Interim condensed consolidated financial information and review report

National Industries Group Holding – SAK and subsidiaries

Kuwait

30 September 2009 (Unaudited)

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Review report

To the board of directors of
National Industries Group Holding – SAK
Kuwait

Report on review of interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of National Industries Group Holding (A Kuwaiti Shareholding Company) (the "parent company") and subsidiaries (collectively the "group"), as of 30 September 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. The parent company's directors are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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.

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 International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

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 or of the articles of association of the parent company, as amended, have occurred during the nine-month period ended 30 September 2009 that might have had a material effect on the business of the group or on its financial position.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Abdullatif A.H. Al-Majid
(Licence No. 70-A)
of Allied Accountants - MAZARS

Interim condensed consolidated statement of income

	Note	Three months ended 30 Sept. 2009 (Unaudited) KD '000	Three months ended 30 Sept. 2008 (Unaudited) KD '000	Nine months ended 30 Sept. 2009 (Unaudited) KD '000	Nine months ended 30 Sept. 2008 (Unaudited) KD '000
Sales		**21,056**	25,965	**68,201**	85,598
Cost of sales		**(17,362)**	(20,542)	**(55,726)**	(67,370)
Gross profit		**3,694**	5,423	**12,475**	18,228
Income from investments	3	**27,248**	(11,719)	**61,984**	121,184
Profit on disposal of subsidiary	4	**1,653**	-	**1,653**	-
Share of profits of associates		**821**	6,859	**7,571**	15,236
Income on disposal of associate	7a	**-**	-	**5,753**	-
Changes in fair value of investment properties	8	**-**	5,949	**3,996**	7,689
Interest and other operating income	5	**1,386**	9,263	**11,596**	29,443
Distribution costs		**(740)**	(1,209)	**(2,864)**	(4,202)
General, administrative and other expenses		**(7,654)**	(2,866)	**(17,917)**	(17,071)
		26,408	11,700	**84,247**	170,507
Finance costs		**(10,798)**	(16,700)	**(40,771)**	(49,880)
Impairment in value of available for sale investments	9c	**(105)**	(10,681)	**(29,647)**	(10,681)
Impairment in value of wakala investments	11	**(1,998)**	-	**(2,498)**	-
(Loss)/gain on foreign exchange		**(83)**	(4,513)	**(13,068)**	8,624
Profit/(loss) before taxation, KFAS, NLST, Zakat and directors' remuneration		**13,424**	(20,194)	**(1,737)**	118,570
Taxation		**(36)**	(36)	**(150)**	(239)
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**-**	258	**-**	(907)
Provision for National Labour Support Tax (NLST)		**-**	614	**-**	(1,769)
Provision for Zakat		**-**	255	**-**	(716)
Provision for Directors' remuneration		**-**	(50)	**-**	(150)
Profit/(loss) for the period		**13,388**	(19,153)	**(1,887)**	114,789
Attributable to :					
Shareholders of the parent company		**11,668**	(17,992)	**429**	101,812
Minority interest		**1,720**	(1,161)	**(2,316)**	12,977
		13,388	(19,153)	**(1,887)**	114,789
Basic and diluted earnings/(loss) per share attributable to the shareholders of the parent company	6	**9.20 Fils**	(14.28) Fils	**0.34 Fils**	80.81 Fils

The notes set out on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)	**30 Sept. 2009 (Unaudited)**	30 Sept. 2008 (Unaudited)
	KD '000	KD '000	**KD '000**	KD '000
Profit/(loss) for the period	**13,388**	(19,153)	**(1,887)**	114,789
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	**(1,270)**	(2,623)	**1,039**	(6,746)
Adjustment related to acquisition of associate – reversal of changes in fair value (refer note 7b)	**-**	-	**-**	(43,903)
Adjustment related to acquisition of associate – recognition of share of profits (refer note 7b)	**-**	-	**-**	2,150
Available for sale investments				
- Net changes in fair value arising during the period	**16,215**	(178,520)	**75,221**	(180,113)
- Transferred to consolidated statement of income on disposals	**6,953**	(16,027)	**(846)**	(22,524)
- Transferred to consolidated statement of income on impairment	**105**	-	**29,647**	-
Share of other comprehensive income of associates	**1,589**	(6,209)	**3,927**	(3,417)
Total other comprehensive income	**23,592**	(203,379)	**108,988**	(254,553)
Total comprehensive income for the period	**36,980**	(222,532)	**107,101**	(139,764)
Total comprehensive income attributable to:				
Shareholders of the parent company	**32,401**	(182,464)	**89,785**	(112,195)
Minority interest	**4,579**	(40,068)	**17,316**	(27,569)
	36,980	(222,532)	**107,101**	(139,764)

