

Interim condensed consolidated financial information and review report
YIACO Medical Company – KSC (Closed) and Subsidiaries
Kuwait
31 March 2008 (Unaudited)

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Review report

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

Report on review of interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of YIACO Medical Company KSC (Closed) (the "parent company") and its Subsidiaries (together "the group") as at 31 March 2008 and the related interim condensed consolidated statements of income, cash flow and changes in equity for the three month period then ended. The directors of the parent company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed 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 condensed financial information of the following subsidiaries: Al-Kamal Import and Marketing Company WLL and Universal Industrial Medical Company E.S.C. Their 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 this interim consolidated financial information are KD2,972,165 and KD65,703, respectively.

Conclusion

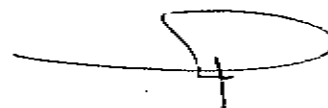
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed 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, have occurred during the three month period ended 31 March 2008 that might have had a material effect on the business of the group or on its financial position.



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Kuwait
12 May 2008

Interim condensed consolidated income statement

	Note	Three months ended 31 March 2008 (Unaudited) KD	Three months ended 31 March 2007 (Unaudited) KD
Sales		14,168,037	11,523,858
Cost of sales		(10,580,255)	(8,110,173)
Gross profit		3,587,782	3,413,685
Other operating income		83,426	107,639
Distribution costs		(564,233)	(406,097)
Administrative expenses		(1,936,180)	(1,924,949)
Profit from operations		1,170,795	1,190,278
Unrealised (loss)/profit on investments at fair value through income statement		(19,200)	24,000
Dividend income		35,000	35,650
Finance costs		(180,547)	(145,498)
Management remuneration		(49,145)	(90,762)
Foreign currency exchange gain		5,748	-
Profit for the period before income taxes		962,651	1,013,668
Income taxes		(21,680)	(19,103)
Profit before directors' fees, contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		940,971	994,565
Directors' fees		(3,750)	-
Contribution to KFAS		(8,438)	(8,930)
NLST		(23,113)	-
Zakat		(10,138)	-
Profit for the period		895,532	985,635
Attributable to:			
Shareholders of the parent company		892,061	983,308
Minority interest		3,471	2,327
		895,532	985,635
Basic and diluted earnings per share	3	5.41 Fils	5.96 Fils

The notes set out on pages 6 to 9 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated balance sheet

	Notes	31 March 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	31 March 2007 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		7,980,710	7,933,041	8,310,482
Intangible assets		65,118	86,824	466,251
Key money		99,675	107,200	94,260
Inventory assigned to customers		635,491	715,762	1,144,161
Goodwill		135,293	135,293	-
Investment in associate		12,500	12,500	12,500
Investments at fair value through statement of income	4	2,335,300	2,354,500	2,472,100
Available for sale investments		5,255,979	5,255,979	5,138,379
		16,520,066	16,601,099	17,638,133
Current assets				
Inventories		10,991,036	11,701,486	9,559,896
Accounts receivable and prepayments		19,094,324	15,568,027	18,007,148
Cash and bank balances	5	1,067,328	1,441,568	1,254,546
		31,152,688	28,711,481	28,821,590
Total assets		47,672,754	45,312,580	46,459,723
Equity and liabilities				
Equity				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		1,953,555	1,953,555	1,721,982
Voluntary reserve		120,622	120,622	120,622
General reserve		637,472	637,472	637,472
Foreign currency translation reserve		72,356	108,994	151,120
Retained earnings		4,975,449	4,093,388	4,520,903
Equity attributable to the shareholders of the parent company		22,759,454	21,904,031	22,152,099
Minority interest		105,771	103,745	94,813
Total equity		22,865,225	22,007,776	22,246,912
Non-current liabilities				
Term loans	6	-	-	825,000
Employees' end of service benefits		959,926	931,827	925,045
Murabaha payable	7	893,374	1,026,867	1,592,342
		1,843,300	1,958,694	3,342,387
Current liabilities				
Term loans	6	2,050,000	550,000	1,300,000
Accounts payable and accruals		14,072,100	14,225,042	15,283,821
Murabaha payable	7	6,010,451	5,708,280	3,158,609
Bank overdrafts	5	831,678	664,788	1,127,994
		22,964,229	21,348,110	20,870,424
Total liabilities		24,807,529	23,304,804	24,212,811
Total equity and liabilities		47,672,754	45,312,580	46,459,723

Dr. Hamed A. Hamadah
Chairman & Managing Director

The notes set out on pages 6 to 9 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated cash flow statement

