

Interim consolidated financial information and review report
YIACO Medical Company KSC (Closed) and Subsidiaries
Kuwait
30 June 2007 (Unaudited)

Contents

	Page
Review report	1
Consolidated income statement	2
Consolidated balance sheet	3
Consolidated cash flow statement	4
Consolidated statement of changes in equity	5
Notes to the interim financial information	6 to 11

Review report

To the board of directors of
YIACO Medical Company KSC (Closed)
Kuwait

Report on review of interim consolidated financial information

Introduction

We have reviewed the accompanying consolidated balance sheet of YIACO Medical Company KSC (Closed) (the parent company) and Subsidiaries (together "the group") as at 30 June 2007 and the related consolidated income statement for the three-month and six-month periods then ended, and the statement of changes in shareholders' equity and cash flows statement for the six month period then ended. The directors of the parent company are responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We did not review the interim financial information of Al-Kamal Import and Marketing Company WLL and Universal Industrial Medical Company E.S.C. That financial information has been reviewed by other independent auditors whose review report thereon has been provided to us and our report, in so far as it relates to the amounts included for these subsidiaries is based solely on the report of other auditors. The total assets and profits of these subsidiaries included in these interim consolidated financial information are KD3,627,583 and KD113,746 respectively.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Report on other legal and regulatory requirements

Furthermore, based on our review, the interim consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association of the parent company, as amended, have occurred during the six month period ended 30 June 2007 that might have had a material effect on the business of the parent company or on its financial position.



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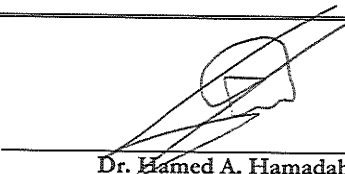
Consolidated income statement

	Notes	(Unaudited) Three months ended		(Unaudited) Six months ended	
		30 June 2007 KD	30 June 2006 KD	30 June 2007 KD	30 June 2006 KD
Sales		13,077,979	12,264,982	24,601,837	23,725,715
Cost of sales		(11,055,116)	(9,585,780)	(19,239,745)	(18,375,284)
Gross profit		2,022,863	2,679,202	5,362,092	5,350,431
Other operating income		144,421	146,095	326,516	287,605
Selling and distribution costs		(594,404)	(469,472)	(1,000,501)	(933,149)
Administration expenses		(1,930,527)	(1,928,760)	(3,855,476)	(3,541,958)
(Loss)/profit from operations		(357,647)	427,065	832,631	1,162,929
Share in results of associate		-	(19,412)	-	(119,010)
Unrealised (loss)/gain on investments at fair value through statement of income		(9,300)	849,200	14,700	267,642
Dividend income		22,000	22,000	57,650	44,000
Finance costs		(119,163)	(227,902)	(264,661)	(461,675)
Management remuneration		42,887	(42,567)	(47,875)	(94,365)
(Loss)/profit for the period before income tax		(421,223)	1,008,384	592,445	799,521
Income tax		(27,958)	(16,648)	(47,061)	(18,042)
(Loss)/profit for the period from continuing operations		(449,181)	991,736	545,384	781,479
Profit for the period from discontinued operation	4	-	230,916	-	411,441
(Loss)/profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(449,181)	1,222,652	545,384	1,192,920
Contribution to KFAS		4,077	(11,106)	(4,853)	(11,106)
(Loss)/profit for the period		(445,104)	1,211,546	540,531	1,181,814
Attributable to:					
Shareholders of the parent company		(448,952)	1,209,654	534,356	1,179,748
Minority interest		3,848	1,892	6,175	2,066
		(445,104)	1,211,546	540,531	1,181,814
Basic and diluted (loss)/earnings per share					
- From continuing operations	3	(2.99) Fils	6.52 Fils	3.56 Fils	5.12 Fils
- From discontinued operations		-	1.54 Fils	-	2.74 Fils
		(2.99) Fils	8.06 Fils	3.56 Fils	7.86 Fils

The notes set out on pages 6 to 11 form an integral part of this interim financial information.

