



الشركة الخليجية المغاربية القابضة  
Gulf North Africa Holding Company



التقرير المالي  
2008







**H.H Sheikh**  
**Sabah Al-Ahmed Al-Sabah**  
**Prince Of The State Of Kuwait**



**H.H Sheikh**  
**Nawaf Al-Ahmed Al-Sabah**  
**Crown Prince Of The State Of Kuwait**



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## Board Directors



Talal Jasim Al-Khorafi  
Chairman



Dr. Foad Abdullah Al-Omar  
Vice-Chairman & Head of  
Executive Committee



Waleed Abdulrahman Al-Ruwaih  
Member



Emad Abdullah Al-Eissa  
Member



Abdulrahman Hisham Al-Nissf  
Member



Basel Jasim Al-Abaid  
Member



Ahmed Eissa Al-Dosari  
Member

## Executive Management



Eng. Waleed Essa Al-Thaqeb  
Chief Executive Officer



Eng. Saad Abdulrazaq Al-Zaid  
Vice Chief Executive Officer.



Mohammed Abdulaziz Al-Duhaiem  
Head of Marketing and Public Relations



Bader Sager Al-Shatty  
Head of Investment



Eng. J.C Dhamija  
Projects Manager





## Chairman's Message

Dear Shareholders

I welcome you on the behalf of myself and the members of the board of directors, and I hereby submit the 3<sup>rd</sup> yearly report of the Gulf North Africa Holding Co., for the financial year ended on 31 December 2008.

The company achieved a net profit of KD 2.41 million in comparison with KD 2.25 million in 2007 and KD 2.25 million as expected according to the subscription memorandum. The value of assets reached KD 23.13 million if compared with KD 20.66 million in 2007. The total share holding equity is KD 19.64 million in comparison with KD 18.30 Million in 2008.

The earning per share realized a yield of 16 fils in comparison to 15 fils in 2007 as expected in the subscription memorandum.

Gulf North Africa Holding Company carried out several activities through its affiliates namely:

- 1.Libyan General Trading Company W.L.L.
- 2.Tunisia Arab General Trading Company .W.L.L.
- 3.Algerian Mediterranean General Trading Company. W.L.L.
- 4.Morocco Mediterranean General Trading Company. W.L.L.
- 5.Morocco North Africa Holding Company.
- 6.Al-Sham Gulf Limited Company.
7. Al-Sham Gulf Holding Company.

The company further studied several investment and real estate opportunities in the North Africa region last year through its affiliates in terms of all promotional, technical, financial and legal aspects. The company's progress in the study of these projects reached an extremely advanced stage and the selection of the best of these investment opportunities will take place shortly.

On the other hand, Gulf North Africa Holding Company promoted the luxurious Janzour project in Tripoli – Libya through its affiliate; Libyan General Trading Company the capital of which amounts KD. 5.5 million in which the share of Gulf North Africa Holding

Company amounts KD 1.11 million equivalent to 20% of capital . The project was promoted in full. The Company will begins the development of a real estate project which consists of four administrative and residential buildings. The completion of this project is expected in 2011.

Furthermore, during last year, the promotion of the first stage of Dream Real Estate project in Morocco was completed through Morocco North Africa Holding Company which is 100% owned by Gulf North Africa Holding Company. The project is designated to build a residential tourism compound located at a distinctive place at the Atlantic Ocean between Rabat and Casablanca of a capital U.S. Dollar 32.50 million. The share of Gulf North Africa Holding Company amounts U .S. Dollar 6.50 out of which U.S. Dollar 3.25 million is already paid. The expected period for the completion of this project is 3 years bearing in mind that the remaining part of the project will be promoted in 2009.

In the light of the company's achievements in its third year of operations and for the realization of its objectives and its shareholders prospects, the Board of Directors decided to propose to the General Assembly the distribution of cash dividend for 10 fils per share provided that the remaining balance shall be maintained as retained earnings.

The Board of Directors also decided to recommend to the General Assembly for the approval to initiate the procedures for listing the shares of Gulf North Africa Holding Company in Kuwait Stock Exchange by the end of 2009 according to Stock Exchange recent regulations.

The Board of Directors also approved the Employee Stock Option Plan which was prepared similar to other companies' schemes and to be referred to the General Assembly for approval.

Finally, I thank the members of the board of directors, the executive management of the company and all staff of the company for their efforts in improving the company's performance.