	Note	Three months ended 31 March 2008 (Unaudited) KD	Three months ended 31 March 2007 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		895,532	985,635
Adjustments:			
Depreciation and amortisation		288,946	348,936
Unrealised loss/(profit) from investments at fair value through statement of income		19,200	(24,000)
Provision for employees' end of service benefits		69,139	48,601
Dividend income		(35,000)	(35,650)
Finance cost		180,547	145,498
(Gain)/loss on disposal of property, plant and equipment		(8,035)	4,251
Income tax		21,680	19,103
		1,432,009	1,492,374
Working capital changes:			
Inventories		710,450	(1,197,611)
Accounts receivable and prepayments		(3,491,297)	(1,136,561)
Accounts payable and accruals		(152,942)	444,327
Cash used in operations		(1,501,780)	(397,471)
Income tax paid		(21,680)	(31,857)
Employees' end of service benefits paid		(41,040)	(49,935)
Net cash used in operating activities		(1,564,500)	(479,263)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(314,322)	(52,963)
Proceeds from disposal of property, plant and equipment		9,603	13,484
Net movement in inventory assigned to customers		80,271	(49,880)
Dividend received		-	35,650
Net cash used in investing activities		(224,448)	(53,719)
FINANCING ACTIVITIES			
Finance cost paid		(180,547)	(145,498)
Net receipts/(payment) for Murabaha		160,678	(364,082)
Net receipts/(payment) for term loans		1,500,000	(75,000)
Net cash from/(used in) financing activities		1,480,131	(584,580)
Net impact of foreign currency translation adjustments		(32,713)	1,539
Decrease in cash and cash equivalents		(341,530)	(1,116,023)
Cash and cash equivalents at the beginning of the period		577,180	1,242,575
Cash and cash equivalents at the end of the period	5	235,650	126,552

The notes set out on pages 6 to 9 form an integral part of the interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Attributable to shareholders of the parent company						Minority interest	Total equity
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	General reserve KD	Foreign currency translation reserve KD	Retained earnings KD		
Balance at 1 January 2008	15,000,000	1,953,555	120,622	637,472	108,994	4,083,388	21,904,031	22,007,776
Foreign currency translation reserve	-	-	-	-	(36,638)	-	(36,638)	(1,445)
Total expenses for the period recognised directly in equity	-	-	-	-	(36,638)	-	(36,638)	(1,445)
Profit for the period	-	-	-	-	-	892,061	892,061	3,471
Total (expenses)/income recognised for the period	-	-	-	-	(36,638)	892,061	855,423	2,026
Balance at 31 March 2008	15,000,000	1,953,555	120,622	637,472	72,356	4,975,449	22,759,454	22,865,225
Balance at 1 January 2007	15,000,000	1,721,982	120,622	637,472	149,654	3,537,595	21,167,325	21,259,738
Foreign currency translation reserve	-	-	-	-	1,466	-	1,466	73
Total income for the period recognised directly in equity	-	-	-	-	1,466	-	1,466	73
Profit for the period	-	-	-	-	-	983,308	983,308	2,327
Total income recognised for the period	-	-	-	-	1,466	983,308	984,774	2,400
Balance at 31 March 2007	15,000,000	1,721,982	120,622	637,472	151,120	4,520,903	22,152,099	22,246,912

The notes set out on pages 6 to 9 form an integral part of the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

31 March 2008 (Unaudited)

1 Incorporation and activities

The interim condensed consolidated financial information of YIACO Medical Company – KSC (Closed) (the 'parent company') and its subsidiaries (together the 'group') for the three months ended 31 March 2008 were authorized for issue in accordance with a resolution of the Board of directors on 12 May 2008.

The parent company was incorporated on 15 January 1969 in Kuwait. The group's principal activities are the import and sale of medical, chemical and dental products and equipment.

For details of subsidiaries, refer to the consolidated financial statements for the year ended 31 December 2007.

The parent company's shares were listed on the Kuwait Stock Exchange on 7 November 2007.

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

The group mainly operates in Kuwait and Egypt.

2 Significant accounting policies

Basis of presentation

The interim condensed 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 condensed 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 2007.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the parent company.

This interim condensed consolidated financial information does not include all information and disclosures required to complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three month period ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2007.

