

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	<i>Notes</i>	<i>2008</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Realised gain on investments carried at fair value through income statement		1,885,030	954,041
Realised gain on sale of investments available for sale	6	5,260,234	1,847,215
Unrealised loss on investments carried at fair value through income statement		(504,898)	(1,362,552)
Share of results of associates		(188,396)	(33,490)
Gain on sale of an associate	5	160,311	903,520
Dividend income		1,062,838	476,804
Interest income		13,942	3,394
Brokerage fees		444,810	315,354
Other income		148,666	109,053
Staff costs		(564,372)	(394,004)
Depreciation		(71,959)	(33,759)
Administrative expenses		(778,370)	(410,308)
Finance cost		(1,286,419)	(648,976)
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), ZAKAT, AND DIRECTORS' REMUNERATION		5,581,417	1,726,292
Contribution to KFAS		(50,188)	(15,196)
Zakat		(15,560)	-
Directors' remuneration	9	(41,000)	(25,000)
PROFIT FOR THE YEAR		5,474,669	1,686,096
ATTRIBUTABLE TO:			
Equity holders of the Parent Company		5,448,224	1,665,016
Minority interests		26,445	21,080
		5,474,669	1,686,096
BASIC AND DILUTED EARNINGS PER SHARE	3	29.67 fils	9.07 fils

The attached notes 1 to 18 form part of these consolidated financial statements.

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

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	<i>Notes</i>	2008 KD	2007 KD
ASSETS			
Non current assets			
Goodwill		433,197	433,197
Property and equipment		354,197	350,741
Investment properties	4	481,800	481,800
Investment in associates	5	4,181,617	4,099,454
Guarantee reconciliation fund		29,426	49,989
Investments available for sale	6	20,576,475	14,578,354
		<u>26,056,712</u>	<u>19,993,535</u>
Current assets			
Due from related parties	13	936,512	1,877,657
Investments carried at fair value through income statement	7	15,628,085	13,343,477
Accounts receivable and prepayments		1,015,967	870,426
Bank balances and cash	8	2,600,832	1,597,649
		<u>20,181,396</u>	<u>17,689,209</u>
TOTAL ASSETS		<u><u>46,238,108</u></u>	<u><u>37,682,744</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	18,364,320	17,004,000
Share premium	10	3,534,840	3,534,840
Statutory reserve	10	1,017,426	461,929
Voluntary reserve	10	1,017,426	461,929
Cumulative changes in fair values		(2,502,375)	(1,173,941)
Foreign currency translation reserve		(19,945)	(14,173)
Retained earnings		4,094,242	1,117,332
		<u>25,505,934</u>	<u>21,391,916</u>
Equity attributable to equity holders of the Parent Company		228,021	83,592
Minority interests			
Total equity		<u>25,733,955</u>	<u>21,475,508</u>
Non current liability			
Employees end of service benefits		43,920	25,515
Term loan	11	3,000,000	-
		<u>3,043,920</u>	<u>25,515</u>
Current liabilities			
Term loans	11	13,000,000	13,000,000
Due to related parties	13	80,771	8,770
Accounts payable and accruals	12	1,996,415	1,588,512
Bank overdrafts	8	2,383,047	1,584,439
		<u>17,460,233</u>	<u>16,181,721</u>
Total liabilities		<u>20,504,153</u>	<u>16,207,236</u>
TOTAL EQUITY AND LIABILITIES		<u><u>46,238,108</u></u>	<u><u>37,682,744</u></u>

Bader Musaad Al-Sayer
Chairman

Mahmoud Ashour Al-Jafar
Chief Executive Officer

The attached notes 1 to 18 form part of these consolidated financial statement.

