

**CREDIT ONE KUWAIT COMPANY FOR COMMERCE
AND PROGRAMMES K.S.C. (CLOSED) AND ITS SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2006

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CREDIT ONE KUWAIT COMPANY FOR COMMERCE AND PROGRAMMES K.S.C.
(CLOSED)**

We have audited the accompanying consolidated financial statements of Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed) ('the parent company') and its subsidiary (the group), which comprise the consolidated balance sheet as at 31 December 2006 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Consolidated Financial Statements

The directors are 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 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.

Auditors' 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 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 auditors' judgement, 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 for 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 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 2006 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CREDIT ONE KUWAIT COMPANY FOR COMMERCE AND PROGRAMMES K.S.C.
(CLOSED) (continued)**

Report on Other Legal and Regulatory Matters

Furthermore, in our opinion proper books of account have been kept by the parent 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 obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the parent company's articles of association, that an inventory was duly carried out and 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 have occurred during the period ended 31 December 2006 that might have had a material effect on the business of the group or on its financial position.



WALEED A. AL'OSAIBI
LICENCE NO. 68 A
OF ERNST & YOUNG

21 March 2007

Kuwait

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

CONSOLIDATED INCOME STATEMENT

For the period ended 31 December 2006


	<i>Notes</i>	<i>25 July 2005 to 31 December 2006 KD</i>
Interest income from instalment credit		4,138,497
Interest expense		(1,813,805)
Net interest income		2,324,692
Murabaha income		152,574
Other income		443,430
Administrative expenses		(1,205,627)
Provision for doubtful debts		(144,958)
Directors fees		(53,000)
PROFIT FOR THE PERIOD PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS)		1,517,111
Contribution to KFAS		(14,131)
PROFIT FOR THE PERIOD	3	1,502,980
EARNINGS PER SHARE	4	8.59 fils


The attached notes 1 to 15 form part of these consolidated financial statements.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	Notes	2006 KD
ASSETS		
Non-current assets		
Furniture and fixtures		30,699
Goodwill	5	5,496,209
Available for sale investments	6	27,743
Amounts due under instalment credit agreements	7	19,750,876
		<u>25,305,527</u>
Current assets		
Amounts due under instalment credit agreements	7	14,065,756
Other receivables		51,778
Murabaha receivables	8	450,000
Bank balances and cash		543,668
		<u>15,111,202</u>
TOTAL ASSETS		<u><u>40,416,729</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9	17,500,000
Statutory reserve	10	157,011
Cumulative changes in fair value		115
Retained earnings		1,345,969
		<u>19,003,095</u>
Uncalled capital	9	25,000
Total equity		<u>19,028,095</u>
Current liabilities		
Accounts payables and accruals	11	1,988,634
Amounts due to related parties	12	8,750,000
Short term loans	13	10,650,000
Total liabilities		<u>21,388,634</u>
TOTAL EQUITY AND LIABILITIES		<u><u>40,416,729</u></u>


Chairman


Chief Executive Officer

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 2006

	Note	25 July 2005 to 31 December 2006 KD
OPERATING ACTIVITIES		
Profit for the period		1,502,980
Adjustments for:		
Depreciation		65,440
		<u>1,568,420</u>
Working capital changes:		
Amounts due under instalment credit agreements		(7,476,872)
Other receivables		(43,323)
Murabaha receivables		(450,000)
Accounts payables and accruals		1,704,265
Amounts due to related parties		(8,015,978)
		<u>(12,713,488)</u>
Net cash flows used in operating activities		
INVESTING ACTIVITIES		
Purchase of furniture and fixtures		(79,876)
Purchase of available for sale investments		(27,628)
Acquisition of a subsidiary, net of cash acquired	5	(12,060,340)
		<u>(12,167,844)</u>
Net cash flows used in investing activities		
FINANCING ACTIVITIES		
Proceeds from issue of share capital		17,500,000
Uncalled capital		25,000
Proceeds from short term borrowings, net		7,900,000
		<u>25,425,000</u>
Net cash flows from financing activities		
BANK BALANCES AND CASH AT 31 DECEMBER		<u><u>543,668</u></u>

The attached notes 1 to 15 form part of these consolidated financial statements.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2006

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Cumulative changes in fair value KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
Net movement in fair value of available for sale investments	-	-	115	-	115
Total income and expense for the period recognised directly in equity	-	-	115	-	115
Profit for the period	-	-	-	1,502,980	1,502,980
Total income and expenses for the period	-	-	115	1,502,980	1,503,095
Issue of share capital	17,500,000	-	-	-	17,500,000
Transfer to statutory reserve	-	157,011	-	(157,011)	-
Balance at 31 December 2006	17,500,000	157,011	115	1,345,969	19,003,095

The attached notes 1 to 15 form part of these consolidated financial statements.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed) and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2006

1 ACTIVITIES

The consolidated financial statements of Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed) ('the parent company') and its subsidiary (the group) for the period ended 31 December 2006 were authorised for issue by the directors on 21 March 2007.

