

Interim condensed consolidated financial information and review report

National Industries Group Holding - SAK and subsidiaries

Result

31 March 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 financial position of National Industries Group Holding (A Kuwaiti Shareholding Company) (the “parent company”) and subsidiaries (collectively the “group”), as of 31 March 2009 and the related interim condensed consolidated statements of income, comprehensive 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 consolidated 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 three-month period ended 31 March 2009 that might have had a material effect on the business of the group or on its financial position.

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Kuwait
16 May 2009

Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2009 (Unaudited) KD '000	Three months ended 31 March 2008 (Unaudited) KD '000
Sales		23,444	26,955
Cost of sales		(19,460)	(21,453)
Gross profit		3,984	5,502
Income from investments	3	4,513	67,061
Share of profits of associates		433	2,011
Changes in fair value of investment property	7	5,639	-
Interest and other operating income	4	9,845	10,768
Distribution costs		(1,108)	(1,493)
General, administrative and other expenses		(3,938)	(4,961)
		19,368	78,888
Finance costs		(14,770)	(16,965)
Impairment in value of available for sale investments	8	(29,020)	-
Impairment in value of wakala investments	10	(500)	-
(Loss)/gain on foreign exchange		(20,095)	10,491
(Loss)/profit before taxation, KFAS, NLST, Zakat and directors' remuneration		(45,017)	72,414
Taxation		(85)	(77)
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	(622)
Provision for National Labour Support Tax (NLST)		-	(1,204)
Provision for Zakat		-	(487)
Provision for Directors' remuneration		-	(50)
(Loss)/profit for the period		(45,102)	69,974
Attributable to :			
Shareholders of the parent company		(36,610)	61,399
Minority interest		(8,492)	8,575
		(45,102)	69,974
Basic and diluted (loss)/earnings per share	5	(29) Fils	49 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 31 March 2009 (Unaudited) KD '000	Three months ended 31 March 2008 (Unaudited) KD '000
(Loss)/Profit for the period	(45,102)	69,974
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	1,860	(2,525)
Adjustment related to acquisition of associate – reversal of changes in fair value (refer note 6)	-	(1,340)
Adjustment related to acquisition of associate – recognition of share of profits (refer note 6)	-	1,613
Available for sale investments		
- Net changes in fair value arising during the period	(18,280)	763
- Transferred to consolidated statement of income on disposals	(5,311)	(279)
- Transferred to consolidated statement of income on impairment	29,020	-
Share of other comprehensive income of associates	(4,006)	(4,048)
Total other comprehensive income	3,283	(5,816)
Total comprehensive income for the period	(41,819)	64,158
Total comprehensive attributable to:		
Shareholders of the parent company	(35,872)	61,324
Minority interest	(5,947)	2,834
	(41,819)	64,158

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 financial position

	Note	31 March 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	(Restated) 31 March 2008 (Unaudited) KD '000
Assets				
Non-current assets				
Goodwill		8,682	8,231	10,409
Property, plant and equipment		45,709	40,506	34,748
Investment in associates	6	300,983	303,079	294,605
Investment properties	7	34,968	22,645	-
Available for sale investments	8	595,915	634,900	910,624
Deferred tax		112	108	167
Total non-current assets		986,369	1,009,469	1,250,553
Current assets				
Inventories		24,502	22,992	23,619
Available for sale investments	8	162,625	178,114	-
Accounts receivable and other assets		88,353	89,635	175,544
Murabaha and wakala investments	10	33,508	29,800	18,000
Investments at fair value through statement of income	9	127,273	158,816	628,385
Short-term deposits	16	218,205	214,999	249,421
Bank balances and cash	16	47,127	29,325	47,203
Total current assets		701,593	723,681	1,142,172
Total assets		1,687,962	1,733,150	2,392,725
Equity and liabilities				
Equity attributable to shareholders of the parent company				
Share capital	11	129,510	129,510	117,736
Share Premium	11	152,691	152,691	152,691
Treasury shares	12	(32,927)	(31,998)	(27,156)
Reserves	17	55,012	151,451	149,600
Cumulative changes in fair value		43,393	43,968	216,507
(Accumulated losses)/ retained earnings		(36,610)	(97,752)	385,364
Equity attributable to shareholders of the parent company		311,069	347,870	994,742
Minority interest		132,643	137,927	232,801
Total equity		443,712	485,797	1,227,543
Non-current liabilities				
Bonds and trust certificates issued		167,627	158,720	170,699
Long-term borrowings	13	138,778	177,837	162,486
Leasing creditors		689	608	377
Provisions		8,699	8,369	9,316
Total non-current liabilities		315,793	345,534	342,878
Current liabilities				
Accounts payable and other liabilities		73,947	80,545	111,253
Bonds issued	14	15,232	14,431	-
Short-term borrowings	15	798,828	767,124	681,706
Due to banks	16	40,450	39,719	29,345
Total current liabilities		928,457	901,819	822,304
Total equity and liabilities		1,687,962	1,733,150	2,392,725