Consolidated balance sheet

	Notes	(Unaudited) 30 June 2007 KD	(Audited) 31 Dec. 2006 KD	(Unaudited) 30 June 2006 KD
Assets				
Non-current assets				
Property and equipment		8,130,871	8,546,906	10,151,437
Intangible assets		399,501	533,001	-
Key money		84,250	104,794	80,863
Deferred costs		1,048,082	1,094,271	1,332,220
Goodwill	5	135,292	-	-
Investment in associates		12,500	12,500	12,500
Investments at fair value through statement of income	6	2,462,800	2,448,100	5,415,695
Available for sale investments		5,138,379	5,138,379	5,138,379
		17,411,675	17,877,951	22,131,094
Current assets				
Inventories		9,238,907	8,362,285	10,431,514
Accounts receivable and prepayments		12,713,081	16,870,587	13,967,053
Cash and bank balances	7	4,020,292	1,731,421	1,907,092
		25,972,280	26,964,293	26,305,659
Total assets		43,383,955	44,842,244	48,436,753
Equity and liabilities				
Equity				
Share capital		15,000,000	15,000,000	15,000,000
Legal reserve		1,721,982	1,721,982	1,476,890
Voluntary reserve		120,622	120,622	120,622
General reserve		637,472	637,472	637,472
Retained earnings		2,571,951	3,537,595	2,529,909
Foreign currency translation reserve		143,584	149,654	140,130
Equity attributable to the shareholders of the parent company		20,195,611	21,167,325	19,905,023
Minority interest		98,285	92,413	93,662
Total equity		20,293,896	21,259,738	19,998,685
Non-current liabilities				
Long term loans	8	750,000	900,000	1,050,000
Provision for staff indemnity		935,709	926,379	1,186,656
Provisions		800,000	800,000	-
Murabaha payable	9	1,380,616	1,807,801	2,330,730
		3,866,325	4,434,180	4,567,386
Current liabilities				
Current portion of term loans	8	1,306,704	1,300,000	2,557,000
Accounts payable and accruals		15,724,287	14,052,248	14,927,988
Current portion of murabaha payable	9	1,854,852	3,307,232	4,599,717
Bank overdrafts	7	337,891	488,846	1,785,977
		19,223,734	19,148,326	23,870,682
Total equity and liabilities		43,383,955	44,842,244	48,436,753



Dr. Hamed A. Hamadah
Chairman & Managing Director

The notes set out on pages 6 to 11 form an integral part of this interim financial information.

Consolidated cash flow statement

	Notes	(Unaudited) Six months ended 30 June 2007 KD	(Unaudited) Six months ended 30 June 2006 KD
OPERATING ACTIVITIES			
Profit for the period		540,531	1,181,814
Adjustments:			
Depreciation and amortisation		698,570	691,092
Share in result of associate		-	119,010
Unrealised gain on investments at fair value through statement of income		(14,700)	(284,542)
Provision for staff indemnity		102,968	116,234
Dividend income		(57,650)	(52,000)
Finance cost		264,661	463,685
Gain on disposal of property and equipment		(11,617)	(7,271)
Property plant and equipment written off		-	10,437
Income tax		47,061	18,042
		1,569,824	2,256,501
Working capital changes:			
Inventories		(876,622)	(16,978)
Accounts receivable and prepayments		2,665,136	(3,569,714)
Accounts payable and accruals		1,651,890	2,351,042
Cash from operations		5,010,228	1,020,851
Income tax paid		(47,061)	(18,042)
Finance cost paid		(264,661)	(463,685)
Staff indemnity paid		(93,638)	(8,344)
Net cash from operating activities		4,604,868	530,780
INVESTING ACTIVITIES			
Acquisition of subsidiary – net of cash		(139,644)	-
Purchase of property and equipment		(130,125)	(520,193)
Proceeds from disposal of property and equipment		38,404	37,564
Payment for deferred cost		(193,835)	-
Recovery of deferred costs		240,024	279,527
Purchase of investments at fair value through statement of income		-	(1,025,458)
Transfer of investment in associates to investment in consolidated subsidiary		-	27,738
Dividend received		57,650	52,000
Net cash used in investing activities		(127,526)	(1,148,822)
FINANCING ACTIVITIES			
Net payment for Murabaha		(1,879,565)	(570,216)
Net payment for term loans		(151,578)	(185,000)
Net cash used in financing activities		(2,031,143)	(755,216)
Exchange differences		(6,373)	-
Increase/(decrease) in cash and cash equivalents		2,439,826	(1,373,258)
Cash and cash equivalents at the beginning of the period	7	1,242,575	1,494,373
Cash and cash equivalents at the end of the period	7	3,682,401	121,115
Non-cash transaction:			
Dividend	11	1,500,000	-

