

Interim financial information and review report

**International Financial Advisors – KSC (Closed) and Subsidiaries
Kuwait**

30 June 2007 (Unaudited)

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Review report

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

Report on review of interim financial information

Introduction

We have reviewed the accompanying consolidated balance sheet of International Financial Advisors (A Kuwaiti Closed Shareholding Company) (the parent company) and its subsidiaries (the group), as of 30 June 2007 and the related consolidated statement of income, changes in equity and cash flows for the six-month period then ended. The parent company's management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting policies stated in note (2). Our responsibility is to express a conclusion on this interim 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 financial information is not prepared, in all material respects, in accordance with the accounting policies stated in note (2).

Report on review of other legal and regulatory requirements

Based on our review, the interim 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.



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(Licence No. 94-A)
of Grant Thornton - Anwar Al-Qatami & Co.



Ali Abdul Rahman Al Hasawi
(Licence No. 30-A)
of BDO Burgan International Accountants

Consolidated statement of income

	Notes	Three months ended		Six months ended	
		30 June 2007 (Unaudited) KD	30 June 2006 (Unaudited) KD	30 June 2007 (Unaudited) KD	30 June 2006 (Unaudited) KD
Income					
Interest income		1,578,696	1,619,479	2,528,887	2,706,448
Fees and commissions		125,277	523,192	252,151	740,411
Dividend income		1,295,856	2,389,951	3,413,469	3,711,917
Net income from hoteliers and related services		213,360	48,112	602,551	498,551
Net gain/(loss) from investments at fair value through statement of income	3	29,738,122	7,384,942	32,406,379	(30,090,899)
Unrealised gain on investment properties		-	226,961	-	226,961
Gain on sale of investment property	4	-	-	3,970,300	-
Gain/(loss) on sale of trading properties	5	18,987,195	(116,990)	23,830,440	1,532,238
Gain on sale of investments available for sale		127,122	-	127,122	862,800
Share of (loss)/profit from associated companies		(87,807)	-	578,487	-
Gain on sale of shares in a subsidiary company		-	-	470,396	5,231,778
Other income		850,441	174,582	1,965,222	615,724
Total income		52,828,262	12,250,229	70,145,404	(13,964,071)
Expenses and other charges					
Interest expenses		2,183,748	1,322,197	4,047,012	2,199,699
Staff and related costs		1,496,713	393,961	2,532,275	1,050,727
Other operating expenses		3,280,283	633,531	5,944,037	1,916,497
Depreciation		161,638	371,101	311,748	426,079
Total expenses and other charges		7,122,382	2,720,790	12,835,072	5,593,002
Profit/(loss) before KFAS, NLST and taxation on overseas subsidiaries		45,705,880	9,529,439	57,310,332	(19,557,073)
Taxation on overseas subsidiaries		407,772	(366,160)	332,377	(739,349)
Contribution to KFAS		(232,337)	-	(284,351)	-
National Labour Support Tax (NLST)		(678,942)	-	(775,577)	-
Profit/(loss) for the period		45,202,373	9,163,279	56,582,781	(20,296,422)
Attributable to :					
Shareholders of the parent company		36,100,857	9,286,622	43,687,574	(13,990,566)
Minority interest		9,101,516	(123,343)	12,895,207	(6,305,856)
Profit/(loss) for the period		45,202,373	9,163,279	56,582,781	(20,296,422)
EARNINGS/(LOSS) PER SHARE	6	86.65 Fils	21.77 Fils	104.74 Fils	(32.65) Fils

The notes set out on pages 7 to 14 form an integral part of this interim financial information.

Consolidated balance sheet

	Notes	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Assets				
Cash and cash equivalents	7	41,621,220	30,478,013	37,860,663
Investments at fair value through statement of income	3	138,870,768	116,191,101	125,830,540
Other assets	8	55,595,086	29,649,503	30,630,796
Loans receivable	9	16,623,446	24,765,298	27,404,330
Due from related parties		20,082,093	12,490,489	5,798,070
Investments available for sale	10	69,669,357	61,107,266	51,602,750
Trading properties	11	9,340,161	12,894,282	15,459,739
Investment properties	12	13,454,977	42,117,084	41,631,368
Investment in associated companies		13,677,894	11,954,548	3,546,510
Investment in unconsolidated subsidiaries		1,429,421	645,100	4,295,190
Goodwill	13	11,099,288	2,110,724	218,496
Advances for purchase of properties		-	14,577,968	14,577,968
Properties under development	14	93,147,208	47,896,004	41,133,593
Property, plant and equipment		16,391,765	15,411,812	6,523,905
Total assets		501,002,684	422,289,192	406,513,918
Liabilities and equity				
Liabilities				
Other liabilities	15	67,044,047	42,960,222	46,976,190
Due to related parties		738,521	2,536,886	4,724,495
Due to shareholders		365,010	365,010	165,690
Term loans from a related party		2,834,141	2,834,141	2,834,141
Bank loans		102,896,187	95,715,796	69,742,965
Advances received from customers		61,022,221	65,753,220	59,500,329
Total liabilities		234,900,127	210,165,275	183,943,810
Equity				
Equity attributable to the shareholders of the parent company				
Share capital		45,000,000	45,000,000	45,000,000
Share premium		11,973,061	11,973,061	11,973,061
Treasury shares	16	(39,083,909)	(35,608,502)	(33,410,184)
Statutory and voluntary reserve		45,124,412	45,124,412	45,124,412
Cumulative changes in fair value		14,618,761	11,295,454	8,735,184
Treasury share profit reserve		6,300,577	6,244,910	6,227,799
Foreign exchange translation reserve		(1,585,338)	(867,193)	(2,014,551)
Retained earnings		139,070,259	95,382,685	105,617,546
Total equity of the parent company shareholders		221,417,823	178,544,827	187,253,267
Minority interest		44,684,734	33,579,090	35,316,841
Total equity		266,102,557	212,123,917	222,570,108
Total liabilities and equity		501,002,684	422,289,192	406,513,918
Fiduciary accounts		99,257,627	160,135,029	186,350,530

Jassim Mohammed Al-Bahar
Chairman and CEO

Saleh Saleh Al-Selmi
Deputy Chairman and Deputy CEO

The notes set out on pages 7 to 14 form an integral part of this interim financial information.

