Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KSC (Closed) and Subsidiaries

Kuwait

30 September 2012 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

To the board of directors of
International Financial Advisors – KSC (Closed)
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of International Financial Advisors (A Kuwaiti Closed Shareholding Company) and its subsidiaries as of 30 September 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note (2). 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 the basis of presentation set out in note (2).

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 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 Company, as amended, have occurred during the nine-month period ended 30 September 2012 that might have had a material effect on the business or financial position of the Company.

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We further report that, during the course of our review, we have not become aware of any material violations during the nine-month period ended 30 September 2012 of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

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Kuwait
5 December 2012

Interim condensed consolidated statement of income

	Notes	Three months ended		Nine months ended	
		30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	**30 Sept. 2012 (Unaudited) KD**	30 Sept. 2011 (Unaudited) KD
Revenue					
Interest and similar income		**143,987**	32,070	**353,803**	428,491
Management fees and commission income		**48,837**	57,819	**421,948**	870,183
Dividends income		**23,626**	10,702	**702,239**	1,167,477
Net income from hoteliers and related services		**1,458,271**	1,042,334	**2,613,279**	3,358,401
Net gain/(loss) from investments at fair value through profit or loss	5	**1,241,730**	(835,053)	**1,191,857**	(2,290,881)
Gain on sale of asset classified as held for sale	10	**1,341,678**	-	**2,091,372**	-
Net gain/(loss) from investment properties	12	**1,187,098**	(205,649)	**1,187,098**	(1,110,957)
Gain on sale of properties under development	6	**124,136**	489,588	**315,815**	6,894,038
Loss on sale of shares in associated company	13	**(189,695)**	-	**(2,576,437)**	-
Share of profit/(loss) from associated companies	13	**8,197**	(665,332)	**(1,058,486)**	(1,461,721)
Gain/(loss) on sale of available for sale investments		**128,581**	(401,653)	**200,170**	(260,332)
(Loss)/income on default of customers to the terms in the sale contracts of the sold residential units	14	**(42,940)**	(257,584)	**796,992**	3,714,043
Foreign currency exchange (loss)/gain		**(234,940)**	(416,568)	**(368,545)**	75,603
Other income		**1,119,253**	1,038,752	**1,851,343**	4,070,826
Total income/(loss)		**6,357,819**	(110,574)	**7,722,448**	15,455,171
Expenses and other charges					
Interest and similar expenses		**2,417,087**	2,332,665	**5,834,177**	9,113,063
Staff and related costs		**1,672,790**	1,503,662	**3,034,964**	4,907,070
Other operating expenses		**2,756,802**	1,867,139	**6,259,463**	6,007,296
Impairment in value of available for sale investments	11	**213,432**	5,919,875	**1,211,706**	6,577,411
Impairment in value of goodwill		**-**	-	**-**	332,982
Provision for contingent liabilities		**-**	-	**-**	581,987
Depreciation		**546,098**	534,255	**1,021,098**	1,709,578
Total expenses and other charges		**7,606,209**	12,157,596	**17,361,408**	29,229,387
Loss before contribution to KFAS, National Labour Support Tax, Zakat provision and taxation on overseas subsidiaries		**(1,248,390)**	(12,268,170)	**(9,638,960)**	(13,774,216)
Taxation on overseas subsidiaries		**553,384**	160,693	**712,365**	843,941
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**-**	31,705	**-**	(4,630)
Zakat provision		**-**	35,016	**-**	(5,144)
National Labour Support Tax		**-**	87,539	**-**	(12,862)
Loss for the period		**(695,006)**	(11,953,217)	**(8,926,595)**	(12,952,911)
Attributable to :					
Owners of the parent company		**(976,144)**	(10,289,285)	**(9,977,267)**	(14,111,824)
Non-controlling interests		**281,138**	(1,663,932)	**1,050,672**	1,158,913
Loss for the period		**(695,006)**	(11,953,217)	**(8,926,595)**	(12,952,911)
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	7	**(1.46)**	(15.31)	**(14.90)**	(21.02)