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 KD '000	Share Premium KD '000	Treasury shares KD '000	Reserves (Note 17) KD '000	Cumulative changes in fair value KD '000	Accumulated losses KD '000	Sub- Total KD '000	Minority interest KD '000	Total 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	-	-	(929)	-	-	-	(929)	-	(929)
Investment made by minority shareholders of subsidiaries	-	-	-	-	-	-	-	663	663
Offset of accumulated losses (see note 11)	-	-	-	(97,752)	-	97,752	-	-	-
Transactions with equity holders	-	-	(929)	(97,752)	-	97,752	(929)	663	(266)
Loss for the period	-	-	-	-	-	(36,610)	(36,610)	(8,492)	(45,102)
Other comprehensive income:									
Exchange differences arising on translation of foreign operations	-	-	-	1,313	-	-	1,313	547	1,860
Available for sale investments	-	-	-	-	(15,131)	-	(15,131)	(3,149)	(18,280)
-Net change in fair value arising during the period	-	-	-	-	(5,440)	-	(5,440)	129	(5,311)
-Transferred to consolidated statement of income on disposals	-	-	-	-	23,877	-	23,877	5,143	29,020
-Transferred to consolidated statement of income on impairment	-	-	-	-	(3,881)	-	(3,881)	(125)	(4,006)
Share of other comprehensive income of associates	-	-	-	-	(575)	(36,610)	(35,872)	(5,947)	(41,819)
Total comprehensive income for the period	-	-	-	1,313	(575)	(36,610)	(35,872)	(5,947)	(41,819)
Balance at 31 March 2009	129,510	152,691	(32,927)	55,012	43,393	(36,610)	311,069	132,643	443,712

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							Sub- Total KD '000	Minority Interest KD '000	Total KD '000
	Share capital KD '000	Share Premium KD '000	Treasury shares KD '000	Reserves (Note 17) KD '000	Cumulative changes in fair value KD '000	Retained earnings 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 6) - recognition of share of profits (refer note 6)	-	-	-	-	-	(65,756) 29,679	(65,756) 29,679	-	(65,756) 29,679	
Balance at 1 January 2008 (restated)	117,736	152,691	(27,156)	151,032	215,451	323,664	933,418	196,999	1,130,417	
Investment made by minority shareholders of subsidiaries	-	-	-	-	-	-	-	49,325	49,325	
Dividend paid to minority by the subsidiaries	-	-	-	-	-	-	-	(16,357)	(16,357)	
Transactions with equity holders	-	-	-	-	-	-	-	32,968	32,968	
Profit for the period	-	-	-	-	-	61,399	61,399	8,575	69,974	
Other comprehensive income:	-	-	-	-	-	-	-	-	-	
Transfer to excess depreciation	-	-	-	(28)	-	28	-	-	-	
Exchange differences arising on translation of foreign operations	-	-	-	(1,404)	-	-	(1,404)	(1,121)	(2,525)	
Adjustment related to acquisition of associate – reversal of changes in fair value (refer note 6)	-	-	-	-	-	(1,340)	(1,340)	-	(1,340)	
Adjustment related to acquisition of associate – recognition of share of profits (refer note 6)	-	-	-	-	-	1,613	1,613	-	1,613	
Available for sale investments	-	-	-	-	-	-	-	-	-	
-Net change in fair value arising during the period	-	-	-	-	5,383	-	5,383	(4,620)	763	
-Transferred to consolidated statement of income on disposal	-	-	-	-	(279)	-	(279)	-	(279)	
Share of other comprehensive income of associates	-	-	-	-	(4,048)	-	(4,048)	-	(4,048)	
Total comprehensive income for the period	-	-	-	(1,432)	1,056	61,700	61,324	2,834	64,158	
Balance at 31 March 2008	117,736	152,691	(27,156)	149,600	216,507	385,364	994,742	232,801	1,227,543	

