

Interim condensed consolidated financial information and review report
National Industries Group Holding – SAK and subsidiaries
Kuwait
31 March 2008 (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 balance sheet of National Industries Group Holding (A Kuwaiti Shareholding Company) (“the parent company”) and subsidiaries (collectively the “group”), as of 31 March 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three-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

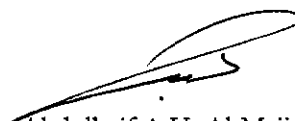
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

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 period 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 – Anwar Al-Qatami & Co.



Abdullatif A.H. Al-Majid
(Licence No. 70-A)
of Allied Accountants
Moore Rowland International

Interim condensed consolidated statement of income

| | Note | Three months ended 31 March 2008 (Unaudited) KD '000 | Three months ended 31 March 2007 (Unaudited) KD '000 |
|---|------|--|--|
| Sales | | 26,955 | 28,734 |
| Cost of sales | | (21,453) | (23,391) |
| Gross profit | | 5,502 | 5,343 |
| Income from investments | 4 | 67,061 | 70,105 |
| Share of profits of associates | | 2,011 | 3,450 |
| Interest and other operating income | 5 | 10,768 | 5,596 |
| Distribution costs | | (1,493) | (1,583) |
| General, administrative and other expenses | | (4,961) | (4,738) |
| | | 78,888 | 78,173 |
| Finance costs | | (16,965) | (10,213) |
| Impairment in value of goodwill | | - | (1,250) |
| Gain on foreign exchange | | 10,491 | 717 |
| Profit for the period before taxation, provision for KFAS, NLST, Zakat and directors' remuneration | | 72,414 | 67,427 |
| Taxation | | (77) | (172) |
| Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | | (622) | (662) |
| Provision for National Labour Support Tax (NLST) | | (1,204) | (1,318) |
| Provision for Zakat | | (487) | - |
| Provision for directors' remuneration | | (50) | (50) |
| Profit for the period | | 69,974 | 65,225 |
| Attributable to : | | | |
| Shareholders of the parent | | 61,399 | 59,788 |
| Minority interest | | 8,575 | 5,437 |
| | | 69,974 | 65,225 |
| Basic and diluted earnings per share | 6 | 54 Fils | 54 Fils |

The notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated balance sheet

| | Note | 31 March 2008 (Unaudited) KD '000 | 31 Dec. 2007 (Audited) KD '000 | 31 March 2007 (Unaudited) KD '000 |
|--|------|--|---|--|
| Assets | | | | |
| Non-current assets | | | | |
| Goodwill | | 10,409 | 10,697 | 12,371 |
| Property, plant and equipment | | 34,748 | 34,304 | 32,441 |
| Investment in associates | | 239,383 | 235,653 | 145,954 |
| Available for sale investments | 7 | 910,624 | 846,206 | 482,663 |
| Deferred tax | | 167 | 132 | 152 |
| Total non-current assets | | 1,195,331 | 1,126,992 | 673,581 |
| Current assets | | | | |
| Inventories | | 23,619 | 23,323 | 24,286 |
| Accounts receivable and other assets | 8 | 175,544 | 129,232 | 65,898 |
| Murabaha and wakala investments | | 18,000 | 33,883 | 51,785 |
| Investments at fair value through statement of income | 9 | 719,411 | 677,267 | 544,923 |
| Short-term deposits | | 249,421 | 187,079 | 182,965 |
| Bank balances and cash | | 47,203 | 17,894 | 25,975 |
| Total current assets | | 1,233,198 | 1,068,678 | 895,832 |
| Total assets | | 2,428,529 | 2,195,670 | 1,569,413 |
| Equity and liabilities | | | | |
| Equity attributable to shareholders of the parent company | | | | |
| Share capital | 10 | 117,736 | 117,736 | 107,033 |
| Treasury shares | | (27,156) | (27,156) | (45,212) |
| Reserves | 13 | 302,291 | 303,723 | 265,977 |
| Cumulative changes in fair value | | 216,507 | 215,451 | 137,592 |
| Retained earnings | | 421,168 | 359,741 | 320,310 |
| Equity attributable to shareholders of the parent company | | 1,030,546 | 969,495 | 785,700 |
| Minority interest | | 232,801 | 196,999 | 110,896 |
| Total equity | | 1,263,347 | 1,166,494 | 896,596 |
| Non-current liabilities | | | | |
| Bonds and trust certificates | | 170,699 | 171,227 | 45,857 |
| Long-term borrowings | | 162,486 | 165,190 | 79,245 |
| Leasing creditors | | 377 | 375 | 34 |
| Provisions | | 9,316 | 9,558 | 11,616 |
| Total non-current liabilities | | 342,878 | 346,350 | 136,752 |
| Current liabilities | | | | |
| Accounts payable and other liabilities | | 111,253 | 74,569 | 55,034 |
| Short-term borrowings | 11 | 681,706 | 571,211 | 454,629 |
| Due to banks | | 29,345 | 37,046 | 26,402 |
| Total current liabilities | | 822,304 | 682,826 | 536,065 |
| Total equity and liabilities | | 2,428,529 | 2,195,670 | 1,569,413 |