Best Regard,  
Talal Jasem Al-Khorafi  
Chairman



# The Islamic Legal Consultant Report

Peace and prayer be Upon Our Prophet Mohammad and His Companions

Subject: The Islamic Legal Report of the Gulf North Africa Holding Co.

I have perused the used principles and contracts related to the transactions and applications suggested by the Gulf North Africa Holding Co. for the financial year ended in 31 December 2008, and I have undertaken the necessary review in order to give my opinion about whether the company's activities complied with the provisions and principles of the Islamic Sharia. A legal review has been done that included the review of the used contracts and the procedures taken on the basis of testing each kind of the operations.

The transactions made by the company until 31/12/2008 complied with the provisions and principles of the Islamic Sharia, and the consultations in which the company invested also comply with the provisions of the Islamic Sharia.

Being that it is not provided for by the company's Article of Association to set aside Alms (Zakat) of its shares, it is however imposed on the owners. We would like to cease the opportunity to express our gratefulness and appreciation for the company's administration for observing the application of the appropriate legal dealing and for all the contributors and those who deal with the company, asking Allah to bless your efforts in serving the Islamic Economy and our country in a way that is for everybody's sake.

Allah's Peace and Mercy be upon you.

**A.D.Abdel Aziz Khalifa Al Kassar**  
**Sharia Consultant of the Gulf North Africa Holding Co.**







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Gulf North Africa Holding Co. K.S.C.(Closed)  
and Subsidiaries - Kuwait

Consolidated Financial Statement  
and  
Independent Auditor`s Report  
For the year ended 31 December 2008

# Independent Auditor's Report

The Shareholders  
Gulf North Africa Holding Co. K.S.C. (Closed)- Kuwait

## Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Gulf North Africa Holding Co. K.S.C. (Closed), Kuwait, ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

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

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

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

### Opinion

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

### Report on Other legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company and the consolidated financial statements, together with the contents of the report of the board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we have obtained all the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Kuwait Commercial Companies Law of 1960, as amended, and the Company's Memorandum and Articles of Association, and an inventory was carried out in accordance with recognized procedures. To the best of our knowledge and belief, no violations of the Kuwait Commercial Companies Law of 1960, as amended, nor of the Memorandum and Articles of Association of the Company have occurred during the year ended 31 December 2008 that might have had a material effect on the business of the Group or on its financial position.

Rabea Saad Al-Muhanna  
Licence No. 152 A  
Horwath Al-Muhanna & Co. - Kuwait  
9 February 2009



**Gulf North Africa Holding Co. K.S.C.(Closed) and Subsidiaries - Kuwait**

Consolidated Balance sheet at 31<sup>st</sup> December 2008

<b>ASSETS</b>		<b>2008</b>	<b>2007</b>
	<b>Note</b>	<b>KD</b>	<b>KD</b>
<b>Current assets</b>			
Cash and cash equivalents	3	<b>8,967,009</b>	2,189,255
Murabaha investment	4	-	2,000,000
Investment carried at fair value through income statement	5	<b>2,998,351</b>	6,496,157
Accounts receivable and other debit balances	6	<b>485,507</b>	6,093,866
<b>Total current assets</b>		<b>12,450,867</b>	16,779,278
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>13,775</b>	39,080
Investment in unconsolidated subsidiaries	8	<b>2,391,347</b>	1,447,051
Investments available for sale	9	<b>7,155,647</b>	2,391,015
Investment in associate		<b>1,127,064</b>	-
<b>Total non current assets</b>		<b>10,687,833</b>	3,877,146
<b>Total assets</b>		<b>23,138,700</b>	20,656,424
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders` equity</b>			
Share capital	10	<b>15,000,000</b>	15,000,000
Statutory reserve	11	<b>596,111</b>	346,535
Voluntary reserve	12	<b>596,111</b>	346,535
Retained earnings		<b>3,468,652</b>	2,683,688
Cumulative changes in fair value		<b>(50,281)</b>	(75,378)
<b>Total equity</b>		<b>19,610,593</b>	18,301,380
<b>Non-current liabilities</b>			
Employees end of service benefits		<b>42,336</b>	20,087
<b>Current liabilities</b>			
Accounts payable and other credit balances	13	<b>3,485,771</b>	2,334,957
<b>Total equity and liabilities</b>		<b>23,138,700</b>	20,656,424