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

	Three months ended 31 March 2009 (Unaudited) KD '000	Three months ended 31 March 2008 (Unaudited) KD '000
OPERATING ACTIVITIES		
(Loss)/profit before taxation, KFAS, NLST, Zakat and board of directors' remuneration	(45,017)	72,414
Adjustments:		
Depreciation of property, plant and equipment	1,249	1,305
Change in fair value of investment properties	(5,639)	-
Profit on disposal of property, plant and equipment	-	(59)
Share of profits of associates	(433)	(2,011)
Income from murabaha and wakala investments	(482)	(466)
Dividend income from available for sale investments	(11,250)	(6,674)
Profit on sale of available for sale investments	(11,195)	(3,160)
Impairment in value of available for sale investments and wakala investments	29,520	-
Net provisions released	330	(242)
Finance costs	14,770	16,965
Interest income	(3,037)	(5,436)
	(31,184)	72,636
Changes in operating assets and liabilities:		
Inventories	(1,510)	(296)
Accounts receivable and other assets	(8,691)	(43,844)
Investments at fair value through statement of income	31,543	(42,144)
Accounts payable and other liabilities	(8,731)	30,093
Cash (used in)/from operations	(18,573)	16,445
Taxation paid	(75)	(101)
National labour support tax paid	-	(2,054)
Net cash (used in)/from operating activities	(18,648)	14,290

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 (continued)

	Note	Three months ended 31 March 2009 (Unaudited) KD '000	Three months ended 31 March 2008 (Unaudited) KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,146)	(2,545)
Proceeds from sale of property, plant and equipment		-	433
Additions to investment in associates		(548)	(2,522)
(Increase)/decrease in wakala investments maturing after three months		(3,709)	12,000
Income received from murabaha and wakala investments		547	-
Increase in short term deposits maturing after three months		(3,948)	-
Decrease in blocked deposits		460	-
Purchase of available for sale investments		(6,642)	(77,527)
Proceeds from sale of available for sale investments		48,984	12,861
Dividend income received from available for sale investments		11,250	5,300
Interest income received		5,948	4,342
Net cash from/(used in) investing activities		47,196	(47,658)
FINANCING ACTIVITIES			
Net increase in long-term borrowings, bonds and trust certificates		10,647	-
Finance lease receipt		107	10
Net (decrease)/increase in short-term borrowings		(8,296)	110,495
Dividend paid to the shareholders of the parent		(272)	(61)
Finance costs paid		(13,656)	(14,419)
Purchase of treasury shares		(929)	-
Increase in minority interest		663	32,968
Net cash (used in)/from financing activities		(11,736)	128,993
Net increase in cash and cash equivalents		16,812	95,625
Translation difference		(23)	(156)
		16,789	95,469
Cash and cash equivalents at beginning of the year		145,003	171,810
Cash and cash equivalents at end of the year	16	161,792	267,279

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

Notes to the interim condensed consolidated financial information

31 March 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 16 May 2009.

The annual consolidated financial statements for the year ended 31 December 2008 were approved by the Board of Directors on 31 March 2009 and are subject to the approval of shareholders at the Annual General Meeting which is scheduled to be 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

	31 March 2009 (Unaudited) KD '000	31 March 2008 (Unaudited) KD '000
Dividend income:		
- From investments at fair value through statement of income	359	12,505
- From available for sale investments	11,250	6,674
Profit on sale of available for sale investments	11,195	3,160
Realised (loss)/gain on investments at fair value through statement of income	(3,092)	6,316
Unrealised (loss)/gain on investments at fair value through statement of income	(15,199)	38,406
	4,513	67,061