The notes set out on pages 9 to 19 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. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	**30 Sept. 2012 (Unaudited) KD**	30 Sept. 2011 (Unaudited) KD
Loss for the period	**(695,006)**	(11,953,217)	**(8,926,595)**	(12,952,911)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	**(952,878)**	(2,323,083)	**(296,577)**	(3,689,758)
Available for sale investments:				
- Net change in fair value during the period	**6,669,693**	(1,370,938)	**7,147,186**	(2,242,271)
- Transferred to interim condensed consolidated statement of income on sale	**-**	-	**-**	(793,916)
- Transferred to interim condensed consolidated statement of income on impairment in value	**213,431**	5,919,875	**1,211,706**	6,577,411
- Share of other comprehensive (loss)/income of associated companies	**(1,556,215)**	489,044	**210,074**	504,822
Total other comprehensive income	**4,374,031**	2,714,898	**8,272,389**	356,288
Total comprehensive income/(loss) for the period	**3,679,025**	(9,238,319)	**(654,206)**	(12,596,623)
Attributable to:				
Owners of the parent company	**3,397,887**	(7,574,387)	(1,704,878)	(13,755,536)
Non-controlling interests	**281,138**	(1,663,932)	1,050,672	1,158,913
	3,679,025	(9,238,319)	(654,206)	(12,596,623)

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Assets				
Cash and cash equivalents	8	**17,543,083**	7,721,094	9,086,475
Investments at fair value through profit or loss	5	**5,989,265**	19,428,740	23,008,952
Receivables and other debit balances		**23,205,620**	24,802,425	41,309,808
Loans receivable		**3,998,050**	4,575,878	5,142,164
Due from related parties	22	**6,201,235**	5,416,036	8,028,805
Trading properties	9	**5,439,901**	5,683,758	6,658,319
Asset classified as held for sale	10	**8,921,965**	-	-
Available for sale investments	11	**49,601,461**	41,926,305	44,488,520
Investment properties	12	**30,767,008**	32,233,502	15,211,654
Investment in associated companies	13	**45,381,966**	60,491,843	65,044,591
Goodwill		**48,677,247**	48,679,192	48,681,552
Properties under development	14	**150,195,317**	147,065,367	142,162,700
Capital work in progress	15	**118,009,584**	103,680,584	92,531,360
Property, plant and equipment		**36,966,653**	38,206,303	38,940,100
Total assets		**550,898,355**	539,911,027	540,295,000
Liabilities and equity				
Liabilities				
Payables and other credit balances	16	**75,254,340**	83,268,171	80,683,964
Due to related parties	22	**16,451,582**	4,087,874	13,924,362
Term loan from a related party	22	**11,663,637**	11,663,637	1,720,000
Borrowings	17	**193,314,715**	187,167,736	182,869,034
Advances received from customers		**134,166,977**	131,670,784	132,974,705
Total liabilities		**430,851,251**	417,858,202	412,172,065
Equity				
Equity attributable to the owners of the parent company				
Share capital		**72,000,000**	72,000,000	72,000,000
Share premium		**11,973,061**	11,973,061	11,973,061
Treasury shares	18	**(32,800,579)**	(32,896,967)	(32,801,541)
Statutory and voluntary reserves		**61,649,505**	61,649,505	61,649,505
Cumulative changes in fair value		**12,663,115**	4,094,149	2,881,936
Foreign currency translation reserve		**(4,793,959)**	(4,497,382)	(4,514,498)
Accumulated losses		**(17,580,692)**	(6,721,619)	(82,394)
Total equity attributable to the owners of the parent company		**103,110,451**	105,600,747	111,106,069
Non-controlling interests		**16,936,653**	16,452,078	17,016,866
Total equity		**120,047,104**	122,052,825	128,122,935
Total liabilities and equity		**550,898,355**	539,911,027	540,295,000
Fiduciary accounts		**73,606,501**	78,763,582	53,321,262

