit after deducting 10% transfer to Statutory reserve.

18) Board of directors remuneration:

The Board of Director's remuneration is subject to the approval of the shareholders' annual general assembly.

19) Earning per share :

Earning per share are calculated on the basis of net earnings for the period distributable to shareholders and the weighted average number of ordinary shares outstanding during the period.

	31-Mar-06	31-Mar-05
	KD	KD
Net profit for period	2,026,484	429,397
Weighted average number of shares outstanding	140,265,694	25,080,000
Earning per share (fils)	14.45	17.12

20) Proposed dividend :

The Board of Directors have proposed to distribute cash dividend of 9 share per 100 share of Company's shares as on 31 March 2006 (2004 : 14 share per 100 share of Company's shares as on 31 December 2004). If the shareholders' general assembly approve the proposed dividend, it will be payable to the shareholders on records as of the date of the Annual General Meeting.

21) Related party transaction :

Related party comprises of the shareholders, directors and officers of the company and enterprises in which a substantial interest is owned by the company. All transaction with related parties are approved at the Company's general assembly meeting and are carried out on arm length basis. The related party transaction included in the financial statements as follows:

	31-Mar-06	31-Mar-05
	KD	KD
Balance sheet		
Due from related party	871,618	516,000
Statement of income		
Key management compensation and salaries	142,384	8,000

**Notes to the financial statements
for theyear ended 31 March 2006**

22) Financial instruments :

Financial instruments consist of contractual claim on financial assets. Financial instruments include both primary instrument, such as accounts receivable and payable, investments and financial commitments.

Information on fair value of these financial instruments is set out below:

Primary financial instruments are reflected in the balance sheet. Those on the asset side are recognized at nominal value less any provision for impairment, financial instruments constituting liabilities are carried at nominal or redemption value, whichever is higher.

Fair value of the financial assets and liabilities are determined using accepted method. The fair value of the Company's assets and liabilities has been derived based on management's assumption with respect to future economic conditions, the amount and timing of future cash flows and estimated discount rates. Management believes that the fair value of all assets and liabilities on the balance sheet is not materially different from their carrying value.

a) Credit risk :

The Company's credit risk is considered to be low, as it does not have significant exposure to any individual customer on counter party. Cash is placed with the bank with high credit ratings. Policies and procedures are in place to perform ongoing credit evaluations of the financial condition of counter parties.

b) Market risk :

Market risk is the risk that the value of a financial instrument will fluctuate as a result of change in market prices. The Company manages this risk by investing surplus funds with professional portfolio managers.

c) Interest rate risk :

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company is exposed to this risk , by related to credit Facilities and overdraft ,which carried an interest .

d) Foreign currency risk :

Foreign currency risk is represented in fluctuations in exchange rates that have an adverse effect on foreign investment foreign currencies, as well as evaluation of assets and liabilities in foreign currencies.

23) Comparative figures :

Certain comparative figures have been reclassified to conform to current year's presentation.