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

The notes set out on pages 8 to 15 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 KD '000 | Treasury shares KD '000 | Reserves (Note 13) 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 | 117,736 | (27,156) | 303,723 | 215,451 | 359,741 | 969,495 | 196,999 | 1,166,494 |
| Changes in fair value of available for sale investments | - | - | - | 5,383 | - | 5,383 | (4,620) | 763 |
| Share of fair value adjustment in associates | - | - | - | (4,048) | - | (4,048) | - | (4,048) |
| Realised on sale of available for sale investments | - | - | - | (279) | - | (279) | - | (279) |
| Transfer of excess depreciation | - | - | (28) | - | 28 | - | - | - |
| Currency translation differences | - | - | (1,404) | - | - | (1,404) | (1,121) | (2,525) |
| Net (expense)/income recognised directly in equity | - | - | (1,432) | 1,056 | 28 | (348) | (5,741) | (6,089) |
| Profit for the period | - | - | - | - | 61,399 | 61,399 | 8,575 | 69,974 |
| Total recognised (expense)/income for the period | - | - | (1,432) | 1,056 | 61,427 | 61,051 | 2,834 | 63,885 |
| Investment made by minority shareholders of subsidiaries | - | - | - | - | - | - | 49,325 | 49,325 |
| Dividend paid to minority by the subsidiaries | - | - | - | - | - | - | (16,357) | (16,357) |
| Balance at 31 March 2008 | 117,736 | (27,156) | 302,291 | 216,507 | 421,168 | 1,030,546 | 232,801 | 1,263,347 |

The notes set out on pages 8 to 15 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 | Treasury shares KD '000 | Reserves (Note 13) 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 2007 | 107,033 | (56,378) | 264,315 | 146,409 | 260,404 | 721,783 | 111,057 | 832,840 |
| Changes in fair value of available for sale investments | - | - | - | 19,163 | - | 19,163 | 5,406 | 24,569 |
| Share of fair value adjustment in associates | - | - | - | 2,716 | - | 2,716 | - | 2,716 |
| Realised on sale of available for sale investments | - | - | - | (30,696) | - | (30,696) | - | (30,696) |
| Transfer of excess depreciation | - | - | (118) | - | 118 | - | - | - |
| Currency translation differences | - | - | (10) | - | - | (10) | - | (10) |
| Net (expense)/income recognised directly in equity | - | - | (128) | (8,817) | 118 | (8,827) | 5,406 | (3,421) |
| Profit for the period | - | - | - | - | 59,788 | 59,788 | 5,437 | 65,225 |
| Total recognised (expense)/income for the period | - | - | (128) | (8,817) | 59,906 | 50,961 | 10,843 | 61,804 |
| Purchase of treasury shares | - | (982) | - | - | - | (982) | - | (982) |
| Disposal of treasury shares | - | 11,391 | - | - | - | 11,391 | - | 11,391 |
| Profit on disposal of treasury shares | - | - | 1,790 | - | - | 1,790 | - | 1,790 |
| Issue of shares to staff by utilizing treasury shares | - | 757 | - | - | - | 757 | - | 757 |
| Investment made by minority shareholders of subsidiaries | - | - | - | - | - | - | 60 | 60 |
| Dividend paid to minority by the subsidiary | - | - | - | - | - | - | (11,064) | (11,064) |
| | - | 11,166 | 1,790 | - | - | 12,956 | (11,004) | 1,952 |
| Balance at 31 March 2007 | 107,033 | (45,212) | 265,977 | 137,592 | 320,310 | 785,700 | 110,896 | 896,596 |

The notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

| | Three months ended 31 March 2008 (Unaudited) KD '000 | Three months ended 31 March 2007 (Unaudited) KD '000 |
|---|--|--|
| OPERATING ACTIVITIES | | |
| Profit for the period before taxation, provision for KFAS, NLST, Zakat and directors' remuneration | 72,414 | 67,427 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 1,305 | 1,185 |
| Profit on disposal of property, plant and equipment | (59) | (108) |
| Impairment in value of goodwill | - | 1,250 |
| Share of profits of associates | (2,011) | (3,450) |
| Dividend income from available for sale investments | (6,674) | (1,377) |
| Income from murabaha and wakala investments | (466) | (914) |
| Profit on sale of available for sale investments | (3,160) | (25,913) |
| Net provisions released | (242) | (22) |
| Finance costs | 16,965 | 10,213 |
| Interest income | (5,436) | (3,880) |
| | 72,636 | 44,411 |
| Changes in operating assets and liabilities: | | |
| Inventories | (296) | (326) |
| Accounts receivable and other assets | (43,844) | (1,850) |
| Investments at fair value through statement of income | (42,144) | (103,951) |
| Accounts payable and other liabilities | 30,093 | 2,429 |
| Cash from/(used in) operations | 16,445 | (59,287) |
| Taxation paid | (101) | (101) |
| KFAS contribution paid | - | (1,607) |
| National Labour Support Tax paid | (2,054) | (4,299) |
| Net cash from/(used in) operating activities | 14,290 | (65,294) |

The notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (continued)

| | Note | Three months ended 31 March 2008 (Unaudited) KD '000 | Three months ended 31 March 2007 (Unaudited) KD '000 |
|---|------|--|--|
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (2,545) | (973) |
| Proceeds from sale of property, plant and equipment | | 433 | 383 |
| Purchase of available for sale investments | | (77,527) | (70,550) |
| Investment in associated companies | | (2,522) | (5,262) |
| Decrease in murabaha and wakala investments maturing after three months | | 12,000 | 4,500 |
| Proceeds from sale of available for sale investments | | 12,861 | 37,846 |
| Dividend income received from available for sale investments | | 5,300 | 629 |
| Interest income received | | 4,342 | 4,402 |
| Net cash used in investing activities | | (47,658) | (29,025) |
| FINANCING ACTIVITIES | | | |
| Movement in finance lease | | 10 | (24) |
| Net decrease in long-term borrowings | | - | (465) |
| Net increase in short-term borrowings | | 110,495 | 51,444 |
| Dividend paid | | (61) | (24) |
| Finance costs paid | | (14,419) | (9,400) |
| Purchase of treasury shares | | - | (982) |
| Proceed from sales of treasury shares | | - | 12,619 |
| Increase/(decrease) in minority interest | | 32,968 | (11,004) |
| Net cash from financing activities | | 128,993 | 42,164 |
| Net increase/(decrease) in cash and cash equivalents | | 95,625 | (52,155) |
| Translation difference | | (156) | 6 |
| Cash and cash equivalents at beginning of the period | | 95,469 | (52,149) |
| | | 171,810 | 255,972 |
| Cash and cash equivalents at end of the period | 12 | 267,279 | 203,823 |

The notes set out on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

31 March 2008

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 the interim condensed consolidated financial information for issue on 4 May 2008.