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	(Restated) 30 Sept. 2008 (Unaudited) KD '000
Assets				
Non-current assets				
Goodwill		**8,267**	8,231	9,627
Property, plant and equipment		**49,065**	40,506	37,462
Investment in associates	7	**257,506**	303,079	318,973
Investment properties	8	**33,498**	22,645	24,645
Available for sale investments	9	**764,093**	634,900	1,106,213
Deferred tax		**133**	108	153
Total non-current assets		**1,112,562**	1,009,469	1,497,073
Current assets				
Inventories		**21,571**	22,992	23,477
Available for sale investments	9	**126,045**	178,114	-
Accounts receivable and other assets		**80,847**	89,635	189,005
Murabaha and wakala investments	11	**15,178**	29,800	31,500
Investments at fair value through statement of income	10	**135,214**	158,816	230,367
Short-term deposits	17	**135,572**	214,999	194,475
Bank balances and cash	17	**49,504**	29,325	48,687
Total current assets		**563,931**	723,681	717,511
Total assets		**1,676,493**	1,733,150	2,214,584
Equity and liabilities				
Equity attributable to shareholders of the parent company				
Share capital	12	**129,510**	129,510	129,510
Share Premium	12	**152,691**	152,691	152,691
Treasury shares	13	**(28,064)**	(31,998)	(29,595)
Reserves	18	**59,519**	151,451	148,891
Cumulative changes in fair value		**132,190**	43,968	46,794
Retained earnings/(Accumulated losses)		**429**	(97,752)	286,028
Equity attributable to shareholders of the parent company		**446,275**	347,870	734,319
Minority interest		**154,387**	137,927	202,265
Total equity		**600,662**	485,797	936,584
Non-current liabilities				
Bonds and trust certificates issued		**164,936**	158,720	167,067
Long-term borrowings	14	**17,721**	177,837	165,029
Leasing creditors		**719**	608	371
Provisions		**8,957**	8,369	9,297
Total non-current liabilities		**192,333**	345,534	341,764
Current liabilities				
Accounts payable and other liabilities		**57,479**	80,545	91,439
Bonds issued	15	**-**	14,431	-
Short-term borrowings	16	**784,028**	767,124	811,494
Due to banks	17	**41,991**	39,719	33,303
Total current liabilities		**883,498**	901,819	936,236
Total equity and liabilities		**1,676,493**	1,733,150	2,214,584

Mr. Sa'ad Mohammed Al-Sa'ad
Chairman & Managing Director

The notes set out on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to shareholders of the parent company								
	Share Capital	Share Premium	Treasury shares	Reserves (Note 18)	Cumulative changes in fair value	Retained earnings/ (accumulated losses)	Sub-Total	Minority interest	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance at 1 January 2009	129,510	152,691	(31,998)	151,451	43,968	(97,752)	347,870	137,927	485,797
Purchase of treasury shares	-	-	(7,015)	-	-	-	(7,015)	-	(7,015)
Disposal of treasury shares	-	-	10,949	-	-	-	10,949	-	10,949
Gain on sale of treasury shares	-	-	-	4,686	-	-	4,686	-	4,686
Investments made by minority shareholders of subsidiaries	-	-	-	-	-	-	-	653	653
Dividend paid to minority by the subsidiaries	-	-	-	-	-	-	-	(651)	(651)
Change in minority interest	-	-	-	-	-	-	-	(858)	(858)
Offset of accumulated losses (see note 12c)	-	-	-	(97,752)	-	97,752	-	-	-
Transactions with equity holders	-	-	3,934	(93,066)	-	97,752	8,620	(856)	7,764
Profit/(loss) for the period	-	-	-	-	-	429	429	(2,316)	(1,887)
Other comprehensive income:									
Exchange differences arising on translation of foreign operations	-	-	-	1,134	-	-	1,134	(95)	1,039
Available for sale investments									
-Net changes in fair value arising during the period	-	-	-	-	63,906	-	63,906	11,315	75,221
-Transferred to consolidated statement of income on disposals	-	-	-	-	(2,757)	-	(2,757)	1,911	(846)
-Transferred to consolidated statement of income on impairment	-	-	-	-	24,175	-	24,175	5,472	29,647
Share of other comprehensive income of associates	-	-	-	-	2,898	-	2,898	1,029	3,927
Total comprehensive income for the period	-	-	-	1,134	88,222	429	89,785	17,316	107,101
Balance at 30 September 2009	**129,510**	**152,691**	**(28,064)**	**59,519**	**132,190**	**429**	**446,275**	**154,387**	**600,662**