The notes set out on pages 6 to 11 form an integral part of this interim financial information.

Consolidated statement of changes in equity

	Attributable to shareholders of the parent company						Minority interest	Total equity
	Share capital KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Retained earnings KD	Foreign currency translation reserve KD		
Balance at 1 January 2007	15,000,000	1,721,982	120,622	637,472	3,537,595	149,654	92,413	21,259,738
Foreign currency translation reserve	-	-	-	-	-	(6,070)	(303)	(6,373)
Total income for the period recognised directly in equity	-	-	-	-	-	(6,070)	(303)	(6,373)
Profit for the period	-	-	-	-	534,356	-	6,175	540,531
Total recognised income for the period	-	-	-	-	534,356	(6,070)	5,872	534,158
Dividend paid (Note 11)	-	-	-	-	(1,500,000)	-	-	(1,500,000)
Balance at 30 June 2007	15,000,000	1,721,982	120,622	637,472	2,571,951	143,584	98,285	20,293,896
Balance at 1 January 2006	15,000,000	1,476,890	120,622	637,472	1,350,161	140,130	91,596	18,816,871
Profit and total income for the period	-	-	-	-	1,179,748	-	2,066	1,181,814
Balance at 30 June 2006	15,000,000	1,476,890	120,622	637,472	2,529,909	140,130	93,662	19,998,685

The notes set out on pages 6 to 11 form an integral part of this interim financial information.

Notes to the interim consolidated financial information

30 June 2007

1 Incorporation and activities

YIACO Medical Company KSC (Closed) (parent company) was incorporated on 15 January 1969 in accordance with the Commercial Companies Law in Kuwait to carry out general trading only. Its principal activities are the import and sale of medical, chemical and dental products and equipment. The parent company also operates a number of pharmacies in Kuwait and a medical clinic.

Previously, the parent company was a subsidiary of The Securities House, a Kuwaiti closed shareholding company. During the period, The Securities House KSCC sold major portion of its ownership interest in the parent company. Consequently, the parent company is no longer a subsidiary of The Securities House KSCC.

The address of the parent company's registered office is PO Box 435, Safat 13005, State of Kuwait.

The group comprises of the parent company and its following subsidiaries:

- a) Al Kamal Import and Marketing Company WLL (KIMC) Egypt, a 95% subsidiary, is engaged in import, marketing and manufacturing medical raw material and medical and chemical equipment.
- b) Universal Industrial Medical Company, Egypt, a 100% subsidiary, is engaged in manufacturing laboratory chemicals, medical supplies, pharmaceuticals and children's food and packing of the company's products in Egypt.
- c) Gulf International Company for Tourism WLL, Kuwait, a 100% subsidiary, engaged in providing private travel services.
- d) Al Raya Health Care Company WLL, Kuwait, a 100% subsidiary, engaged in providing medical services.

The group mainly operates in Kuwait and Egypt.

This interim consolidated financial information of the group for the six-month period ended 30 June 2007 were authorised for issue by the board of directors on 7 August 2007.

2 Basis of presentation

The interim consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the group for the year ended 31 December 2006.

The interim consolidated financials statements have been presented in Kuwaiti Dinars which is the functional currency of the parent company.