Saleh Saleh Al-Selmi
Chairman & CEO

Talal Jassim Al-Bahar
Vice Chairman

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the parent company									
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2012 (Audited)	72,000,000	11,973,061	(32,896,967)	61,649,505	4,094,149	(4,497,382)	(6,721,619)	105,600,747	16,452,078	122,052,825
(Loss)/profit for the period	-	-	-	-	-	-	(9,977,267)	(9,977,267)	1,050,672	(8,926,595)
Other comprehensive income/(loss)	-	-	-	-	8,568,966	(296,577)	-	8,272,389	-	8,272,389
Total comprehensive income/(loss) for the period	-	-	-	-	8,568,966	(296,577)	(9,977,267)	(1,704,878)	1,050,672	(654,206)
Purchase of treasury shares	-	-	(4,453,804)	-	-	-	-	(4,453,804)	-	(4,453,804)
Sale of treasury shares	-	-	4,550,192	-	-	-	-	4,550,192	-	4,550,192
Loss on sale of treasury shares	-	-	-	-	-	-	(154,897)	(154,897)	-	(154,897)
Loss arising on partial disposal of shares in a subsidiary	-	-	-	-	-	-	(726,909)	(726,909)	-	(726,909)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(566,097)	(566,097)
Balance as at 30 September 2012 (Unaudited)	**72,000,000**	**11,973,061**	**(32,800,579)**	**61,649,505**	**12,663,115**	**(4,793,959)**	**(17,580,692)**	**103,110,451**	**16,936,653**	**120,047,104**

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company									
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings/ (accumulated losses) KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2011 (Audited)	72,000,000	11,973,061	(32,818,291)	61,649,505	(1,164,110)	(824,740)	14,137,282	124,952,707	18,972,025	143,924,732
(Loss)/profit for the period	-	-	-	-	-	-	(14,111,824)	(14,111,824)	1,158,913	(12,952,911)
Other comprehensive income /(loss)	-	-	-	-	4,046,046	(3,689,758)	-	356,288	-	356,288
Total comprehensive income/(loss) for the period	-	-	-	-	4,046,046	(3,689,758)	(14,111,824)	(13,755,536)	1,158,913	(12,596,623)
Purchase of treasury shares	-	-	(2,596,061)	-	-	-	-	(2,596,061)	-	(2,596,061)
Sale of treasury shares	-	-	2,612,811	-	-	-	-	2,612,811	-	2,612,811
Loss on sale of treasury shares	-	-	-	-	-	-	(99,355)	(99,355)	-	(99,355)
Loss arising on partial disposal of shares in a subsidiary	-	-	-	-	-	-	(8,497)	(8,497)	-	(8,497)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(3,114,072)	(3,114,072)
Balance as at 30 September 2011 (Unaudited)	72,000,000	11,973,061	(32,801,541)	61,649,505	2,881,936	(4,514,498)	(82,394)	111,106,069	17,016,866	128,122,935