The notes set out on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to shareholders of the parent company								
	Share capital KD '000	**Share Premium** KD '000	**Treasury shares** KD '000	**Reserves (Note 18)** KD '000	**Cumulative changes in fair value** KD '000	**Retained earnings** KD '000	**Sub-Total** KD '000	**Minority interest** KD '000	**Total** KD '000
Balance at 1 January 2008 (as previously reported)	117,736	152,691	(27,156)	151,032	215,451	359,741	969,495	196,999	1,166,494
Prior period adjustment on acquisition of associate									
- reversal of changes in fair value (refer note 7b)	-	-	-	-	-	(65,756)	(65,756)	-	(65,756)
- recognition of share of profits (refer note 7b)	-	-	-	-	-	29,679	29,679	-	29,679
Balance at 1 January 2008 (as restated)	117,736	152,691	(27,156)	151,032	215,451	323,664	933,418	196,999	1,130,417
Issue of bonus shares	11,774	-	-	-	-	(11,774)	-	-	-
Purchase of treasury shares	-	-	(3,486)	-	-	-	(3,486)	-	(3,486)
Disposal of treasury shares	-	-	1,047	-	-	-	1,047	-	1,047
Gain on sale of treasury shares	-	-	-	1,484	-	-	1,484	-	1,484
Cash dividend to shareholders of the parent company	-	-	-	-	-	(85,949)	(85,949)	-	(85,949)
Investment made by minority shareholders of subsidiaries	-	-	-	-	-	-	-	49,325	49,325
Dividend paid to minority by the subsidiaries	-	-	-	-	-	-	-	(16,490)	(16,490)
Transactions with equity holders	11,774	-	(2,439)	1,484	-	(97,723)	(86,904)	32,835	(54,069)
Profit for the period	-	-	-	-	-	101,812	101,812	12,977	114,789
***Other comprehensive income*:**									
Transfer to excess depreciation	-	-	-	(28)	-	28	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	(3,597)	-	-	(3,597)	(3,149)	(6,746)
Adjustment related to acquisition of associate – reversal of changes in fair value (refer note 7b)	-	-	-	-	-	(43,903)	(43,903)	-	(43,903)
Adjustment related to acquisition of associate – recognition of share of profits (refer note 7b)	-	-	-	-	-	2,150	2,150	-	2,150
Available for sale investments									
-Net change in fair value arising during the period	-	-	-	-	(146,914)	-	(146,914)	(33,199)	(180,113)
-Transferred to consolidated statement of income on disposal	-	-	-	-	(18,326)	-	(18,326)	(4,198)	(22,524)
Share of other comprehensive income of associates	-	-	-	-	(3,417)	-	(3,417)	-	(3,417)
Total comprehensive income for the period	-	-	-	(3,625)	(168,657)	60,087	(112,195)	(27,569)	(139,764)
Balance at 30 September 2008	129,510	152,691	(29,595)	148,891	46,794	286,028	734,319	202,265	936,584

The notes set out on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2009 (Unaudited) KD '000	Nine months ended 30 Sept. 2008 (Unaudited) KD '000
OPERATING ACTIVITIES		
(Loss)/profit before taxation, KFAS, NLST, Zakat and directors' remuneration	**(1,737)**	118,570
Adjustments for :		
Depreciation of property, plant and equipment	**3,947**	3,757
Change in fair value of investment property	**(3,996)**	(7,689)
(Loss)/profits on disposal of property, plant and equipment	**18**	(41)
Share of profits of associates	**(7,571)**	(15,236)
Unrealised gain on dealing in interest rate SWAP's	**(924)**	-
Dividend income from available for sale investments	**(17,465)**	(18,588)
Income from disposal of associate	**(5,753)**	-
Profit on disposal of subsidiary	**(1,653)**	-
Impairment in value of available for sale investments and wakala investments	**32,145**	10,681
Profit on sale of available for sale and wakala investments	**(30,363)**	(35,895)
Income from murabaha and wakala investments	**(994)**	(1,484)
Net provisions/(provision released)	**588**	(261)
Finance costs	**40,771**	49,880
Interest income	**(6,572)**	(11,691)
	441	92,003
Changes in operating assets and liabilities:		
Inventories	**1,421**	(154)
Accounts receivable and other assets	**(3,886)**	(18,023)
Investments at fair value through statement of income	**22,237**	(68,002)
Accounts payable and other liabilities	**(14,028)**	20,972
Cash from operations	**6,185**	26,796
Taxation paid	**(58)**	(307)
KFAS contribution and National Labour Support Tax paid	**-**	(3,442)
Directors remunerations paid	**-**	(180)
Net cash from operating activities	**6,127**	22,867

Interim condensed consolidated statement of cash flows (continued)