The annual consolidated financial statement for the year ended 31 December 2007, have not yet been approved as the parent company has not held its annual general assembly of the shareholders.

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 audited consolidated financial statements for the year ended 31 December 2007.

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

2 Significant accounting policies (continued)

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

3 Consolidated subsidiary

During the three month period ended 31 March 2008, the parent company incorporated a subsidiary with a share capital of USD 200,000 thousand, and the details of the consolidated subsidiary is as follows:

| | Country incorporation | Percentage ownership | Principal activities |
|---------------------------------------|----------------------------------|---------------------------------|---------------------------------|
| Eagle Proprietary Investments Limited | UAE | 100% | Investment activities |

The subsidiary has not commenced operations as yet.

4 Income from investments

| | Three months ended 31 March 2008 (Unaudited) KD '000 | Three months ended 31 March 2007 (Unaudited) KD '000 |
|--|---|---|
| Dividend income: | | |
| - From investments at fair value through statement of income | 12,505 | 4,510 |
| - From available for sale investments | 6,674 | 1,377 |
| Profit on sale of available for sale investments | 3,160 | 25,913 |
| Realised gain on investments at fair value through statement of income | 6,316 | 5,954 |
| Unrealised gain on investments at fair value through statement of income | 38,406 | 32,351 |
| | 67,061 | 70,105 |

5 Interest and other operating income

| | Three months ended 31 March 2008 (Unaudited) KD '000 | Three months ended 31 March 2007 (Unaudited) KD '000 |
|--|---|---|
| Management and placement fees | 1,510 | 72 |
| Interest income on bank balances and short term deposits | 5,436 | 3,880 |
| Income from murabaha and wakala investments | 466 | 914 |
| Income from financing of future trade by customers | 2,703 | 436 |
| Others | 653 | 294 |
| | 10,768 | 5,596 |

6 Basic and diluted earnings per share

Earnings per share is calculated by dividing the profit 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 31 March 2008 (Unaudited) | Three months ended 31 March 2007 (Unaudited) |
|--|---|---|
| Profit for the period attributable to the shareholders of the parent company (KD '000) | 61,399 | 59,788 |
| Weighted average number of shares outstanding during the period (excluding treasury shares) - share | 1,144,838,414 | 1,111,313,450 |
| Basic & diluted earnings per share | 54 Fils | 54 Fils |

7 Available for sale investments

| | 31 March 2008 (Unaudited) KD '000 | 31 Dec. 2007 (Audited) KD '000 | 31 March 2007 (Unaudited) KD '000 |
|--------------------------------|--|---|--|
| Managed funds | 222,269 | 207,711 | 96,715 |
| Unquoted equity participations | 185,895 | 181,170 | 131,815 |
| Quoted shares | 502,460 | 457,325 | 254,133 |
| | 910,624 | 846,206 | 482,663 |

8 Accounts receivable and other assets

| | 31 March 2008 (Unaudited) KD '000 | 31 Dec. 2007 (Audited) KD '000 | 31 March 2007 (Unaudited) KD '000 |
|--|--|---|--|
| Financial assets | | | |
| Trade receivables – gross | 22,663 | 22,395 | 21,844 |
| Less: Provision for impairment of trade receivables | (1,411) | (1,419) | (1,429) |
| Net trade receivables | 21,252 | 20,976 | 20,415 |
| Proceed due on sale of investments | 12,669 | 2,309 | 175 |
| Due from associates | 14,601 | 13,732 | 11,288 |
| Due from key management personnel | 313 | 313 | 312 |
| Advance payments to acquire investments | 5,133 | 9,832 | 854 |
| Due from Kuwait Clearing Company (related to future trade) | 60,338 | 37,563 | 8,673 |
| Due from investment brokerage companies | 7,553 | 9,018 | 226 |
| Interest and other accrued income | 13,655 | 2,203 | 12,938 |
| Other financial assets | 15,507 | 8,584 | 11,017 |
| | 151,021 | 104,530 | 65,898 |
| Non-financial assets | | | |
| Advance payments to acquire properties | 23,629 | 23,778 | - |
| Other assets | 894 | 924 | - |
| | 24,523 | 24,702 | - |
| | 175,544 | 129,232 | 65,898 |