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	**Nine months ended 30 Sept. 2012 (Unaudited) KD**	Nine months ended 30 Sept. 2011 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period attributable to the owners of the parent company		**(9,977,267)**	(14,111,824)
Adjustments:			
(Gain)/loss on sale of available for sale investments		**(200,170)**	260,332
Net (gain)/loss from investment properties		**(1,187,098)**	1,110,957
Gain on sale of properties under development		**(315,815)**	(6,894,038)
Gain on sale of asset classified as held for sale		**(2,091,372)**	-
Impairment in value of available for sale investments		**1,211,706**	6,577,411
Impairment in value of goodwill		**-**	332,982
Dividends income		**(702,239)**	(1,167,477)
Interest and similar income		**(353,803)**	(428,491)
Interest and similar expenses		**5,834,177**	9,113,063
Provision for contingent liabilities and others		**87,677**	755,575
Depreciation		**1,021,098**	1,709,578
Loss on sale of shares in associated company		**2,576,437**	-
Share of loss from associated companies		**1,058,486**	1,461,721
Foreign currency exchange loss/(gain)		**368,545**	(75,603)
		(2,669,638)	(1,355,814)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**13,439,475**	(1,510,275)
Receivables and other debit balances		**1,596,805**	12,440,576
Loans receivable		**498,638**	2,958,776
Due from related parties		**(785,198)**	5,813,698
Trading properties		**243,857**	3,030,880
Payables and other credit balances		**(8,013,831)**	(6,618,441)
Due to related parties		**12,363,707**	555,910
Advances received from customers		**2,496,193**	1,410,437
Cash from operating activities		**19,170,008**	16,725,747
Dividends income received		**702,239**	1,167,477
Interest and similar income received		**353,803**	428,491
Interest and similar expenses paid		**(5,834,177)**	(9,113,063)
Net cash from operating activities		**14,391,873**	9,208,652
INVESTING ACTIVITIES			
Proceeds from sale of shares in associated company		**2,558,212**	-
Proceeds from sale of shares in a consolidated subsidiary company		**57,379**	163,845
Proceeds from sale of asset classified as held for sale		**5,295,990**	-
Net change on investment in associated companies		**(3,218,328)**	(1,735,836)
Net movement on properties under development		**(5,267,021)**	(16,353,721)
Net additions to capital work in progress		**(13,705,957)**	(13,028,840)
Net change in property, plant and equipment		**218,553**	(1,196,364)
Proceeds from sale of available for sale investments		**1,669,924**	11,261,854
Purchase of available for sale investments		**(1,787,650)**	(387,744)
Proceeds from sale of investment properties		**2,307,310**	2,533,047
Net cash used in investing activities		**(11,871,588)**	(18,743,759)
FINANCING ACTIVITIES			
Bank loans obtained		**18,534,418**	38,912,988
Bank loans settled		**(12,493,273)**	(31,914,621)
Change in non-controlling interests		**(299,713)**	(2,127,501)
Purchase of treasury shares		**(4,453,804)**	(2,596,061)
Proceeds from sale of treasury shares		**4,395,294**	2,513,456
Net movement on foreign currency translation reserve		**1,618,782**	(9,333,161)
Net cash from/(used in) financing activities		**7,301,704**	(4,544,900)
Net increase/(decrease) in cash and cash equivalents		**9,821,989**	(14,080,007)
Cash and cash equivalents at beginning of the period		**7,721,094**	23,166,482
Cash and cash equivalents at end of the period	8	**17,543,083**	9,086,475

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities of the parent company

International Financial Advisors – KSC (Closed) ("the parent company") was incorporated on 31 January 1974 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company is licensed as an investment company which operates its activity according to the regulations issued by the Central Bank of Kuwait and its articles of association. The address of the parent company's registered office is PO Box 4694, Safat 13047, State of Kuwait.

The parent company is principally engaged in providing financial advisory services, trading in local and international securities, borrowing, lending, issuing guarantees, managing investment funds, investment portfolios and dealing with future contracts.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2012 was authorised for issue by the parent company's board of directors on …………..

2 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" and the Central Bank of Kuwait regulations regarding general provisions against loans receivable.

The provisions for loans receivable comply in all material respects with the requirements of the Central bank of Kuwait. In this respect, Central Bank of Kuwait requires a general provision of 1% on all loans receivable not subject to a specific provision.

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 of the group for the year ended 31 December 2011 except for the adoption of new and revised standards and interpretations as discussed below.

Operating results for the nine-month period are not necessarily indicative of the results that may be expected for the year ending 31 December 2012. For further information, refer to the audited consolidated financial statements and its related notes for the year ended 31 December 2011.

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

Basis of consolidation

The interim condensed financial information of the parent company and its subsidiaries (Note 4) has been consolidated on a line by line basis after eliminating intra-group balances, intra-group transactions and resulting unrealized profits in full. Uniform accounting policies have been used by the group's companies in order to record like transactions and other events which occurred under similar circumstances in these companies.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

Adoption of new IASB Standards and amendments during the period
The group has adopted the following amended IFRS during the period:

IFRS 7 Financial Instruments: Disclosures- amendment
The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendment also required additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

IASB Standards issued but not yet effective
At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant amendments will be adopted in the group's accounting policies for the first period beginning at or after the effective date of the new standard, amendment or interpretation that are expected to be relevant to the group's financial statements and as provided below, and there are also some interpretations and standards that have been issued but are not expected to have a material effect on the group's financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 28 Investments in Associates	1 January 2013
- Revised as IAS 28 Investments – Associates and Joint Venture	
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 12 Disclosure of Interest in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

IAS 1 Presentation of Financial Statements
The amendment to IAS 1 requires entities to group other comprehensive income items presented in the consolidated statement of comprehensive income based on those:
a) Potentially reclassifiable to consolidated statement of income in a subsequent period, and
b) That will not be reclassified to consolidated statement of income subsequently.