The parent company is a Kuwaiti shareholding company registered on 25 July 2005 under the Commercial Companies Law No. 15 of 1960 and amendments thereto.

The parent company operates under the Islamic Shareea'a and is principally engaged in investing activities permissible under Islamic Shareea'a. Its registered office is at 485, 13005 Safat, Kuwait.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements 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 prepared from incorporation to 31 December 2006 and have been presented in Kuwaiti Dinars.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention as modified to include the measurement at fair value of available for sale investments.

International Accounting Standards Board (IASB) Standards and Interpretations issued but not adopted

The following IASB Standard has been issued but is not yet mandatory, and has not yet been adopted by the group:

IFRS 7 Financial Instruments: Disclosures

The application of IFRS 7, which will be effective for the year ending 31 December 2007 will result in amended and additional disclosures relating to financial instruments and associated risks.

Basis of consolidation

The consolidated financial statements comprise the financial statements Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed) and its Subsidiary, as detailed below:

Name	Place of incorporation	Ownership %	Principal activities
Al-Sayer Facilities Company For General Trading and Contracting (Adnan Al-Bahar and Partners) W.L.L.	Kuwait	100	Vehicle finance

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The subsidiary is consolidated from the date on which control is transferred to the group and ceases to be consolidated from the date on which control is transferred out of the group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed) and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2006

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The financial statement of the subsidiary company is consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Revenue recognition

Instalment credit income is recognised on a time proportionate basis. Any amounts not yet earned are deducted from amounts due from customers.

Murabaha income is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

Dividend income is recognised when the shareholders' right to receive the payment is established.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Available for sale investments

Available for sale investments 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 available for sale investments 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. On de-recognition or impairment the cumulative gain or loss previously reported in equity is included in the consolidated income statement.

Amounts due under instalment credit agreements

Amounts due under instalment credit agreements are stated net of unearned interest and net of an impairment provision for amounts estimated to be uncollectible on the basis of a continuous appraisal of the receivables portfolio, having regard to management's experience, current economic conditions and other relevant factors. The repayment period for these amounts varies between 6 and 60 months.

Murabaha receivables

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. Where the credit risk of the transaction is attributable to a financial institution, the amount due is classified as a murabaha investment. Where the credit risk is attributable to any non financial institution, the amount due is classified as a murabaha receivable.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2006

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Murabaha receivables (continued)

Murabaha receivables arising from the group's financing of transactions on an Islamic basis are stated at amortised cost. Third party expenses such as legal fees, incurred in granting a murabaha are treated as part of the cost of the transaction.

All murabaha receivables are recognised when the legal right to control the use of the underlying asset is transferred to the customer.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of bank balances and cash, net of outstanding bank overdraft.

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.

Fair values

For securities traded in active markets, fair value is determined by reference to quoted bid market prices.

For unquoted equity securities, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows or recent market transaction.

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;
- b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

For available for sale investments reversal of impairment losses is recorded as increase in cumulative changes in fair values through equity.

Derecognition of financial assets and liabilities

A financial asset (in whole or in part) is derecognised either when the group has transferred substantially all the risks and rewards of ownership or when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Significant accounting judgment and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The group has used judgement and estimates principally in, but not limited to, the determination of impairment provisions of amounts due under instalment credit agreements.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2006

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgment and estimates (continued)

Impairment of amounts due under instalment credit agreements

An estimate of the collectible amounts due under instalment credit agreements 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.

Gross amounts due under instalment credit agreements and the provision for doubtful debts as at the balance sheet date have been disclosed in Note 7. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

3 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	25 July 2005 to 31 December 2006 KD
Staff costs	372,473
Depreciation	65,440

4 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic earnings per share computations:

	2006
Profit for the period (KD)	1,502,980
Weighted average number of ordinary shares outstanding for basic earnings per share	175,000,000
Basic and diluted earnings per share	8.59 fils

In calculating earnings per share, partly paid shares have been converted to equivalent fully paid shares (300 million shares divided by a factor of four) and uncalled capital has been disregarded.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2006

5 ACQUISITION OF A SUBSIDIARY

During the period, the parent company acquired a subsidiary, Al-Sayer Facilities Company for General Trading and Contracting (Adnan Al-Bahar and Partners) W.L.L. from a related party. The fair value of assets acquired and liabilities assumed were as follows:

	<i>KD</i>
Furniture and fixtures	16,263
Amount due under instalment credit agreements	26,339,760
Other receivables	8,455
Bank balances and cash	115,944
Accounts payable and accruals	(284,369)
Amount due to related parties	(16,765,978)
Short term loans	(2,750,000)
	<hr/>
Total non cash items	6,680,075
Goodwill	5,496,209
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Total purchase price	12,176,284
Less: cash with subsidiary	(115,944)
	<hr/>
Cash flow on acquisition	12,060,340
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The above purchase price may increase during later years on achievement of certain contingent performance conditions.