9 Investments at fair value through statement of income

| | 31 March 2008 (Unaudited) KD '000 | 31 Dec. 2007 (Audited) KD '000 | 31 March 2007 (Unaudited) KD '000 |
|--|--|---|--|
| Held for trading : | | | |
| Quoted shares | 543,388 | 478,765 | 324,328 |
| Designated on initial recognition : | | | |
| Local funds | 138,243 | 157,298 | 174,067 |
| International managed portfolios and funds | 37,780 | 41,204 | 46,528 |
| | 176,023 | 198,502 | 220,595 |
| | 719,411 | 677,267 | 544,923 |

Quoted shares with a fair value of KD37,663 thousand (31 December 2007: KD32,491 thousand and 31 March 2007 KD25,722 thousand) are secured against short term borrowings.

10 Share capital

As of 31 March 2008, the authorised, issued and fully paid share capital of the parent company was made up of 1,177,361,971 shares of 100 Fils each (31 December 2007: 1,177,361,971 shares and 31 March 2007: 1,070,329,064 shares).

At the extraordinary general assembly held on 27 January 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, which is not yet called as of 31 March 2008.

11 Short-term borrowings

| Currency | Effective Interest/profit rates | Security | 31 March 2008 (Unaudited) KD '000 | 31 Dec. 2007 (Audited) KD '000 | 31 March 2007 (Unaudited) KD '000 |
|---------------------------------------|---------------------------------------|-----------|--|---|--|
| Conventional loans | | | | | |
| Kuwaiti Dinars | 7.25%-8.75% | Unsecured | 286,000 | 287,620 | 157,686 |
| Kuwaiti Dinars | 8.25% | Secured | 20,000 | 20,000 | 20,000 |
| US Dollars | 3.17%-7.33% | Unsecured | 297,671 | 240,309 | 253,117 |
| Sterling | 5.5%-6.42% | Unsecured | 15,780 | 16,271 | 20,584 |
| Euro | 4.32% | Unsecured | 177 | 172 | 326 |
| Sterling – current portion | 4%-7.5% | Secured | - | 656 | 683 |
| Euro – current portion | 4.75%-5.75% | Secured | 78 | 183 | 233 |
| | | | 619,706 | 565,211 | 452,629 |
| Islamic financing arrangements | | | | | |
| Wakala payables | 8%-8.37% | Unsecured | 12,000 | 6,000 | 2,000 |
| Murabaha payables | 6.25% | Unsecured | 50,000 | - | - |
| | | | 62,000 | 6,000 | 2,000 |
| Total | | | 681,706 | 571,211 | 454,629 |

12 Cash and cash equivalents

| | 31 March 2008 (Unaudited) KD '000 | 31 Dec. 2007 (Audited) KD '000 | 31 March 2007 (Unaudited) KD '000 |
|--|--|---|--|
| Murabaha and wakala investments – maturing within three months | - | 3,883 | 21,285 |
| Short-term deposits | 249,421 | 187,079 | 182,965 |
| Bank balances and cash | 47,203 | 17,894 | 25,975 |
| Due to banks | (29,345) | (37,046) | (26,402) |
| | 267,279 | 171,810 | 203,823 |

13 Reserves

| | Share premium KD '000 | 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 2007 | 152,691 | 110,459 | 28,708 | 28 | 12,825 | (988) | 303,723 |
| Transfer of excess depreciation | - | - | - | (28) | - | - | (28) |
| Currency translation differences | - | - | - | - | - | (1,404) | (1,404) |
| Balances at 31 March 2008 | 152,691 | 110,459 | 28,708 | - | 12,825 | (2,392) | 302,291 |
| Balance at 31 December 2006 | 152,691 | 85,334 | 25,621 | 350 | 800 | (481) | 284,315 |
| Transfer of excess depreciation | - | - | - | (118) | - | - | (118) |
| Currency translation differences | - | - | - | 2 | - | (12) | (10) |
| Profit on disposal of treasury shares | - | - | - | - | 1,790 | - | 1,790 |
| Balances at 31 March 2007 | 152,691 | 85,334 | 25,621 | 234 | 2,590 | (493) | 265,977 |