The group will change the current presentation of the consolidated statement of comprehensive income when the amendment becomes effective.

IAS 28 Investments in Associates – Revised as IAS 28 Investments in Associates and Joint Ventures
As a result of the consequential amendments, IAS 28 brings investments in joint ventures into its scope. However, the equity accounting methodology under IAS 28 remains unchanged.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by, with the replacement standard to be effective for annual periods beginning 1 January 2015. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice, due to the non-completion of the remaining stages of the standard.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aims to provide transparency about the risks a company is exposed to through its interests in structured entities.

IFRS 13 Fair Value Measurement
IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The adoption of this standard is not expected to have a significant impact on the financial position and performance of the group.

3 Assumptions and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 December 2011.

Notes to the interim condensed consolidated financial information (continued)

4 Subsidiary companies

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries and for the financial periods ended below:

Name of subsidiary	Financial Period ended	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	30 June 2012	Hotel operations	57.60
Seven Seas Resorts Company – KSC (Closed)	30 June 2012	Hotels and resorts	48.30
Gulf Real Estate Company – WLL	30 September 2012	Real estate investments	46.32
IFA Aviation Company – KSC (Closed) and Subsidiary	30 September 2012	Aviation services	74.80
Dana Real Estate Company – SAL	30 September 2012	Real estate investments	90.00
Radeem Real Estate Company – SAL	30 September 2012	Real estate investments	99.70

5 Investments at fair value through profit or loss

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	**931,715**	13,759,158	13,795,013
Unquoted securities	**730,940**	881,592	1,538,260
	1,662,655	14,640,750	15,333,273
Foreign			
Quoted securities	**4,326,610**	4,787,990	7,675,679
	5,989,265	19,428,740	23,008,952

The amounts included in the interim condensed consolidated statement of income are:

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	**30 Sept. 2012 (Unaudited) KD**	30 Sept. 2011 (Unaudited) KD
Realised gain	**1,567,246**	23,903	**1,297,919**	1,158,450
Unrealised loss	**(325,516)**	(858,956)	**(106,062)**	(3,449,331)
	1,241,730	(835,053)	**1,191,857**	(2,290,881)

Notes to the interim condensed consolidated financial information (continued)

6 Gain on sale of properties under development

Gain on sale of properties under development represents the difference between the revenue and cost which have been originally incurred by the group to purchase the properties and then fully develop and sell it to customers, and it is as follows:

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	**30 Sept. 2012 (Unaudited) KD**	30 Sept. 2011 (Unaudited) KD
Sales revenue	**1,987,250**	2,142,607	**2,280,350**	28,851,577
Cost of sales	**(1,863,114)**	(1,653,019)	**(1,964,535)**	(21,957,539)
	124,136	489,588	**315,815**	6,894,038

7 Basic and diluted loss per share attributable to the owners of the parent company

Loss per share is computed by dividing the loss for the period attributable to the owners of the parent company, by the weighted average number of outstanding shares during the period after deducting treasury shares as follows:

	Three months ended		Nine months ended	
	30 Sept. 2012 (Unaudited)	30 Sept. 2011 (Unaudited)	**30 Sept. 2012 (Unaudited)**	30 Sept. 2011 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	**(976,144)**	(10,289,285)	**(9,977,267)**	(14,111,824)
Weighted average number of outstanding shares (excluding treasury shares) (share)	**669,561,461**	672,005,100	**669,826,479**	671,311,924
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	**(1.46)**	(15.31)	**(14.90)**	(21.02)

8 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term deposits and balances due to banks. Short term deposits mature within three months from the date of placement and carry interest at the prevailing commercial rates.