	Note	**Nine months ended 30 Sept. 2009 (Unaudited) KD '000**	Nine months ended 30 Sept. 2008 (Unaudited) KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(12,951)**	(8,735)
Proceeds from sale of property, plant and equipment		**286**	457
Proceeds from disposal of associates		**6,738**	-
Investment in associated companies		**(2,493)**	(11,634)
Investment in properties		**-**	(16,956)
Dividend received from associates		**1,403**	9,979
Purchase of available for sale investments		**(86,938)**	(200,105)
Proceeds from sale of available for sale investments		**171,964**	82,582
Proceeds from realisation of term deposits		**68,081**	-
Increase in block bank balances		**(690)**	-
Decrease in wakala investments maturing after three months		**124**	16,000
Dividend income received from available for sale investments		**17,465**	18,588
Income from murabaha and wakala investments received		**1,555**	10,666
Interest income received		**10,553**	-
Net cash from/(used in) investing activities		**175,097**	(99,158)
FINANCING ACTIVITIES			
Finance lease received		**139**	5
Net decrease in long-term borrowings, bonds and trust certificates		**(2,331)**	(4,321)
Net (decrease)/increase in short-term borrowings		**(149,096)**	240,283
Dividend paid to shareholders of the parent		**(441)**	(84,381)
Finance costs paid		**(42,143)**	(48,496)
Purchase of treasury shares		**(7,015)**	(3,486)
Proceeds from sale of treasury shares		**14,221**	-
(Decrease)/increase in minority interest		**(856)**	32,835
Net cash (used in)/from financing activities		**(187,522)**	132,439
Net (decrease)/increase in cash and cash equivalents		**(6,298)**	56,148
Translation differences		**169**	(599)
		(6,129)	55,549
Cash and cash equivalents at beginning of the period		**145,003**	171,810
Cash and cash equivalents at end of the period	17	**138,874**	227,359

Notes to the interim condensed consolidated financial information

30 September 2009 (Unaudited)

1 Incorporation and activities

National Industries Group Holding – SAK ('the parent company') was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a 'Holding Company'. The parent company along with its subsidiaries are jointly referred to as "the group". The parent company's shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the parent company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trade marks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the company by investing them in investment and real estate portfolios managed by specialised companies.

The address of the parent company's registered office is PO Box 417, Safat 13005, State of Kuwait.

The board of directors of the parent company approved this interim condensed consolidated financial information for issue on 12 November 2009.

The annual consolidated financial statements for the year ended 31 December 2008 were approved by the shareholders at the Annual General Meeting held on 21 May 2009.

2 Significant accounting policies

Basis of presentation
This 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 preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements, for the year ended 31 December 2008, except adoption of new and revised standards and interpretations discussed below.

Adoption of new and revised International Financial Reporting Standards

During the period, the Group adopted the following Standards effective for the annual periods beginning on or after 1 January 2009.

IFRS 8 Operating Segments

The new standard which replaced IAS 14 'Segment reporting' requires a management approach for segment reporting under which segment information is presented on the same basis as that used for internal reporting purposes. However, the application of the revised standard has had no impact on designation of the Group's reporting segments as it has previously been consistent with the internal reporting provided to the chief operating decision maker.

IAS 1 (revised 2007) Presentation of Financial Statements
The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

Improvements to IFRSs issued in May 2008
The Improvements include 35 amendments across 20 different Standards that largely clarify the required accounting treatment where previous practice had varied, and have not resulted in any significant changes in the group's accounting policies.

Following revised standards have been issued but not yet effective and have not been adopted by the group in the current period:

- IFRS 3 Business combinations (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 28 Investments in Associates (Revised 2008) (effective for annual periods beginning 1 July 2009)

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

Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2008.

3 Income from investments

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)	**30 Sept. 2009 (Unaudited)**	30 Sept. 2008 (Unaudited)
	KD '000	KD '000	**KD '000**	KD '000
Dividend income:				
- From investments at fair value through statement of income	**-**	788	**441**	17,721
- From available for sale investments	**380**	2,430	**17,465**	18,588
Profit on sale of available for sale investments	**20,524**	17,233	**30,363**	35,895
Realised gain/(loss) on investments at fair value through statement of income	**3,135**	(7,060)	**4,792**	11,833
Unrealised gain/(loss) on investments at fair value through statement of income	**3,209**	(25,110)	**8,923**	37,147
	27,248	(11,719)	**61,984**	121,184

4 Profit on disposal of subsidiary

During the three months period ended 30 September 2009, the group disposed its fully owned subsidiary, Gas and Oil Fields Services Company – KSC to an associate company for a consideration of KD9,472 thousand resulting in a profit of KD1,653 thousand after due reduction of the group's share in this associate.