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

Chairman

Vice Chairman

**Gulf North Africa Holding Co. K.S.C.(Closed) and Subsidiaries - Kuwait**

Consolidated Statement of Income for the year ended 31<sup>st</sup> December 2008

		<b>2008</b>	<b>2007</b>
	<b>Note</b>	<b>KD</b>	<b>KD</b>
Service revenue	14	<b>2,028,698</b>	-
Murabaha income		<b>61,175</b>	347,878
Realised gain on investment carried at fair value through income statement		<b>42,248</b>	(138,395)
Change in fair value of investment carried at fair value through income statement		<b>86,948</b>	151,213
Realized profit on sale of investment property		<b>431,107</b>	2,127,024
Profit on sale of investments available for sale		<b>89,902</b>	240,985
Dividend income		<b>316,125</b>	530,000
Other income		<b>277,193</b>	7,967
<b>Total income</b>		<b>3,333,396</b>	3,266,672
Administrative expenses	15	<b>(825,608)</b>	(860,871)
Depreciation on property, plant and equipment		<b>(8,251)</b>	(7,237)
Impairment loss on property, plant and equipment		-	(85,736)
Loss on disposal of property,plant & equipment		<b>(3,779)</b>	-
<b>Profit before contribution to KFAS &amp; Zakat</b>		<b>2,495,758</b>	2,312,828
Contribution to KFAS		<b>(22,462)</b>	(20,815)
Zakat		<b>(25,180)</b>	(1,402)
Directors remuneration		<b>(39,000)</b>	(39,000)
<b>Net profit for the year</b>		<b>2,409,116</b>	2,251,611

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

**Gulf North Africa Holding Co. K.S.C.(Closed) and Subsidiaries - Kuwait**

Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> December 2008

	Share Capital	Statutory reserve	Voluntary reserve	Retained earnings	Cumulative Change in fair value	Total
	KD	KD	KD	KD	KD	KD
Balance at 31.12.2006	15,000,000	115,252	115,252	894,643	-	16,125,147
Net profit for the period	-	-	-	2,251,611	-	2,251,611
Unrealised loss on investment available for sale	-	-	-	-	(75,378)	(75,378)
Transfer to reserve	-	231,283	231,283	(462,566)	-	-
<b>Balance at 31.12.2007</b>	<b>15,000,000</b>	<b>346,535</b>	<b>346,535</b>	<b>2,683,688</b>	<b>(75,378)</b>	<b>18,301,380</b>
Net profit for the year	-	-	-	2,409,116	-	2,409,116
Realised gain on investments	-	-	-	-	25,097	25,097
Transfer to reserve	-	249,576	249,576	(499,152)	-	-
Dividend distribution	-	-	-	(1,125,000)	-	(1,125,000)
<b>Balance at 31.12.2008</b>	<b>15,000,000</b>	<b>596,111</b>	<b>596,111</b>	<b>3,468,652</b>	<b>(50,281)</b>	<b>19,610,593</b>