9 Trading properties

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Residential apartments in Dubai – UAE	**331,188**	313,444	1,262,164
Properties in South Africa	**5,108,713**	5,370,314	5,396,155
	5,439,901	5,683,758	6,658,319

a) Trading properties in Dubai represent completed but unsold units of Souq Residence (FZE) – Trunk Residence (FZE).

b) Trading properties in South Africa represent plots of lands purchased in South Africa for trading purposes and comprise of lands at cost and development expenditure relating to unsold properties.

Notes to the interim condensed consolidated financial information (continued)

10 Asset classified as held for sale

This represents the group's investment of percentage 27.70% (31 December 2011: 41.08% and 30 September 2011: 41.08%) in Raimon Land Public Company Limited through one of its subsidiary companies. This investment has been reclassified as non-current assets "held for sale" because the subsidiary company's management has decided to commit to a plan to sell this investment and therefore its current amount will be recovered through the sale transaction rather than through continuous work.

During the period, a percentage of 10.61% of this investment has been sold and a net gain from sale amounting to KD2,091,372 has been recognised in the interim condensed consolidated statement of income as a result of that transaction.

In prior years, the investment was classified as investment in associates (Note 13).

11 Available for sale investments

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Quoted securities	**4,011,551**	3,637,289	3,676,946
Unquoted securities	**45,589,910**	38,289,016	40,811,574
	49,601,461	41,926,305	44,488,520

Unquoted securities include investments stated at cost amounting to KD11,977,303 as there are no other reliable sources to determine their fair values (31 December 2011: KD16,547,778 and 30 September 2011: KD18,972,740). Management is not aware of any circumstances that may have lead to the decline in the value of such investments.

During the period, the group recongised impairment in value of local quoted and unquoted investments of amount of KD1,211,706 (31 December 2011: KD10,805,366 and 30 September 2011: KD6,577,411) due to the significant decline in the fair value of these investments over cost.

The fair value of unquoted local shares have been estimated based on a valuation study by using the discounted cash flow method from which a difference in excess from the value of these shares has amounted to KD6,387,187 and which was recognised in the cumulative changes in fair value shown in the interim condensed consolidated statement of comprehensive income.

12 Investment properties

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Lebanon (see below)	**1,864,623**	2,606,538	2,585,507
Jordan	**1,013,182**	1,013,182	404,544
United Arab Emirates	**18,692,950**	19,098,718	2,374,736
Egypt	**354,966**	354,966	354,966
Portugal	**8,668,096**	8,982,064	9,308,928
South Africa	**173,191**	178,034	182,973
	30,767,008	32,233,502	15,211,654

During the period, the group sold part of its investment properties in Lebanon for a sale consideration of KD2,041,762 (USD 7,312,900) which resulted in a gain amounting to KD1,302,020.

Notes to the interim condensed consolidated financial information (continued)

13 Investment in associated companies

The details of the associated companies are as follows:

Name of the associate	Principal activities	Date of acquisition	Country of incorporation	%	Net shareholders' equity as of 30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	**37.33**	**2,610,079**	2,587,950	5,094,921
Raimon Land Public Company Limited – reclassified (see note 10)	Property construction and development	Dec-06	Thailand	**41.08**	**-**	12,126,583	12,318,458
Purple Plum Properties Limited	Property development	Apr-06	South Africa	**37.33**	**-**	-	1
Zamzam Religious Tourism Company	Hajj & Umrah services	Sep-07	Kuwait	**20**	**50,000**	50,000	50,000
Legend and IFA Developments Limited (Pty)	Property development	Jun-07	South Africa	**50**	**10,996,552**	11,291,733	12,136,241
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	**19.76**	**31,725,335**	34,435,577	35,444,970
					45,381,966	60,491,843	65,044,591

The group's net share during the period from the results of the activities of the above mentioned associated companies amounted to losses of KD1,058,486 (30 September 2011: losses of KD1,461,721). During the period, the group also sold a percentage of 0.39% from the shares of International Finance Company – KSC (Closed) from which a loss of amount KD2,576,437 has resulted (KD Nil in 30 September 2011).