The carrying value of the disposed assets, transferred liabilities and related goodwill (net of impairment) of the subsidiary at the date of disposal were as follows:

	KD '000
Total assets	**6,415**
Total liabilities	**(417)**
Goodwill	**1,185**
	7,183
Sale proceeds	**9,472**
Profit on disposal	**2,289**
Less:	
Elimination of proportionate profit on disposal to the extent of the groups shareholding in the associate	**(636)**
Net profit recognised in the interim condensed consolidated statement of income	**1,653**

The above proceeds on the disposal of the subsidiary amounting to KD9,472 thousand has been setoff against the loan due to the same associate as of the date of disposal.

5 Interest and other operating income

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)	**30 Sept. 2009 (Unaudited)**	30 Sept. 2008 (Unaudited)
	KD '000	KD '000	**KD '000**	KD '000
Management and placement fees	**565**	2,409	**1,982**	7,790
Interest income on bank balances and short term deposits	**1,016**	3,524	**6,572**	11,691
Realised loss from dealing in interest rate swaps	**(4,632)**	-	**(4,909)**	-
Unrealised gain on dealing in interest rate swaps	**3,498**	-	**924**	-
Income from murabaha and wakala investments	**155**	530	**994**	1,484
Income from financing of future trade by customers	**16**	2,516	**98**	7,261
Others	**768**	284	**5,935**	1,217
	1,386	9,263	**11,596**	29,443

6 Basic and diluted earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to the shareholders of the parent by the weighted average number of shares outstanding during the period as follows:

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)	**30 Sept. 2009 (Unaudited)**	30 Sept. 2008 (Unaudited)
Profit/(loss) for the period attributable to the shareholders of the parent company (KD '000)	**11,668**	(17,992)	**429**	101,812
Weighted average number of shares outstanding during the period (excluding treasury shares)	**1,268,933,284**	1,259,636,082	**1,257,317,298**	1,259,887,333
Basic & diluted earnings/(loss) per share	**9.20 Fils**	(14.28) Fils	**0.34 Fils**	80.81 Fils

7 Investment in associates

a) During the period ended 30 September 2009, in relation to one of the group's associate, KES Power Ltd., the group and the other investors in the associate agreed and executed a contract to introduce a new investor who will own a stake of 50% in KES Power Ltd, by way of a capital increase in the investee company. Consequently this has resulted in the group's shareholding diluting from 40% to 20% and the group also received an amount of KD5,753 thousand from the new investor which has been recognised as income in the interim condensed consolidated statement of income under the heading "income on disposal of associate". Although the group owns 20% of KES Power Ltd., based on the revised management structure of the investee the group does not exercise significant influence over the investee and accordingly, the group's management has reclassified the carrying value of the investment amounting to KD57,699 thousand to available for sale investments. The group's management is not aware of any decline in the value of investments which has occurred as a result of this transaction.

b) During the third quarter of 2008, the group acquired additional shares in Mabanee Company SAK (Closed), resulting in an increase in its stake from 17.8% at 31 December 2007 to 20% and hence providing significant influence in the investee. Accordingly during the third quarter of 2008, the group has reclassified its investment in Mabanee Company SAK (Closed), a Kuwaiti shareholding company listed in the Kuwait Stock Exchange, from "investments at fair value through statement of income" to "investment in associates".

In accordance with IAS 28 "Investment in Associates" and IFRS 3 "Business Combination" the interest in the investee was accounted for under the equity method of accounting and accordingly the following were the adjustments made to the comparative information as a result of reclassification:

	30 June 2008 (Unaudited)	31 Dec. 2007 (Audited) KD '000
Carrying value of investment reclassified from investments at fair value through statement of income to investments in associates	128,312	86,725
Reversal of change in fair values in equity		
– For the year	(43,903)	(35,547)
– For the previous years	(65,756)	(30,209)
	(109,659)	(65,756)
Share of profits recognised in equity		
– For the year	2,150	26,008
– For the previous years	29,679	3,671
	31,829	29,679
Net carrying value of investment transferred	50,482	50,648

A total provisional goodwill amounting to KD 13,154 thousand has arisen as a result of the above acquisition in stages and is included in the carrying value of the investment.

8 Investment properties

Previously, the group made advance payments to acquire a property in Saudi Arabia for a total consideration of KD6,684 thousand and the advance payments were classified under accounts receivable and other assets at 31 December 2008. During the first quarter upon completion of legal formalities the amounts have been reclassified as investment properties and upon transfer the group revalued these properties and recorded a gain of KD5,486 thousand. The property is held through a special purpose entity (SPE) created specifically for this purpose and co-owned by the group with joint owners. The registered owner of the property has issued a letter confirming the co-ownership.

Further the group also revalued the other local and foreign properties owned by the group which resulted in a loss of KD1,490 thousand being recorded in the interim condensed consolidated statement of income.