14 Segmental analysis

The group's primary 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 are as follows:

| | Investment 31 March 2008 KD '000 | Investment 31 March 2007 KD '000 | Building materials 31 March 2008 KD '000 | Building materials 31 March 2007 KD '000 | Specialist engineering 31 March 2008 KD '000 | Specialist engineering 31 March 2007 KD '000 | Total 31 March 2008 KD '000 | Total 31 March 2007 KD '000 |
|---|--|--|--|--|--|--|-----------------------------------|-----------------------------------|
| Segment revenue | 79,840 | 79,151 | 8,518 | 7,502 | 17,438 | 20,348 | 105,796 | 107,001 |
| Less: | | | | | | | | |
| Income from investments | | | | | | | (67,061) | (70,105) |
| Share of profits of associates | | | | | | | (2,011) | (3,450) |
| Interest and other operating income | | | | | | | (10,768) | (5,596) |
| Unallocated sales | | | | | | | 989 | 884 |
| Sales as per the interim condensed consolidated statement of income | | | | | | | 26,955 | 28,734 |
| Segment profit | 76,436 | 74,661 | 1,873 | 1,642 | 604 | 601 | 78,913 | 76,924 |
| Finance costs | | | | | | | (16,965) | (10,213) |
| Unallocated income | | | | | | | 10,466 | 716 |
| Profit for the period before taxation, provision for KFAS, NLS, Zakat and directors' remuneration as per the interim condensed consolidated statement of income | | | | | | | 72,414 | 67,427 |

15 Proposed dividend

Subject to the requisite consent of the relevant authorities and approval from the general assembly, which is scheduled to held on 5 May 2008, the board of directors of the parent company have proposed to distribute the following dividends for the year ended 31 December 2007 to the shareholders of record as of the date of the general assembly:

- Cash dividend of 75 Fils per share (2006: 70 Fils per share);
- Bonus shares of 10% (2006: 10%) of paid-up share capital.

16 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:

| | 31 March 2008 (Unaudited) KD '000 | 31 Dec. 2007 (Audited) KD '000 | 31 March 2007 (Unaudited) KD '000 |
|---|--|---|--|
| Interim condensed consolidated balance sheet | | | |
| Due from related parties (refer note 8) | 14,914 | 14,045 | 11,600 |
| Due to related parties (included in accounts payable and other liabilities) | | | |
| - Due to associate company | 40,206 | 6,843 | - |
| - Due to key management personnel | 18 | 3,226 | 616 |

Due to associate company includes a short term loan of KD40,000 thousand availed by the parent company with an effective interest rate of 6.5% per annum.

| | Three months ended 31 March 2008 (Unaudited) KD '000 | Three months ended 31 March 2007 (Unaudited) KD '000 |
|--|---|---|
| Interim condensed consolidated statement of income | | |
| Purchase of raw materials – from associates | 414 | 1,983 |
| Finance costs – charged by associate company | 368 | 65 |
| Compensation of key management personnel of the group | | |
| Short term employee benefits | 976 | 567 |
| End of service benefits | 112 | 33 |
| Cost of share based payments | 120 | - |
| | 1,208 | 600 |

17 Contingent liabilities

At 31 March 2008, the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD45 thousand (31 December 2007: KD553 thousand and 31 March 2007: KD780 thousand).

18 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 31 March 2008 amounted to KD120,917 thousand (31 December 2007: KD80,768 thousand and 31 March 2007 KD16,433 thousand) of which assets managed on behalf of related parties amounted to KD21,050 thousand (31 December 2007: KD18,599 thousand and 31 March 2007 KD9,842 thousand).

19 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 KD56,298 thousand (31 December 2007: KD61,200 thousand and 31 March 2007: KD58,835 thousand).