14 Properties under development

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Properties in Dubai – UAE	**124,207,233**	118,660,999	113,756,042
Properties in South Africa	**7,669,052**	8,918,321	9,245,793
Properties in Lebanon	**18,319,032**	19,486,047	19,160,865
	150,195,317	147,065,367	142,162,700

The Government Authorities in Dubai, UAE, has authorised the subsidiary company [IFA Hotels and Resorts – KSC (Closed)] to retain part of the advance payments received on the sale of certain residential units under development included above and sold to customers who have defaulted on settling the remaining payments which are due in accordance with the sale contracts. The total amount retained by the subsidiary company from these advances and for which the sale contracts were forfeited amounted to AED10,527,829 equivalent to KD796,992 included in the interim condensed consolidated statement of income for the period (amount of AED49,002,245 equivalent to KD 3,714,043 in 30 September 2011).

15 Capital work in progress

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE and South Africa	**118,009,584**	103,680,584	92,531,360

Notes to the interim condensed consolidated financial information (continued)

16 Payables and other credit balances

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Accrued interest payable	**5,327,650**	5,261,025	5,233,621
Accounts payable	**17,526,718**	23,342,667	24,516,564
Accrued dividends payable	**521,418**	525,111	526,962
Liability towards purchase of lands	**7,273,412**	8,071,579	8,021,425
Kuwait Foundation for the Advancement of Sciences (KFAS)	**2,391,320**	2,391,770	2,393,027
National Labour Support Tax (NLST)	**7,458,445**	7,457,996	7,461,489
Zakat provision	**573,329**	573,329	574,726
Provision for end of service indemnity and leave	**1,829,071**	2,095,382	2,040,865
Provision for contingent liabilities	**73,966**	73,966	73,966
Redeemable preference shares	**2,966,989**	2,903,158	2,864,429
Deferred income	**1,794,099**	1,721,630	1,944,440
Retentions payable	**11,903,406**	11,272,699	10,509,540
Accrued construction costs	**5,552,207**	7,455,059	5,312,319
Land transfer fee payable	**1,572,408**	1,624,612	-
Refundable deposit on cancellation and resale of units	**2,866,377**	2,666,883	1,890,270
Other payables	**5,623,525**	5,831,305	7,320,321
	75,254,340	83,268,171	80,683,964

17 Borrowings

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Loans in KD	**51,000,000**	56,726,202	57,226,202
Loans in USD	**41,519,501**	42,643,813	43,168,859
Loans in AED	**67,841,168**	54,038,528	48,610,770
Loans in EURO	**13,880,762**	14,111,697	14,974,669
Loans in Rand	**18,660,725**	19,208,660	18,437,594
Loans in GBP	**412,559**	438,836	450,940
	193,314,715	187,167,736	182,869,034

The loans above are due for repayment as follows:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Within one year	**24,213,498**	27,806,575	42,440,052
More than one year	**169,101,217**	159,361,161	140,428,982
	193,314,715	187,167,736	182,869,034

Notes to the interim condensed consolidated financial information (continued)

18 Treasury shares

	30 Sept. 2012 (Unaudited)	31 Dec. 2011 (Audited)	30 Sept. 2011 (Unaudited)
Number of shares (thousand share)	**47,628**	49,649	47,569
Percentage of issued shares	**6.62%**	6.90%	6.61%
Market value (KD '000)	**1,834**	1,961	1,879

19 Capital commitments

Capital expenditure commitments

The group has commitments to pay all the amounts required to settle its remaining share in the financing of the construction of real estate projects in Dubai (UAE) and South Africa. The group's share in the amounts required to finance these projects is as follows:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipment and capital work in progress	**-**	10,821,000	20,429,000
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**39,255,000**	43,530,000	43,258,000
	39,255,000	54,351,000	63,687,000

The group expects to finance the future expenditure commitments from the following sources:

a) sale of investment properties.
b) advances from customers.
c) share capital increase.
d) advances provided by the shareholders, related entities and joint ventures.
e) borrowings, if required.