9 Available for sale investments

	30 Sept. 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	30 Sept. 2008 (Unaudited) KD '000
Non-current			
Managed funds	**197,296**	232,975	247,215
Unquoted equity participations (refer note 9f)	**229,038**	171,514	208,511
Quoted shares	**337,759**	230,411	650,487
	764,093	634,900	1,106,213
Current			
Quoted shares (refer note 9a)	**126,045**	178,114	-
	890,138	813,014	1,106,213

a) The quoted shares classified as current represents investments which were transferred from investments at fair value through statement of income as of 1 July 2008 (refer note 10).

b) Managed funds include investments in private equity funds with a carrying value of KD67,031 thousand (31 December 2008: KD106,051 thousand and 30 September 2008: KD101,764 thousand). Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

c) During the period, the group recognised an impairment loss of KD27,285 thousand for certain local and foreign quoted shares, as the market value of these shares declined significantly below their costs and further the group also recognised an impairment loss of KD2,362 thousand against certain unquoted shares and local and foreign funds based on estimates, made by management as per information available to them and the net assets values reported by the investment managers.

d) Unquoted investments of KD99,148 thousand (31 December 2008: KD93,318 thousand and 30 September 2008: KD92,846 thousand) are carried at cost less impairment in value if any, since their fair value cannot be reliably determined. The group's management is not aware of any circumstance that would indicate impairment/further impairment in value of these investments.

e) Quoted shares held by a local subsidiary, with a fair value of KD16,765 thousand (31 December 2008: KD17,305 thousand and 30 September 2008: KD 19,860 thousand) are secured against a bank loan (refer note 16).

f) During the period ended 30 September 2009, the group transferred an unquoted foreign investment amounting to KD57,699 thousand from investments in associate to available for sale investments (refer note 7a).

10 Investments at fair value through statement of income

	30 Sept. 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	30 Sept. 2008 (Unaudited) KD '000
Held for trading :			
Quoted shares	**63,097**	70,184	90,270
Designated on initial recognition :			
Local funds	**51,953**	70,492	116,727
International managed portfolios and funds	**20,164**	18,140	23,370
	72,117	88,632	140,097
	135,214	158,816	230,367

a). Effect of reclassification due to adoption of amendment to IAS 39.
During the previous year, as a result of significant developments in the global financial markets, the Group decided to adopt amendments to IAS 39 and IFRS 7 with effect from 1 July 2008 and reclassified investments with a fair value of KD380,755 thousand as at 1 July 2008 from "fair value through profit or loss" category to "available for sale" category. The fair value of unsold reclassified investments as of 30 September 2009 is KD126,045 thousand (31 December 2008: KD178,114 thousand 30 September 2008: KD290,418 thousand).

b). During the fourth quarter of the previous year two local money market funds in which, one of the subsidiary has investments totaling to KD 2,654 thousand as at 30 September 2009 (31 December 2008: KD3,555 thousand), suspended redemptions requests. Management has been informed by the managers of the funds that redemptions will be made depending on availability of liquid funds. Accordingly, since suspension of redemptions, the group recovered amounts totaling KD2,202 thousand up to 30 September 2009. The Group's management considers this to be a situation arising from the current crisis in the global financial market and its impact on the local market. Therefore the Group's management expects to realise these investments at not less than its carrying value.

c). Quoted shares, held by local subsidiary, with a fair value of KD11,404 thousand (31 December 2008: KD6,251 thousand and 30 September 2008: KD6,582 thousand) are secured against short term borrowings (refer note 16).

11 Murabaha and wakala investments

	30 Sept. 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	30 Sept. 2008 (Unaudited) KD '000
Murabaha and wakala investments	**20,161**	32,285	31,500
Provision for impairment in value	**(4,983)**	(2,485)	-
	15,178	29,800	31,500

The above investments include a wakala placement of KD9,968 thousand (31 December 2008: KD8,285 thousand) made by a subsidiary company with a local Islamic investment company which matured on 17 October 2008. The investee company has defaulted on settlement of this balance on the maturity date.

As at 30 September 2009 the group recognised an additional impairment provision of KD2,498 thousand against this wakala investment based on information available to management as of that date.

12 Share capital and share premium

a) As of 30 September 2009, the issued and fully paid share capital of the parent company was made up of 1,295,098,167 shares of 100 Fils each (31 December 2008 and 30 September 2008: 1,295,098,167 shares).

b) At the extraordinary general assembly held on 5 May 2008, the shareholders of the parent company approved to increase the paid up share capital by 25% by way of an issue of shares during the year 2008, at par value of 100 Fils per share and premium of 800 Fils per share. However due to the decline in the major stocks indices throughout the world including Kuwait and the consequent decline in the parent company's share price, the parent company's board of directors in its meeting dated 21 October 2008, has proposed to cancel the increase in share capital.