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

**Gulf North Africa Holding Co. K.S.C.(Closed) and Subsidiaries - Kuwait**

**Consolidated Statement of Cash Flows for the year ended 31<sup>st</sup> December 2008**

		<b>2008</b>	<b>2007</b>
	<b>Note</b>	<b>KD</b>	<b>KD</b>
<b>Cash flows from operating activities</b>			
Net profit for the year		<b>2,409,116</b>	2,251,611
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment		<b>8,251</b>	7,237
Impairment loss on property, plant & equipment		-	85,736
Foreign exchange loss		-	80,803
Dividend income		<b>(316,125)</b>	(530,000)
Unrealised gain on investments carried at fair value		<b>(86,948)</b>	(151,213)
Realized (gain)/loss on investments carried at fair value		<b>(42,248)</b>	138,395
Provision for employees end of service benefits		<b>22,249</b>	12,669
<b>Operating profit before changes in working capital</b>		<b>1,994,295</b>	1,895,238
<b>Changes in working capital</b>			
Decrease/(increase) in accounts receivable and other debit balances		<b>5,608,359</b>	(5,609,521)
Increase in accounts payable and other credit balances		<b>1,150,064</b>	1,672,464
<b>Net cash flows from/(used in) operating activities</b>		<b>8,752,718</b>	(2,041,819)
<b>Cash flows from investing activities</b>			
Murabaha investment		<b>2,000,000</b>	1,500,000
Investment in unconsolidated subsidiaries		<b>(944,296)</b>	(847,051)
Net purchase of investments available for sale		<b>(2,764,632)</b>	(586,205)
Dividend income		<b>316,125</b>	530,000
Net proceeds from sale of investments carried at fair value		<b>1,652,099</b>	1,031,291
Disposal of property, plant and equipment		<b>25,805</b>	-
Investment in associate		<b>(1,127,064)</b>	-
Purchase of property, plant and equipment		<b>(8,751)</b>	(20,805)
<b>Net cash flows (used)/from in investing activities</b>		<b>(850,714)</b>	1,607,230
<b>Cash flow from financing activities</b>			
Dividend paid		<b>(1,124,250)</b>	-
<b>Net cash used in financing activities</b>		<b>(1,124,250)</b>	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,777,754</b>	(434,589)
Cash and cash equivalents at beginning of the year		<b>2,189,255</b>	2,623,844
<b>Cash and cash equivalents at end of the year</b>	<b>3</b>	<b>8,967,009</b>	2,189,255

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

## 1 General

### 1.1 Establishment

Gulf North Africa Holding Co. K.S.C.(Closed) ("the Company") is a Kuwaiti shareholding company incorporated on 3 December 2005. The general assembly meeting for establishment of the Company was held at the Ministry of Commerce and Industry on 21 December 2005. The main activities of the Company are owning and investing in other companies, providing loans and advances to those companies, holding trademarks, licenses or other rights, owning necessary properties and other assets incidental to activities of the Company and investing in portfolios.

The Company is domiciled in Kuwait and the address of its registered office is P. O. Box 4425, Safat 13045, Kuwait.

The total number of employees at 31 December 2008 was 21 (2007 : 16) .

The financial statements of the Company for the year ended 31 December 2008 were authorized for issue on 9 February 2009 by the Company's board of directors.

## 2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board ("IASB"), and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB. The consolidated financial statements are prepared under the historical cost convention except for the revaluation of certain financial instruments as stated in the accounting policies mentioned below.

IFRIC 12,13,14 & 16 which have been issued by the IASB and are effective for the year but not relevant to the Group.

IFRS 8, IAS-1 (Revised 2007), IAS 27 (Revised 2008) & IAS 32 (Amendment) have been issued by the IASB and are effect for next year and relevant to group . These have not been early adopted by the Group.

IFRS 1 (Amendment), IFRS 2 (Amendment), IFRS 3 (Revised), IAS 20(Amendment), IAS 23(Amendment), IAS 34 and IFRIC 15 which have been issued by the IASB are effect for later period and are not relevant to group .

## 2.2 Basis of consolidation

The consolidated financial statements of the Group for the year ended 31 December 2008 comprise of the Company and its subsidiaries (together referred to as the "Group"), in which the company has a 50 % or more shareholding. Subsidiaries are consolidated from the date on which control is transferred to the Group and no longer consolidated from the date that control ceases. All inter company transactions, balances and unrealised gain on transaction between Group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. The accounting policies have been consistently applied by the Company and its subsidiaries. The financial statements of the following subsidiaries are included in the consolidated financial statements :

Company name	% of ownership
Arab Tunisia General Trading W.L.L., Kuwait	100%
Algeria Mediterranean General Trading Company W.L.L., Kuwait	100%
Morocco Mediterranean General Trading Company W.L.L., Kuwait	100%

## 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Expenditure which enhances the future economic benefits of an asset are capitalized. Maintenance and repairs, replacements and improvements of a minor nature and value are charged to the statement of income for the year. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the statement of income.

Depreciation is charged to the statement of income on a straight line basis over the estimated useful lives of the assets as stated below:

	Years
Computers	2 - 5
Furniture & fixtures	5

## 2.4 Investment in subsidiary

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Investment in unconsolidated subsidiaries are valued at cost.

## 2.5 Investments available for sale

Investments are initially recognized at cost, being the fair value of the considerations given, which is measured using settlement date, including all acquisition costs associated with investments.

After initial recognition, investments available for sale are measured at fair value. The fair value of investments traded in recognized financial markets is their quoted market price based on the last bid price. For investments where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument that is substantially the same or is based on discounted cash flow analysis or option pricing models. Investments whose fair value cannot be reliably measured are carried at cost less impairment losses.