The interim consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the group's annual consolidated financial statements as at 31 December 2006. In addition, results for the six months ended 30 June 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

3 Basic and diluted (loss)/earnings per share

Basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the period.

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
(Loss)/profit for the period attributable to shareholders of the parent company from continuing operations (KD)	(448,952)	978,738	534,356	768,307
Profit for the period attributable to shareholders of the parent company from discontinued operations (KD)	-	230,916	-	411,441
	(448,952)	1,209,654	534,356	1,179,748
Weighted average number of shares outstanding during the period	150,000,000	150,000,000	150,000,000	150,000,000
Basic and diluted (loss)/earnings per share				
- from continuing operations	(2.99) Fils	6.52 Fils	3.56 Fils	5.12 Fils
- from discontinued operations	-	1.54 Fils	-	2.74 Fils

4 Discontinued operations

On 23 September 2006, the group entered into a sale agreement, effective 30 June 2006, to sell its wholly owned subsidiary, Hygiene Products Industries Company – KSC (Closed), to its ultimate parent company, The Securities House – KSC (Closed). The sale amount was equal to the carrying value of the subsidiary in the books of the group. Hence no gain or loss resulted on disposal.

The profit for the period from discontinued operations is analysed below:

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2007 KD	30 June 2006 KD	30 June 2007 KD	30 June 2006 KD
Sales	-	1,239,746	-	2,599,412
Cost of sales	-	(788,506)	-	(1,667,374)
Gross profit	-	451,240	-	932,038
Other operating income	-	(1,217)	-	1,786
Selling and distribution costs	-	(161,012)	-	(313,554)
Administration expenses	-	(117,259)	-	(231,719)
Profit from operations	-	171,752	-	388,551
Unrealised gain on investments at fair value through statement of income	-	56,300	-	16,900
Dividend income	-	4,000	-	8,000
Finance costs	-	(1,136)	-	(2,010)
Profit for the period	-	230,916	-	411,441

4 Discontinued operations (continued)

The net assets of Hygiene Products Industries Company – KSC (Closed) is at 30 June 2006 as follows:

	30 June 2006 (Unaudited) KD
Assets	
Property, plant and equipment	1,217,888
Inventories	746,793
Investments at fair value through statement of income	442,095
Accounts receivable and prepayments	1,188,640
Cash and bank balances	1,015,513
Total assets	4,610,929
Less: Liabilities	
Employees' end of service benefits	(281,481)
Term loans	(7,000)
Accounts payable and accruals	(380,849)
Total liabilities	(669,330)
Total net assets	3,941,599

5 Acquisition

During the period, the group acquired 100% ownership of Al Raya Health Care Company – WLL. Details of the net assets acquired on 31 May 2007 (date of acquisition) are as follows:

	KD
Property and equipment	25,143
Cash and bank balances	10,356
Account receivables	7,630
Current assets	17,986
Total assets	43,129
Term loan	(8,282)
Account payables and accruals	(20,139)
Current liabilities	(28,421)
Provisional fair value of net assets acquired	14,708
Purchase consideration	150,000
Provisional fair value of net assets acquired	(14,708)
Goodwill	135,292
Net cash outflow arising on acquisition:	
Cash consideration paid	(150,000)
Cash and cash equivalents acquired	10,356
	(139,644)

6 Investments at fair value through statement of income

This represents the investments made in the equity securities fund which is managed by the ultimate parent company and local unquoted shares.

7 Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows represent the following consolidated balance sheet amounts:

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Bank balances and cash	4,020,292	1,731,421	1,907,092
Bank overdrafts	(337,891)	(488,846)	(1,785,977)
	3,682,401	1,242,575	121,115

Bank overdrafts carry interest rate of 8.75 % (31 December 2006: 8.75% and 30 June 2006: 8.5%) per annum and are unsecured.

8 Term loans

Term loans represent loans payable to local banks. The loans carry interest at an average rate of 7.75% to 8.25.% (31 December 2006: 7.5% to 8.25% and 30 June 2006: 7.5% to 8%) per annum on the utilized portion and are unsecured. The loans are payable on different dates ending on 31 December 2010. Amounts payable within the next twelve months are shown as current liabilities.