   Subsequently at the extraordinary general assembly held on 21 May 2009, the shareholders of the parent company approved to cancel the above share capital increase and then approved to increase the paid up share capital by 25% by way of issuing shares at par value of 100 Fils per share and premium of 350 Fils per share.

c) Further the shareholders of the parent company approved at the shareholders general assembly held on 21 May 2009 to offset the accumulated losses as at 31 December 2008 amounting to KD97,752 thousand against general reserve and then statutory reserve.

d) Share premium is not available for distribution.

13 Treasury shares

	30 Sept. 2009 (Unaudited)	31 Dec. 2008 (Audited)	30 Sept. 2008 (Unaudited)
Number of shares	**25,009,123**	41,178,605	37,318,607
Percentage of issued shares	**1.93%**	3.18%	2.88%
Market value (KD'000)	**11,379**	17,089	33,214
Cost (KD'000)	**28,064**	31,998	29,595

Reserves equivalent to the cost of treasury shares held are not distributable.

14 Long-term borrowings

During the period, the group has reclassified a Kuwait Dinar denominated loans amounting to KD166,000 thousand to short term borrowings as these loans mature in 2010.

15 Bond issued

These bonds which were issued on 6 May 2004, with a face value of US Dollars 52,200 thousand were fully settled on the maturity date of 7 May 2009.

16 Short-term borrowings

Currency	Effective Interest/profit rates	Security	30 Sept. 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	30 Sept. 2008 (Unaudited) KD '000
Conventional loans					
Kuwaiti Dinars	4%-8.5%	Unsecured/ Secured	**461,900**	369,185	385,772
US Dollars	0.86%-3.25%	Unsecured	**244,186**	310,957	290,179
Sterling	5.55%-6.42%	Unsecured	**13,927**	13,544	16,381
Euro – current portion	4.3%-5.75%	Secured	**300**	149	162
			720,313	693,835	692,494
Islamic financing arrangements					
Wakala payables	6.5%-9%	Unsecured	**63,715**	73,289	119,000
			63,715	73,289	119,000
Total			**784,028**	767,124	811,494

a. Loans amounting to KD20,000 thousand (31 December 2008 and 30 September 2008 : KD20,000 thousand) are secured by investments at fair value through statement of income (refer note 10) and available for sale investments (refer note 9).

17 Cash and cash equivalents

	30 Sept. 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	30 Sept. 2008 (Unaudited) KD '000
Murabaha and wakala investments – maturing within three months	**-**	12,000	17,500
Short-term deposits	**135,572**	214,999	194,475
Bank balances and cash	**49,504**	29,325	48,687
Due to banks	**(41,991)**	(39,719)	(33,303)
	143,085	216,605	227,359
Less: Short term deposits maturing after 3 months	**(3,021)**	(71,102)	-
: Blocked balances	**(1,190)**	(500)	-
Cash and cash equivalents for the purpose of cash flow statement	**138,874**	145,003	227,359

18 Reserves

	Statutory reserve KD '000	General reserve KD '000	Revaluation reserve KD '000	Gain on Sale of treasury shares reserve KD '000	Foreign Currency translation reserve KD '000	Total KD '000
Balance at 31 December 2008	110,459	28,708	-	14,309	(2,025)	151,451
Exchange differences arising on translation of foreign operations	-	-	-	-	1,134	1,134
Gain on disposal of treasury shares	-	-	-	4,686	-	4,686
Offset of accumulated losses (refer note 12c)	(69,044)	(28,708)	-	-	-	(97,752)
Balances at 30 September 2009	**41,415**	**-**	**-**	**18,995**	**(891)**	**59,519**
Balance at 31 December 2007	110,459	28,708	28	12,825	(988)	151,032
Transfer of excess depreciation	-	-	(28)	-	-	(28)
Exchange differences arising on translation of foreign operations	-	-	-	-	(3,597)	(3,597)
Gain on disposal of treasury shares	-	-	-	1,484	-	1,484
Balances at 30 September 2008	110,459	28,708	-	14,309	(4,585)	148,891

19 Segmental analysis

The group's format for reporting segment information is business segments and the group primarily operates in three business segments: investment, building materials and specialist engineering. The segment information is as follows:

	Investment		Building materials		Specialist engineering		Total	
	30 Sept. 2009 KD '000	30 Sept. 2008 KD '000	**30 Sept. 2009 KD '000**	30 Sept. 2008 KD '000	**30 Sept. 2009 KD '000**	30 Sept. 2008 KD '000	**30 Sept. 2009 KD '000**	30 Sept. 2008 KD '000
Three months ended								
Segment revenue	**31,091**	10,352	**8,612**	7,938	**11,708**	16,375	**51,411**	34,665
Less:								
Income from investments							**(27,248)**	11,719
Share of profits of associates							**(821)**	(6,859)
Profit on disposal of subsidiary							**(1,653)**	
Change in fair value of investment properties							**-**	(5,949)
Interest and other operating income							**(1,386)**	(9,263)
Unallocated sales							**753**	1,652
Sales, as per interim condensed consolidated statement of income							**21,056**	25,965
Segment profit/(loss)	**24,301**	(1,271)	**2,112**	2,020	**(2,090)**	196	**24,323**	945
Finance costs							**(10,798)**	(16,700)
Unallocated expenses							**(101)**	(4,439)
Profit/(loss) before taxation, KFAS, NLST, Zakat and directors' remuneration, as per interim condensed consolidated statement of income							**13,424**	(20,194)
Nine months ended								
Segment revenue	**89,717**	173,552	**28,194**	26,580	**39,727**	55,067	**157,638**	255,199
Less:								
Income from investments							**(61,984)**	(121,184)
Share of profits of associates							**(7,571)**	(15,236)
Income from disposal of associate							**(5,753)**	-
Profit on disposal of subsidiary							**(1,653)**	-
Change in fair value of investment properties							**(3,996)**	(7,689)
Interest and other operating income							**(11,596)**	(29,443)
Unallocated sales							**3,116**	3,951
Sales, as per interim condensed consolidated statement of income							**68,201**	85,598
Segment profit/(loss)	**46,366**	152,010	**7,460**	5,931	**(1,430)**	1,793	**52,396**	159,734
Finance costs							**(40,771)**	(49,880)
Unallocated (expenses)/income							**(13,362)**	8,716
(Loss)/profit for the period before taxation, KFAS, NLST, Zakat and directors' remuneration, as per interim condensed consolidated statement of income							**(1,737)**	118,570

20 Related party transactions

Related parties represent associates, directors and key management personnel of the group, and other related parties such as major shareholders and companies in which directors and key management personnel of the group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the group's management.

Details of significant related party transactions and balances are as follows:

	30 Sept. 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	30 Sept. 2008 (Unaudited) KD '000
Interim condensed consolidated statement of financial position			
Due from related parties (included in accounts receivable and other assets)			
- Due from associate company	**13,995**	27,484	10,583
- Due from other related parties	**11,298**	2,765	31,352
- Due from key management personnel	**313**	313	313
Due to related parties (included in accounts payable and other liabilities)			
- Due to associate company	**12,590**	24,897	30,136
- Due to key management personnel	**-**	-	556

Due to associate company represents a short term loan of KD12,590 thousand (31 December 2008 : KD24,897 thousand and 30 September 2008: KD30,000 thousand) availed by the parent company from an associate with an effective interest rate of 5.25% per annum with no specific repayment terms. During the period ended 30 September 2009, the group disposed one of its subsidiary to the same associate and the sale proceeds due on the disposal amounting to KD9,472 thousand was set off against the above short term loan (refer Note 4). Subsequently in October 2009, the parent company fully settled the remaining payable balance to the associate company which was due as of 30 September 2009.

	Three months ended		**Nine months ended**	
	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)	**30 Sept. 2009 (Unaudited)**	30 Sept. 2008 (Unaudited)
Interim condensed consolidated statement of income				
Realised gain on sale of available for sale investments	**-**	3,765	**-**	12,657
Realised profit on disposal of a subsidiary to an associate (refer note 4)	**1,653**	-	**1,653**	-
Purchase of raw materials – from associates	**677**	930	**2,429**	2,352
Finance costs – charged by associate company	**250**	510	**833**	1,451
Compensation of key management personnel of the group				
Short term employee benefits	**485**	(90)	**1,363**	2,303
End of service benefits	**-**	398	**157**	553
Cost of share based payment	**-**	-	**1,150**	972
	485	308	**2,670**	3,828

21 Dividend distribution

The Board of Directors did not propose any dividend for the year ended 31 December 2008 and this was approved by the shareholders of the parent company at the extraordinary general assembly held on 21 May 2009.

22 Contingent liabilities

At 30 September 2009, the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD9,090 thousand (31 December 2008: KD7,051 thousand and 30 September 2008: KD464 thousand).

23 Fiduciary assets

One of the subsidiaries of the group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the group's balance sheet. Assets under management at 30 September 2009 amounted to KD206,649 thousand (31 December 2008: KD201,226 thousand and 30 September 2008: KD220,007 thousand) of which assets managed on behalf of related parties amounted to KD144,963 thousand (31 December 2008: KD97,193 thousand and 30 September 2008: KD111,843 thousand).

24 Capital commitments

At the balance sheet date the group had commitments for the purchase of investments and the acquisition of property, plant and equipment totalling to KD76,124 thousand (31 December 2008: KD55,033 thousand and 30 September 2008: KD47,060 thousand).

25 Comparative information

Certain comparative information has been restated as explained in note 7b to the interim condensed consolidated financial information.