Any gain or loss from change in the fair value of investments available for sale is recognized in the shareholders' equity and when the investment available for sale is disposed of, any amount in shareholders' equity that relates to that investment is transferred to income statement for calculating the gain or loss. Amount in shareholders' equity are also transferred to income statement whenever investment is impaired. statements of income in the period in which it arises.

## 2.6 Cash and cash equivalents

Cash and cash equivalents are defined as cash and balances with banks and murabaha investments that are maturing within three months of the contract date with financial institutions that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.7 Murabaha investments

Investment in murabaha investments stated at fair value.

## 2.8 Investments at fair value through income statement

Investments are initially recognized at cost, being the fair value of the considerations given, which is measured using settlement date, including all acquisition costs associated with investments.

After initial recognition, investments at fair value through income statement are measured at fair value. The fair value of investments traded in recognized financial markets is their quoted market price based on the last bid price. For investments where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument that is substantially the same or is based on discounted cash flow analysis or option pricing models.

Investment are considered as investment at fair value through income statement if they are purchased for resale in the short run or so they are classified by the management. Any realized or unrealized gains or losses are recognized in the statement of income for the period in which it takes place.

## 2.9 Investment in associate

Investment in associate is stated at fair value.

## 2.10 Impairment

At each balance sheet date the group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's net selling price and its value in use. Recoverable amount is determined for each individual asset or if that is not determinable the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If an indication exists, that an impairment loss recognised for an asset in prior years may no longer exist or may have decreased, that loss is reversed and recognised as income in the statement of income. However, the increase in the carrying amount of the asset shall not exceed the carrying amount that would have been determined as if no impairment loss been recognised in prior years.



### 2.11 Accounts receivable

Accounts receivable are stated at fair value.

### 2.12 Payables

Creditors and other credit balances are stated at fair value.

### 2.13 Provisions

Provisions are recognized when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle that obligation.

### 2.14 Employees end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labour Law and employment contracts. This liability which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the balance sheet date, and approximates the present value of the final obligation.

### 2.15 Foreign currency translation

Foreign currency transactions are recorded in Kuwaiti Dinars at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Kuwaiti Dinars at the rate of exchange prevailing on the balance sheet date. Resulting gains or losses are recognized in the statement of income.

### 2.16 Revenue recognition

Revenue from Murabaha investment is recognized on a weighted time apportionment basis. Other income is accrued on a time basis, by reference to the principal outstanding and at the income rate applicable. Dividend income from investments is recognized when the shareholders rights to receive payment has been established

## 2.17 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgements in the process of applying the group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the group financial statements are determination and measurement of useful life and residual value of property and equipment and classification and valuation of investments in securities.

## 3 Cash and cash equivalents

	2008	2007
	KD	KD
Cash in hand	<b>2,598</b>	818
Cash and balances with banks	<b>8,164,368</b>	2,188,437
Murabaha investments	<b>800,043</b>	-
	<b>8,967,009</b>	2,189,255

## 4 Investment in Murabaha

It represents amounts managed by certain Islamic local financial institutions for the benefit of the Group to be invested in murabaha deals, which include purchasing goods and selling them through murabaha trading operation.

## 5 Investments at fair value through income statement

	2008	2007
	KD	KD
Quoted fund	<b>600,650</b>	1,624,436
Unquoted investments	<b>2,397,701</b>	4,871,721
	<b>2,998,351</b>	6,496,157

Since the fair value of unquoted investments are not available as of 31 December 2008 the investments are stated at carrying value.

## 6 Accounts receivable and other debit balances

	2008	2007
	KD	KD
Due from related parties	<b>149,558</b>	4,656,934
Advance paid for purchase of land	-	1,055,762
Advances	<b>96,973</b>	-
Other Receivable	<b>163,184</b>	326,050
Accrued revenue	<b>54,851</b>	49,627
Prepaid expenses	<b>20,941</b>	5,493
	<b>485,507</b>	6,093,866