9 Murabaha payable

Murabaha payable represents the value of commodities purchased on a deferred settlement basis and carries effective profit payable rates ranging from 8% to 9.75% (31 December 2006: 8% to 10% and 30 June 2006: 7% to 9.75%). The murabaha is payable on different dates ending 31 May 2015 and are secured over property and equipment and inventories with net book value of KD 6,916,216. Amount payable within the next twelve months are shown as current liabilities.

10 Contingent liabilities

At 30 June 2007, the group had contingent liabilities in respect of outstanding letters of guarantees amounting to KD7,346,279 (31 December 2006: KD7,175,473 and 30 June 2006: KD7,159,475). The group had capital commitments in respect of assets under construction of KD Nil (31 December 2006: KD Nil and 30 June 2006: KD875,656). Also the group had commitments to invest amounting to KD315,000 (31 December 2006: KD315,000 and 30 June 2006: KD315,000).

11 Dividend paid

At the annual general meeting of the shareholders held on 4 April 2007, cash dividend of 10 Fils (31 December 2006: KD Nil and 30 June 2006: KD Nil) per share of the paid up capital amounting to KD1,500,000 (31 December 2006: KD Nil and 30 June 2006: KD Nil) were approved. Dividend amounting to KD1,500,000 due to The Securities House – KSCC (previous ultimate parent company) was offset against amounts receivable from the same.

12 Segmental Information

The group's primary basis of segment reporting by business segments, which consist of medical and related activities and investments.

An analysis of gross income, profit, total assets and total liabilities in respect of each of these segments is as follows:

	Medical and related activities KD	Investments KD	Total KD
Six months ended 30 June 2007 (Unaudited)			
Segment revenue	24,601,837	72,350	24,674,187
Segment profit from continuing operations	473,034	72,350	545,384
Unallocated expenses			(4,853)
Profit for the period			540,531
Three months ended 30 June 2007 (Unaudited)			
Segment revenue	13,077,979	12,700	13,090,679
Segment (loss)/profit from continuing operations	(461,881)	12,700	(449,181)
Unallocated income			4,077
Loss for the period			(445,104)
At 30 June 2007 (Unaudited)			
Total assets	35,770,276	7,613,679	43,383,955
Total liabilities	(23,090,059)	-	(23,090,059)
Six months ended 30 June 2006 (Unaudited)			
Segment revenue	23,725,715	311,642	24,037,357
Segment profit from continuing operations	469,837	311,642	781,479
Segment profit from discontinued operations	-	-	411,441
Unallocated expenses			(11,106)
Profit for the period			1,181,814
Three months ended 30 June 2006 (Unaudited)			
Segment revenue	12,264,982	871,200	13,136,182
Segment profit from continuing operations	120,536	871,200	991,736
Segment profit from discontinued operations	-	-	230,916
Unallocated expenses			(11,106)
Profit for the period			1,211,546
At 30 June 2006 (Unaudited)			
Total assets	37,870,179	10,566,574	48,436,753
Total liabilities	(28,438,068)	-	(28,438,068)

12 Segmental Information (continued)

The group reports its secondary segmental information according to geographical location of its customers and assets as follows:

	Kuwait KD	Egypt KD	Total KD
At 30 June 2007 (unaudited)			
Segment revenue	22,588,799	2,085,388	24,674,187
Total assets	39,756,372	3,627,583	43,383,955
Total liabilities	(21,518,227)	(1,571,832)	(23,090,059)
At 30 June 2006 (unaudited)			
Segment revenue	22,882,372	1,154,985	24,037,357
Total assets	44,394,273	4,042,480	48,436,753
Total liabilities	(26,373,997)	(2,064,071)	(28,438,068)

13 Comparative amounts

The comparative amounts have been reclassified to conform to the current period's presentation. Such amounts do not affect previously reported profit or equity.