The financing rates expected from the above sources are dependent on the nature of the source of financing and management estimates of the best financing sources available at the time they become due.

Notes to the interim condensed consolidated financial information (continued)

20 Segmental analysis

The group has adopted IFRS 8 Operating Segments. According to this standard, reported segment profits are based on management's internal financial reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and then it is reconciled to the group's profit or loss. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The group primarily operates in one area of business activity, investment. Accordingly in prior years, segment information reported externally was analysed on the geographical basis. However, information reported to the group's decision makers for the purposes of resource allocation and assessment of performance is more specifically focussed on the types of investment activities. The group's reportable segments under IFRS 8 are therefore as follows:

Assets management
- Investments in Gulf Cooperation Council Countries, Middle East and North Africa
- International managed investment funds
- Discretionary and non-discretionary management for financial portfolios
- Management services

Treasury and investments
- Private equity
- Investment in international quoted securities
- Lending to corporates and individuals
- Managing the company's liquidity requirements

Real estate
- Sale and purchase of real estate
- Real estate brokerage and advisory

The profits and losses generated by the group from business segments are summarised as follows:

	Assets management		Treasury and investments		Real Estate		Others		Total	
	30 Sept. 2012 (Unaudited) KD '000	30 Sept. 2011 (Unaudited) KD '000	**30 Sept. 2012 (Unaudited) KD '000**	30 Sept. 2011 (Unaudited) KD '000	**30 Sept. 2012 (Unaudited) KD '000**	30 Sept. 2011 (Unaudited) KD '000	**30 Sept. 2012 (Unaudited) KD '000**	30 Sept. 2011 (Unaudited) KD '000	**30 Sept. 2012 (Unaudited) KD '000**	30 Sept. 2011 (Unaudited) KD '000
Interim condensed consolidated statement of income										
Segment revenue/(expenses)	**422**	870	**905**	(2,417)	**4,913**	13,011	**1,482**	3,991	**7,722**	15,455
Segment profit/(loss)	**422**	870	**905**	(2,417)	**4,913**	13,011	**1,482**	3,991	**7,722**	15,455
Unallocated expenses									**(18,750)**	(30,726)
Non-controlling interests									**1,051**	1,159
Loss for the period									**(9,977)**	(14,112)

Geographical segments

The group operates from one location in Kuwait, however the group's assets are scattered in different geographical areas of the world.

Notes to the interim condensed consolidated financial information (continued)

21 Annual general assembly

The general assembly of shareholders meeting held on 21 June 2012 approved the consolidated financial statements for the year ended 31 December 2011, and the directors' proposal not to distribute any dividends for the year ended at that date.

On 24 May 2011, the shareholders' general assembly approved the consolidated financial statements for the year ended 31 December 2010 and not to distribute any dividends for the year then ended.

22 Related parties transactions

These represent transactions with related parties such as shareholders, members of the board of directors and senior management of the parent company and its companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the parent company's management.

Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	30 Sept. 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 Sept. 2011 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	**6,201,235**	5,416,036	8,028,805
Due to related parties	**(16,451,582)**	(4,087,874)	13,924,362
Term loan from a related party	**(11,663,637)**	(11,663,637)	1,720,000
Transactions included in the interim condensed consolidated statement of income:			
Gain on sale of investments at fair value through profit or loss	**17,009**	-	-
Interest expenses	**56,359**	104,777	68,187
Interest income	**11,241**	49,392	134,661
Key management compensation of the group			
Short-term employee benefits	**333,921**	465,928	434,510

Related parties balances outstanding at period end and which are resulting from funds transfer are included under amounts due from related parties and amounts due to related parties.

23 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2011.

24 Comparative information

Certain comparative information have been reclassified to conform with the presentation of the financial information of the current period. Such reclassification did not affect the consolidated financial information related to net assets, equity, and operation results for the previous period. Also it did not affect the net decrease in cash and cash equivalents for that period.