## 7 Property, plant and equipment

	Furniture & fixtures	Computers	Capital work in Progress	Total
	KD	KD	KD	KD
<b>Cost</b>				
Cost at 31.12.2007	24,308	11,083	102,263	137,654
Assets acquired during the year	4,890	3,861	-	8,751
Disposals	(22,208)	(450)	(102,263)	(124,921)
Cost at 31.12.2008	6,990	14,494	-	21,484
<b>Accumulated depreciation</b>				
Depreciation at 31.12.2007	(9,418)	(3,420)	(85,736)	(98,574)
Depreciation for the year	(5,395)	(2,856)	-	(8,251)
Disposals	13,125	255	85,736	99,116
Accumulated depreciation at 31.12.2008	(1,688)	(6,021)	-	(7,709)
Net book value at 31.12.2008	5,302	8,473	-	13,775
Net book value at 31.12.2007	14,890	7,663	16,527	39,080

## 8 Investment in unconsolidated subsidiaries

It represents the cost of investment in unconsolidated subsidiaries wholly owned by the Company, which are as follows:

	Ownership	2008	2007
	Percentage (%)	KD	KD
Morocco North Africa Holding Company Limited	100%	17,178	17,178
Al Sham Gulf Company Limited	100%	4,033	4,033
Al Sham Gulf Holding Company	100%	2,333,980	1,425,840
Sidar Gulf North Africa Holding Co.	60%	13,104	-
SARL El Awras El Khalijia Promotion Immo	100%	23,052	-
		<b>2,391,347</b>	1,447,051

Since the audited financial statements are not available for the above subsidiaries the Group did not consolidate the financial statements of the the above subsidiaries.

## 9 Investments available for sale

It represents investment in unquoted securities . The fair value of these unquoted securities which have no active market price could not be determined hence these are stated at carrying value.

## 10 Share capital

The Company's share capital comprises 150,000,000 authorized, issued and paid-up shares of 100 fils each .

## 11 Statutory reserve

In accordance with the Commercial Companies Law of 1960, as amended, and the Company's Articles of Association, 10% of the net profit for the year, before contribution to KFAS, is required to be transferred to the statutory reserve until the reserve totals 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 years when the profit is not sufficient for the payment of such dividend.

## 12 Voluntary reserve

In accordance with the company's Articles of Association, 10% of the net profit for the year, is required to be transferred to the voluntary reserve. Such annual transfers can be discontinued by a resolution of the shareholders in the annual general assembly meeting upon recommendation by the board of directors. There are no restriction on the distribution of this reserve.

## 13 Accounts payable and other credit balances

	2008	2007
	KD	KD
Accounts payable	<b>677,418</b>	1,853,868
Due to subsidiary companies	-	-
Related party payables	<b>2,465,447</b>	249,416
Accrued expenses	<b>248,223</b>	183,401
Staff leave provision	<b>46,291</b>	26,302
Dividend payable	<b>750</b>	-
Payable to KFAS	<b>22,462</b>	20,568
Zakat payables	<b>25,180</b>	1,402
	<b>3,485,771</b>	2,334,957

## 14 Service revenue

It represents income earned for rendering services in the form of marketing, placement, arrangement and identifying investment opportunities.

## 15 Administrative expenses

	2008	2007
	KD	KD
Staff cost	<b>600,755</b>	348,688
Rent	<b>41,632</b>	14,400
Traveling expenses	<b>54,763</b>	39,984
Consultancy expense	<b>50,300</b>	79,130
Foreign exchange loss	-	80,803
Other expenses	<b>78,158</b>	297,866
	<b>825,608</b>	860,871

## 16 Dividends

The board of directors have proposed a dividend of 10 % over the paid up capital (2007: 7.5%). The financial statements are not amended to reflect the proposed dividend as the board awaits for the approval of the shareholders at the general assembly meeting.

## 17 Related party transactions

These represent transactions with certain parties (shareholders and enterprises that are under common control) entered into by the Group in the ordinary course of business. Terms of these transactions are approved by the management.

Transactions with related parties included in the Statement of Income are as follows:-

	2008	2007
	KD	KD
Service income	<b>1,683,920</b>	-
Realized profit on sale of investment property	<b>431,107</b>	-
Administrative expenses	-	24,250

Balances of transactions with related parties included in the Balance Sheet are as follows :-

	2008	2007
	KD	KD
Current assets:		
Trade and other receivable	<b>149,558</b>	4,656,934
Current liabilities		
Trade and other payable	<b>2,465,447</b>	249,416

## 18 Fair Value of financial instruments

The fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and other appropriate methods. At the balance sheet date, the fair value of financial instruments approximated their carrying amounts.