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2008

	<i>Notes</i>	2008 KD	2007 KD
OPERATING ACTIVITIES			
Profit for the year		5,474,669	1,686,096
Adjustments for:			
Depreciation		71,959	33,759
Provision for employees end of service benefits		20,712	16,303
Realised gain on sale of investments available for sale	6	(5,260,234)	(1,847,215)
Unrealised loss on investments carried at fair value through income statement		504,898	1,362,552
Share of results of associates		188,396	33,490
Gain on sale of an associate	5	(160,311)	(903,520)
Dividend income		(1,062,838)	(476,804)
Finance cost		1,286,419	648,976
Interest income		(13,942)	(3,394)
		1,049,728	550,243
Working capital changes:			
Investments carried at fair value through income statement		(2,926,202)	(2,882,623)
Accounts receivable and prepayments		(145,541)	31,012
Due from related parties		941,145	(1,877,657)
Accounts payable and accruals		376,775	567,961
Cash used in operations		(704,095)	(3,611,064)
Employees' end of service benefits paid		(2,307)	-
Net cash used in operating activities		(706,402)	(3,611,064)
INVESTING ACTIVITIES			
Net movement in minority interest		117,984	(43,175)
Purchase of investment properties		-	(481,800)
Purchase of property and equipment		(75,415)	(64,750)
Guarantee reconciliation fund		20,563	(49,989)
Purchase of investments available for sale		(12,026,061)	(12,889,761)
Purchase of an associate		(1,500,000)	-
Proceeds from disposal of investment available for sale		9,904,025	7,197,919
Proceeds from sale of investment in an associate		1,560,490	1,800,000
Acquisition of subsidiary (net of cash and bank balances)		-	(132,444)
Dividend received		1,096,689	317,411
Net cash used in investing activities		(901,725)	(4,346,589)
FINANCING ACTIVITIES			
Proceeds from term loans		3,000,000	9,955,944
Due to related parties		72,001	(862,849)
Finance cost paid		(1,255,291)	(461,269)
Interest received		13,942	3,394
Net cash from financing activities		1,830,652	8,635,220
Foreign currency translation adjustment		(17,950)	(1,995)
INCREASE IN CASH AND CASH EQUIVALENTS		204,575	675,572
Cash and cash equivalents at the beginning of the year		13,210	(662,362)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	217,785	13,210

The attached notes 1 to 18 form part of these consolidated financial statement.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Year ended 31 March 2008

	Attributable to equity holders of the Parent Company								Minority interests KD	Total KD
	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair values KD	Foreign currency translation Reserve KD	Retained earnings KD	Sub-total KD		
At 1 April 2006 (restated)	15,600,000	3,534,840	291,408	291,408	(113,206)	-	1,197,358	20,801,808	-	20,801,808
Net movement in fair value of investments available for sale	-	-	-	-	(868,323)	-	-	(868,323)	-	(868,323)
Share of fair value movements of investments available for sale of an associate	-	-	-	-	(192,412)	-	-	(192,412)	-	(192,412)
Share of foreign currency translation of an associate	-	-	-	-	-	(12,178)	-	(12,178)	-	(12,178)
Total income and expenses for the year recognised directly in equity	-	-	-	-	(1,060,735)	(12,178)	-	(1,072,913)	-	(1,072,913)
Profit for the year	-	-	-	-	-	-	1,665,016	1,665,016	21,080	1,686,096
Total income and expense for the year	-	-	-	-	(1,060,735)	(12,178)	1,665,016	592,103	21,080	613,183
Bonus shares issued (Note 9)	1,404,000	-	-	-	-	-	(1,404,000)	-	-	-
Transfer to reserves	-	-	170,521	170,521	-	-	(341,042)	-	-	-
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	105,687	105,687
Net movement in minority interest	-	-	-	-	-	(1,995)	-	(1,995)	(43,175)	(45,170)
At 31 March 2007	17,004,000	3,534,840	461,929	461,929	(1,173,941)	(14,173)	1,117,332	21,391,916	83,592	21,475,508
Net movement in fair value of investments available for sale	-	-	-	-	(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 9)	1,360,320	-	-	-	-	-	(1,360,320)	-	-	-
Transfer to reserves	-	-	555,497	555,497	-	-	(1,110,994)	-	-	-
Net movement in 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 18 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

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 2008 were authorised for issue in accordance with a resolution of the directors on 21 May 2008.