4 Interest and other operating income

	31 March 2009 (Unaudited) KD '000	31 March 2008 (Unaudited) KD '000
Management and placement fees	1,274	1,510
Interest income on bank balances and short term deposits	3,037	5,436
Income from murabaha and wakala investments	482	466
Income from financing of future trade by customers	27	2,703
Other income	5,025	653
	9,845	10,768

5 Basic and diluted (loss)/earnings per share

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

	31 March 2009 (Unaudited)	31 March 2008 (Unaudited)
(Loss)/profit for the period attributable to the shareholders of the parent company (KD '000)	(36,610)	61,399
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	1,251,619,894	1,259,436,560
Basic & diluted (loss)/earnings per share	(29) Fils	49 Fils

The weighted average number of shares outstanding during the previous period has been adjusted to reflect the bonus shares issued during 2008.

6 Investment in associates

During the third quarter of 2008, the group acquired additional shares in Mabane 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 Mabane 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:

	31 March 2008 (Unaudited) KD '000	31 Dec. 2007 (Audited) KD '000
Carrying value of investment reclassified from investments at fair value through consolidated statement of income to investments in associates	91,026	86,725
Reversal of change in fair values in equity		
- For the period/year	(1,340)	(35,547)
- For the previous years	(65,756)	(30,209)
	(67,096)	(65,756)
Share of profits recognised in equity		
- For the period/year	1,613	26,008
- For the previous years	29,679	3,671
	31,292	29,679
Net carrying value of investment transferred	55,222	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.

7 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 period 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 KD5,639 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.

8 Available for sale investments

	31 March 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	31 March 2008 (Unaudited) KD '000
Non Current			
Managed funds	200,911	232,975	222,269
Unquoted equity participations	169,257	171,514	185,895
Quoted shares (refer note 8a)	225,747	230,411	502,460
	595,915	634,900	910,624
Current			
Quoted shares	162,625	178,114	-
	758,540	813,014	910,624

- 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 9).
- b) Managed funds include investments in private equity funds with a carrying value of KD72,310 thousand (31 December 2008: KD106,051 thousand and 31 March 2008: KD116,702 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 KD28,057 thousand for certain local and foreign quoted shares, as the market value of these shares at 31 March 2009 declined significantly below their costs and further the group also recognised an impairment loss of KD963 thousand against certain unquoted shares, 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 at the balance sheet date.
- d) Unquoted investments of KD93,083 thousand (31 December 2008: KD93,318 thousand and 31 March 2008 : KD88,536 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 in value of these investments.
- e) Quoted shares held by a local subsidiary, with a fair value of KD 15,848 thousand (31 December 2008: KD17,305 thousand and 31 March 2008: Nil) are secured against a bank loan (refer note 15).

9 Investments at fair value through statement of income

	31 March 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	(Restated) 31 March 2008 (Unaudited) KD '000
Held for trading :			
Quoted shares	53,236	70,184	452,362
Designated on initial recognition :			
Local funds	56,900	70,492	138,243
International managed portfolios and funds	17,137	18,140	37,780
	74,037	88,632	176,023
	127,273	158,816	628,385

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 31 March 2009 is KD162,625 thousand (31 December 2008 : KD 178,114 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 KD3,151 thousand as at 31 March 2009 (31 December 2008: KD3,555 thousand), suspended declaration of weekly net asset values and redemptions requests. Management has been informed by the managers of the funds that redemptions will be made depending on availability of liquid funds. Since suspension of redemptions, the group recovered amounts totalling KD1,728 thousand up to the balance sheet date. The Group’s management considers this to be a temporary 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 KD4,873 thousand (31 December 2008: KD6,251 thousand and 31 March 2008: KD37,663 thousand) are secured against short term borrowings (refer note 15).

10 Murabaha and wakala investments

	31 March 2009 (Unaudited) KD '000	31 Dec. 2008 (Audited) KD '000	31 March 2008 (Unaudited) KD '000
Murabaha and wakala investments	36,493	32,285	18,000
Provision for impairment in value	(2,985)	(2,485)	-
	33,508	29,800	18,000

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 31 March 2009 the group recognised an additional impairment provision of KD500 thousand against this wakala investment based on information available to management as of that date.