## 19 Capital Management

The Group's capital management objectives are to ensure the group's ability to continue as a going concern in order to provide an adequate return to shareholders and maintain an optimal capital structure to reduce the cost of capital.

## 20 Risk Management

Risk is inherent in the Group's activities but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to credit risk, liquidity risk and market risk.

The Group's risk management is carried out by the management and focuses on a actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's performance through internal risk reports which analyse by degree and magnitude of risks. Long term financial investments are managed to generate lasting returns.

## 21 Credit Risk

Credit risk is the risk that one party to a financial statement will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentration of risks with individuals or Group's customers in specific locations or business through diversification of its activities. It also obtains security when appropriate. It is the Group's policy to deal only with creditworthy counterparties.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as summarised below:

	2008	2007
	KD	KD
Bank balances	<b>8,164,368</b>	2,188,437
Murabaha investment	<b>800,043</b>	2,000,000
Accounts and other receivables	<b>464,566</b>	6,088,373
Total credit exposure	<b>9,428,977</b>	10,276,810

The Group considers all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables , the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit rating.

## 22 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, the management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The maturity profile of the assets, equity and liabilities at 31 December 2008

	Up to 1 Month	1-2 Months	3-12 Months	Over One year	Total
	KD	KD	KD	KD	KD
<b>Assets</b>					
Cash and bank balances	<b>8,967,009</b>	-	-	-	<b>8,967,009</b>
Trade and other receivables	<b>75,792</b>	<b>163,184</b>	<b>246,531</b>		<b>485,507</b>
Investment carried at fair value	-	-	<b>2,998,351</b>	-	<b>2,998,351</b>
Investment available for sale	-	-	-	<b>7,155,647</b>	<b>7,155,647</b>
Investment in subsidiaries	-	-	-	<b>2,391,347</b>	<b>2,391,347</b>
Investment in associate	-	-	-	<b>1,127,064</b>	<b>1,127,064</b>
Property, plant and equipment	-	-	-	<b>13,775</b>	<b>13,775</b>
<b>Total assets</b>	<b>9,042,801</b>	<b>163,184</b>	<b>3,244,882</b>	<b>10,687,833</b>	<b>23,138,700</b>
<b>Liabilities</b>					
Provisions	-	-	-	<b>42,336</b>	<b>42,336</b>
Trade and other payables	<b>677,418</b>	<b>271,435</b>	<b>2,536,918</b>	-	<b>3,485,771</b>
Equity	-	-	-	<b>19,610,593</b>	<b>19,610,593</b>
<b>Total liabilities</b>	<b>677,418</b>	<b>271,435</b>	<b>2,536,918</b>	<b>19,652,929</b>	<b>23,138,700</b>



The maturity profile of the assets, equity and liabilities at 31 December 2007

	Up to 1 Month	1-2 Months	3-12 Months	Over One year	Total
	KD	KD	KD	KD	KD
<b>Assets</b>					
Cash and bank balances	2,189,255	-	-	-	2,189,255
Murabaha investment	2,000,000	-	-	-	2,000,000
Trade and other receivables	55,120	326,050	5,712,696	-	6,093,866
Investment carried at fair value	-	-	6,496,157	-	6,496,157
Investment available for sale	-	-	-	2,391,015	2,391,015
Investment in unconsolidated subsidiaries	-	-	-	1,447,051	1,447,051
Property, plant and equipment	-	-	-	39,080	39,080
<b>Total assets</b>	<b>4,244,375</b>	<b>326,050</b>	<b>12,208,853</b>	<b>3,877,146</b>	<b>20,656,424</b>
<b>Liabilities</b>					
Provisions	-	-	-	20,087	20,087
Trade and other payables	1,853,868	205,371	275,718	-	2,334,957
Equity	-	-	-	18,301,380	18,301,380
<b>Total liabilities</b>	<b>1,853,868</b>	<b>205,371</b>	<b>275,718</b>	<b>18,321,467</b>	<b>20,656,424</b>

### 23 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in the market variables such as interest rates, foreign exchange rate, and equity price, 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 pre-determined asset allocation across various asset categories, diversification of assets, a continuous appraisal of market conditions and trends and the management estimate of long term and short term changes in fair value.

### 24 Previous year figures

Previous years's figures have been reclassified wherever necessary, to conform to the current year's presentation.