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 of the Group have been prepared in accordance with International Financial Reporting Standards and applicable requirements of Ministerial Order No. 18 of 1990.

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 investments available for sale and investments carried at fair value through income statement.

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except that the Group has adopted IFRS 7 Financial Instruments: Disclosures and amendment to International Accounting Standard (IAS) 1 – Capital disclosures. As a result, the additional disclosures are made that will enable users to evaluate:

- a) the significance of financial instruments for the Group's financial position and performance;
- b) the nature and extent of risks arising from financial instruments to which the Group's is exposed during the period and at the reporting date, and how the Group's manages those risks; and
- c) the Group's objectives, policies and processes for managing capital

International Accounting Standards Board (IASB) Standards and International Financial Reporting Interpretations Committee Interpretation (IFRIC) 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:

IFRS 8: Operating segments

This supersedes IAS 14 *Segment Reporting*. The IFRS is required to be applied for accounting period beginning from 1 January 2009 and will result in additional disclosure requirements in the Group's consolidated financial statements in the near future.

IAS 1 (Revised 2007): Presentation of financial statements

This supersedes IAS 1 (*Revised 2003*). The IAS is required to be applied for accounting period beginning from 1 January 2009 and will result in additional presentation and disclosure requirements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The significant accounting policies adopted are set out below:

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 using consistent accounting policies. Adjustments are made for the effect of any significant event or transactions occurring in the months following the year 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 generally accompanying a shareholding of more than one half of the voting rights. 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.

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>2008</i>	<i>2007</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	99.6%	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%	-
Artistic View for Marketing and Communication Company K.S.C (Closed) <i>(Its principal activity is marketing and advertising services)</i>	Kuwait	75%	-
Jiblah General 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%	-

During the year, the Parent Company incorporated three subsidiaries, Focus International for Economic and Administrative Consultancies Company K.S.C (Closed) on 7 March 2007, Artistic View for Marketing and Communication Company K.S.C (Closed) on 1 April 2007, and Jiblah General Services Company K.S.C. (Closed) on 5 February 2008. The results of the newly incorporated subsidiaries are consolidated from the date of incorporation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investment properties

The Group records investment properties at cost. Land is not depreciated. Depreciation is provided on a straight line basis over the estimated lives of the properties. 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.

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 investments in its associates are accounted for under the equity method of accounting. An associate is an entity 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 an associate 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 associate from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from an associate 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 associate 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 an associate 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 an associate 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication or objective evidence of impairment. If any such indication or evidence exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount.

Reversal, of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal of impairment losses are recognised in the consolidated income statement except for available for sale equity investments which are recognized in the cumulative changes in fair values.

Investments available for sale

Investments available for sale are recognised and derecognised, on a trade date basis, when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as investments available for sale are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as "cumulative changes in fair value" within equity is included in the consolidated income statement for the year.

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.

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, cash and cash equivalents consist of cash in hand, bank balances and bank overdrafts.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimation uncertainty (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 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the 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>2008</i>	<i>2007</i>
Profit for the year attributable to equity holders of the Parent Company (KD)	<u>5,448,224</u>	<u>1,665,016</u>
Weighted average number of shares outstanding during the year	<u>183,643,200</u>	<u>183,643,200</u>
Basic and diluted earnings per share	<u>29.67 fils</u>	<u>9.07 fils</u>

Earnings per share reported for the year ended 31 March 2007 was 9.79 fils before retroactive adjustment relating to the issue of bonus share at 8% of the paid up capital approved by the shareholders in the Annual General Meeting dated 28 July 2007 (Note 9).

4 INVESTMENT PROPERTIES

Investment properties represent free hold lands in Kuwait which was purchased during the end of the prior year.

The fair value of the investment properties at the balance sheet date was estimated by an independent valuer to be KD 810,000.