3 Basic and diluted earnings per share

Basis and diluted earning per share are calculated by dividing the 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 31 March 2008 (Unaudited)	Three months ended 31 March 2007 (Unaudited)
Profit for the period attributable to shareholders' of the parent company (KD)	892,061	983,308
Weighted average number of shares outstanding during the period (Share)	165,000,000	165,000,000
Basic and diluted earnings per share	5.41 Fils	5.96 Fils

The weighted average number of shares for the calculation of earnings per share has been adjusted to reflect approval of the bonus issue on 8 May 2008 (note 8).

4 Investments at fair value through statement of income

	31 March 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	31 March 2007 (Unaudited) KD
Equity securities fund	2,335,300	2,354,500	2,472,100

The underlying securities of the fund comprise principally unquoted investments, the valuation of which involves the exercise of judgment and is based on information available on the financial position and results of the activities of investee companies and information available on expected future earnings of these companies. Any recent, known, third party transaction prices for shares in the investee or similar companies are also taken into account.

5 Cash and cash equivalents

Cash and cash equivalents included in the interim condensed consolidated cash flow statement represent the following interim condensed consolidated balance sheet amounts:

	31 March 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	31 March 2007 (Unaudited) KD
Cash and bank balances	1,067,328	1,441,968	1,254,546
Bank overdrafts	(831,678)	(864,788)	(1,127,994)
	235,650	577,180	126,552

Bank overdrafts carry interest rate of 8% (31 December 2007: 8.75% and 31 March 2007: 8.75%) per annum and are unsecured.

6 Term loans

Term loans represent loans payable to local banks. The loans carry interest at an average rate of 7.75% (31 December 2007: 7.75% and 31 March 2007: 8%) per annum on the utilized portion and are unsecured. The loans outstanding as of 31 March 2008 are payable on dates ending on 30 September 2008.

7 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 9.5% (31 December 2007: 8% to 8.5% and 31 March 2007: 8% 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 KD6,916,216. Amount payable within the next twelve months are shown as current liabilities.

8 General assembly

The general assembly of the shareholders held on 8 May 2008 approved bonus shares of 10% of the paid up capital for the year ended 31 December 2007.

9 Contingent liabilities

At 31 March 2008 the group had contingent liabilities in respect of outstanding letters of guarantees amounting to KD1,305,384 (31 December 2007: KD3,558,851 and 31 March 2007: KD6,483,221). The group had capital commitments in respect of commitments to invest in available for sale securities amounting to KD Nil (31 December 2007: KD315,000 and 31 March 2007: KD Nil) and in respect of pharmacies KD Nil (31 December 2007: KD70,686 and 31 March 2007: KD315,000)

10 Related party transactions

Related parties represent 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.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	31 March 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	31 March 2007 (Unaudited) KD
Short-term benefits	57,937	98,312	34,762
Employees' end of service benefits	51,739	210,889	31,043
Management fees	49,145	140,392	90,762
	158,821	449,593	156,567

11 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 from ordinary activities, total assets and total liabilities in respect of each of these segments is as follows:

11 Segmental information (continued)

	Medical and related activities KD	Investments KD	Total KD
At 31 March 2008 (Unaudited)			
Segment revenue	14,168,037	15,800	14,183,837
Segment profit	925,171	15,800	940,971
Unallocated expenses			(45,439)
Profit for the period			895,532
Total assets	40,068,975	7,603,779	47,672,754
Total liabilities	(24,807,529)	-	(24,807,529)
At 31 March 2007 (Unaudited)			
Segment revenue	11,523,858	59,650	11,583,508
Segment profit from continuing operations	934,915	59,650	994,565
Segment profit from discontinued operations	-	-	-
Unallocated expenses	-	-	(8,930)
Profit for the period	-	-	985,635
Total assets	38,836,744	7,622,979	46,459,723
Total liabilities	(24,212,811)	-	(24,212,811)

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 31 March 2008 (unaudited)			
Segment revenue	13,226,487	957,350	14,183,837
Total assets	44,700,589	2,972,165	47,672,754
Total liabilities	(23,996,119)	(811,410)	(24,807,529)
At 31 March 2007 (unaudited)			
Segment revenue	10,725,613	857,895	11,583,508
Total assets	43,087,268	3,372,455	46,459,723
Total liabilities	(22,831,189)	(1,381,622)	(24,212,811)

12 Comparative information

Certain other income relating to pharmacy outlets has been reclassified to cost of sales to better reflect the substance of the underlying transactions. A comparative amount of KD74,456 has been reclassified accordingly.

Following a favourable court verdict during 2007, certain liabilities relating to agency agreements have been reclassified from provisions to current liabilities and included under accounts payable and accruals. The comparative amount of KD800,000 has been reclassified accordingly.