6 AVAILABLE FOR SALE INVESTMENTS

	<i>2006 KD</i>
Unquoted equity investments	27,743
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These investments are carried at their fair values and are managed by a related party.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2006

7 AMOUNTS DUE UNDER INSTALMENT CREDIT AGREEMENTS

	<i>2006 KD</i>
Gross amounts due under instalment credit agreements	41,516,545
Less: Deferred instalment credit income	(5,417,398)
	<u>36,099,147</u>
Less: Provision for doubtful debts	(2,282,515)
	<u>33,816,632</u>
Amounts due within a year:	
Gross amounts due under instalment credit agreements	18,836,938
Less: Deferred instalment credit income	(3,011,159)
	<u>15,825,779</u>
Less: Provision for doubtful debts	(1,760,023)
	<u>14,065,756</u>
Amounts due within 1 and 5 years:	
Gross amounts due under instalment credit agreements	22,679,607
Less: Deferred instalment credit income	(2,406,239)
	<u>20,273,368</u>
Less: Provision for doubtful debts	(522,492)
	<u>19,750,876</u>

The amounts due under instalment credit agreements are at fixed rates of interest.

8 MURABAHA RECEIVABLES

Average profit rate attributable to murabaha receivables during the period is 5.67% per annum.

9 SHARE CAPITAL

	<i>2006 KD</i>
Authorised and issued:	
400 million shares at 100 fils each	40,000,000
Paid up:	
100 million shares at 100 fils each	10,000,000
300 million shares at 25 fils each	7,500,000
	<u>17,500,000</u>

During the period, one of the share holder paid KD 25,000 representing 25 fils per share on the 1 million shares held by him as advance against the uncalled capital.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2006

9 SHARE CAPITAL (continued)

Based on arrangement between the shareholders, certain shareholders were required to contribute the full value of the shares subscribed. In the event of profit distribution such shareholders are entitled to a dividend equal to four times the dividend payable to the shareholders of partly paid shares.

Subsequent to the period end, the parent company made a call for another 25 fils against the 300 million partly paid shares.

10 STATUTORY RESERVE

In accordance with the Commercial Companies Law and the parent company's articles of association, 10% of the profit for the period before contribution to KFAS has been transferred to statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the 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 periods when accumulated profits are not sufficient for the payment of a dividend of that amount.

11 ACCOUNTS PAYABLES AND ACCRUALS

	<i>2006 KD</i>
Trade accounts payable (Note 12)	1,075,587
Accrued expenses (Note 12)	913,047
	<u>1,988,634</u>

12 RELATED PARTY TRANSACTIONS

Related parties represent members 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. One of the entities related to the group provided administration and other support services for certain period for which no charge has been made during the period.

All amounts due under instalment credit agreements comprise balances arising on sales made by related parties.

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

	<i>25 July 2005 to 31 December 2006 KD</i>
Interest income from instalment credit	39,563
Interest expense	1,424,929
Administrative expenses	190,715

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2006

12 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in consolidated balance sheet are as follows:

	<i>31 December 2006 KD</i>
Amounts due to related parties	8,750,000
Accounts payable and accruals (Note 11)	1,090,145

Amount due to related parties are disclosed in the balance sheet. Interest is charged on related party balances at rates agreed between related parties. These balances have no fixed date of settlement.

The remuneration of key management personnel during the period was as follows:

	<i>25 July 2005 to 31 December 2006 KD</i>
Short-term benefits	202,925
End of service benefits	11,731

13 SHORT TERM LOAN

The short term loans are denominated in Kuwaiti Dinars and carry interest at commercial rates and are repayable within one year from the balance sheet date. The short term loans are unsecured.

14 RISK MANAGEMENT

Interest rate risk

The group is exposed to interest rate risk on its interest bearing assets and liabilities mainly amount due under instalment credit, balances with related parties and short term loans.

Credit risk

The group's exposures to credit risk, without taking any account of collateral, are as indicated by the carrying amount of its financial assets. Further the group has policies and procedures in place to limit the amount of credit exposure to any single counter party. These procedures include the non-concentration of credit risks by undertaking transactions with a large number of customers.

The group limits its credit risk with regard to bank deposits by only dealing with reputable banks.

Credit risk is limited to the carrying values of financial assets in the balance sheet.

Liquidity risk

The group limits its liquidity risk by ensuring adequate funds are available either through bank or related parties.

Currency risk

The group is not significantly exposed to currency risk because significant balances of assets and liabilities are denominated in Kuwaiti Dinars.

Credit One Kuwait Company for Commerce and Programmes K.S.C. (Closed)
and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2006

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consist of bank balances and cash, amounts due from related parties and instalments due under instalment credit. Financial liabilities consist of bank overdraft, amounts due to related parties and short term loans.

The fair value of financial instruments are not materially different from their carrying values.