5 INVESTMENT IN ASSOCIATES

Details of associates are as follows:

	<u><i>Effective equity interest as at</i></u>	
	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>
Oman Emerging Investment Company O.S.C. (Closed) <i>(Registered in Oman and its principal activity is investing)</i>	-	33.3%
Kuwait National Lube Oil Manufacturing Company K.S.C. (Closed) <i>(Registered in Kuwait and its principal activity is manufacturing of lube oil)</i>	30%	30%
Arab International Industrial Project Company K.S.C.(Closed) <i>(Registered in Kuwait and its principal activity is engaging in industrial projects)</i>	21.05%	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

5 INVESTMENT IN ASSOCIATES (continued)

The following table illustrates summarised information of the Group's share in associates:

	<i>2008</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Current assets	1,560,394	1,385,667
Non current assets	7,958,665	7,206,849
Current liabilities	(3,899,467)	(1,662,947)
Non current liabilities	(2,128,860)	(2,830,115)
Net assets	3,490,732	4,099,454
Goodwill arising on acquisition of an associate	690,885	-
	4,181,617	4,099,454
Revenue	1,553,593	899,910
Results	(188,396)	(33,490)

Since the associates are unquoted investments, fair value could not be reliably measured as they do not have published quoted prices.

During the year, the Parent Company sold its entire interest in Oman Emerging Investment Company O.S.C. (Closed), and realised a gain of KD 160,311.

6 INVESTMENTS AVAILABLE FOR SALE

	<i>2008</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Unquoted equity securities	15,528,350	4,361,417
Quoted equity securities	5,048,125	10,216,937
	20,576,475	14,578,354

Unquoted equity securities amounting to KD 13,533,204 (31 March 2007: KD 4,361,417) 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.

During the period ended 31 December 2007, the Group sold 25% interest in one of its investments available for sale and realised a gain of KD 5,260,234 in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>2008</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Quoted equity securities	10,948,545	9,093,928
Unquoted portfolios	4,038,185	2,878,899
Unquoted equity securities	641,355	1,370,650
	<u>15,628,085</u>	<u>13,343,477</u>

Quoted equity securities amounting to KD 5,323,688 (2007: Nil) are secured against a term loan (Note 11).

8 CASH AND CASH EQUIVALENTS

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

	<i>2008</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Bank balances and cash	2,600,832	1,597,649
Bank overdrafts	(2,383,047)	(1,584,439)
	<u>217,785</u>	<u>13,210</u>

Bank overdrafts carry interest at commercial rates of 2% to 2.5% over Kibor rates (2007: 2% to 2.5% over Kibor rates).

9 SHARE CAPITAL, DIVIDENDS, AND DIRECTORS' REMUNERATION

At 31 March 2008, authorised, issued and fully paid up capital of the Parent Company amounted to 183,643,200 (2007: 170,040,000) shares of 100 fils each.

The ordinary and extraordinary general assembly of the Parent Company held on 28 July 2007, approved an increase in share capital from 170,040,000 shares to 183,643,200 shares through issuance of 8% bonus shares.

For the year ended 31 March 2008, the board of directors of the Parent Company have proposed cash dividend of 7.5% and bonus issue of 7.5% of the paid up share capital to the Parent Company's shareholders on records as of the date of the ordinary general assembly. This proposal is subject to the approval of the ordinary general assembly of the shareholders of the Parent Company.

Directors' remuneration of KD 41,000 (2007: KD 25,000) is within the amount permissible under local regulations and is subject to approval by the ordinary general assembly of the shareholders of the Parent Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

10 RESERVES

Share premium

The share premium account is not available for distribution.

Statutory reserve

As required by the Commercial Companies Law and 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 has been transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 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.

Voluntary reserve

As required by the Parent Company's articles of association, 10% of the profit for the year proposed by the board of directors before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat, and directors' remuneration has been transferred to voluntary reserve. Voluntary reserve is available for distribution.

11 TERM LOANS

	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>
Term loans with maturity within 1 year	13,000,000	13,000,000
Term loan with maturity above 1 year	3,000,000	-
	<u>16,000,000</u>	<u>13,000,000</u>

Short term loans are KD denominated revolving loans with local banks carrying interest at 2% (2007: 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 1% (2007: Nil) 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 7).

12 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>
Trade payables	796,356	720,193
Other payables	693,003	667,977
Accrued expenses	507,056	200,342
	<u>1,996,415</u>	<u>1,588,512</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

13 RELATED PARTY TRANSACTIONS

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

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

	2008	2007
	KD	KD
Key management compensation:		
Salaries and other short term benefits	198,519	69,000
Employees end of service benefits	9,519	5,500
	208,038	74,500

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

14 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:

	Segment revenue		Segment profit	
	2008	2007	2008	2007
	KD	KD	KD	KD
Geographical areas:				
Kuwait	548,249	1,056,010	(1,958,498)	(225,770)
Foreign	7,734,288	2,180,768	7,433,167	1,911,866
	8,282,537	3,236,778	5,474,669	1,686,096
	Assets		Liabilities	
	2008	2007	2008	2007
	KD	KD	KD	KD
Geographical areas:				
Kuwait	36,955,620	36,454,089	19,704,418	16,207,236
Foreign	9,282,488	1,228,655	799,735	-
	46,238,108	37,682,744	20,504,153	16,207,236

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

15 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 investments available for sale carried at cost (Note 6), 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.

16 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:

16.1 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. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks, portfolio managers and financial institutions with high credit-ratings.

With respect to credit risk arising from the financial assets of the Group, which comprise bank balances, receivables, and due from related parties 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.

16.2 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, assets are managed with liquidity in mind and management monitor liquidity on a regular basis by maintaining a healthy bank balance and ensuring sufficient funds are available from the lenders and related parties.

The table below summarises the maturity profile of the group financial liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities at 31 March was as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

16 RISK MANAGEMENT (continued)

16.2 Liquidity risk (continued)

31 March 2007	<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	-	4,097,535	9,526,356	-	13,623,891
Due to related parties	-	-	8,770	-	8,770
Accounts payable and accruals	-	240,408	1,348,104	-	1,588,512
Bank overdrafts	1,584,439	-	-	-	1,584,439
TOTAL FINANCIAL LIABILITIES	1,584,439	4,337,943	10,883,230	-	16,805,612

16.3 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.

16.3.1 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.

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 2008 and 2007. 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 Effect on profit</i>	
	<i>2008</i>	<i>2007</i>
	<i>KD</i>	<i>KD</i>
KD	45,958	36,461

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

16 RISK MANAGEMENT (continued)

16.3.2 Currency risk

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

Currency risk is managed 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>2008</i>			<i>2007</i>		
	<i>Change in currency rate in %</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>
USD	3%	-	46,412	3%	-	8,841
Omani Riyal	3%	1,943	59,854	3%	10,127	65,163
Jordanian Dinar	3%	-	18,686	3%	-	19,413
Egyptian Pound	3%	12,097	15,152	3%	27,612	7,133
Saudi Riyals	3%	-	-	3%	-	69,591

16.3.3 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>2008</i>			<i>2007</i>		
	<i>Change in equity price %</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	5%	359,866	89,496	5%	269,528	152,122

16.3.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008

16 RISK MANAGEMENT (continued)

16.4 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.

17 COMMITMENTS

At 31 March 2008, the Group has an amount of KD 319,200 in respect of capital commitments for purchase of investments (2007: KD 463,424).

18 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 2008 and 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group's policy is to keep the gearing ratio between ___% and ___%. 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.

	<i>2008</i> <i>KD</i>	<i>2007</i> <i>KD</i>
Term loans	16,000,000	13,000,000
Due to related parties	80,771	8,770
Accounts payable and accruals	1,996,415	1,588,512
Less: Cash and cash equivalents	(217,785)	(13,210)
Net debt	17,859,401	14,584,072
Equity attributable to the equity holders of the Parent Company	25,505,934	21,391,916
Plus: Cumulative changes in fair values	2,502,375	1,173,941
Plus: Foreign currency translation reserve	19,945	14,173
Capital	28,028,254	22,580,030
Capital and net debt	45,887,655	37,164,102
Gearing ratio	39%	39%

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

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2008