Consolidated statement of changes in equity (Unaudited)

	Equity attributable to shareholders of the parent company										
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserve KD	Cumulative changes in fair value KD	Treasury shares profit reserve KD	Foreign exchange translation reserve KD	Retained earnings KD	Total KD	Minority interest KD	Total KD
Balance as at 31 December 2006	45,000,000	11,973,061	(35,608,502)	45,124,412	11,295,454	6,244,910	(867,193)	95,382,685	178,544,827	33,579,090	212,123,917
Purchase of treasury shares	-	-	(6,235,026)	-	-	-	-	-	(6,235,026)	-	(6,235,026)
Sale of treasury shares	-	-	2,759,619	-	-	-	-	-	2,759,619	-	2,759,619
Gain on sale of treasury shares	-	-	-	-	-	55,667	-	-	55,667	-	55,667
Translation reserve	-	-	-	-	-	-	(718,145)	-	(718,145)	-	(718,145)
Net income recognised directly in equity	-	-	-	-	-	55,667	(718,145)	-	(662,478)	-	(662,478)
Profit for the period	-	-	-	-	-	-	-	43,687,574	43,687,574	12,895,207	56,582,781
Total recognised income for the period	-	-	-	-	-	55,667	(718,145)	43,687,574	43,025,096	12,895,207	55,920,303
Changes in fair value of investments available for sale	-	-	-	-	3,323,307	-	-	-	3,323,307	-	3,323,307
Changes in minority interest	-	-	-	-	-	-	-	-	-	(1,789,563)	(1,789,563)
Balance as at 30 June 2007	45,000,000	11,973,061	(39,083,909)	45,124,412	14,618,761	6,300,577	(1,585,338)	139,070,259	221,417,823	44,684,734	266,102,557

The notes set out on pages 7 to 14 form an integral part of this interim financial information.

Consolidated statement of changes in equity (Unaudited)

	Equity attributable to shareholders of the parent company										
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserve KD	Cumulative changes in fair value KD	Treasury shares profit reserve KD	Foreign exchange translation reserve KD	Retained earnings KD	Total KD	Minority interest KD	Total KD
Balance as at 31 December 2005	29,993,265	11,973,061	(31,068,414)	45,124,412	5,654,301	6,617,938	29,449	140,212,794	208,536,806	42,486,521	251,023,327
Purchase of treasury shares	-	-	(5,239,401)	-	-	-	-	-	(5,239,401)	-	(5,239,401)
Sale of treasury shares	-	-	2,897,631	-	-	-	-	-	2,897,631	-	2,897,631
Loss on sale of treasury shares	-	-	-	-	-	(390,139)	-	-	(390,139)	-	(390,139)
Translation reserve	-	-	-	-	-	-	(2,044,000)	-	(2,044,000)	-	(2,044,000)
Net loss recognised directly in equity	-	-	-	-	-	(390,139)	(2,044,000)	-	(2,434,139)	-	(2,434,139)
Loss for the period	-	-	-	-	-	-	-	(13,990,566)	(13,990,566)	(6,305,856)	(20,296,422)
Total recognised loss for the period	-	-	-	-	-	(390,139)	(2,044,000)	(13,990,566)	(16,424,705)	(6,305,856)	(22,730,561)
Bonus shares issued	15,006,735	-	-	-	-	-	-	(15,006,735)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(5,597,947)	(5,597,947)	-	(5,597,947)
Changes in fair value of investments available for sale	-	-	-	-	3,080,883	-	-	-	3,080,883	-	3,080,883
Changes in minority interest	-	-	-	-	-	-	-	-	-	(863,824)	(863,824)
Balance as at 30 June 2006	45,000,000	11,973,061	(33,410,184)	45,124,412	8,735,184	6,227,799	(2,014,551)	105,617,546	187,253,267	35,316,841	222,570,108

The notes set out on pages 7 to 14 form an integral part of this interim financial information.

Consolidated statement of cash flows

	Note	Six months ended 30 June 2007 (Unaudited) KD	Six months ended 30 June 2006 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) for the period		43,687,574	(13,990,566)
Adjustments:			
Gain on sale of shares in a subsidiary company		(470,396)	(5,231,778)
Gain on sale of investments available for sale		(127,122)	(862,800)
Share of profit from associated companies		(578,487)	-
Gain on sale of trading properties		(23,830,440)	(1,532,238)
Gain on sale of investment property		(3,970,300)	-
Unrealised gain on investment properties		-	(226,961)
Dividend income		(3,413,469)	(3,711,917)
Interest income		(2,528,887)	(2,706,448)
Interest expenses		4,047,012	2,199,699
Depreciation		311,748	426,079
		13,127,233	(25,636,930)
Changes in operating assets and liabilities:			
Investments at fair value through statement of income		(22,679,667)	21,394,569
Other assets		(18,945,583)	(4,356,141)
Loans receivable		8,141,852	6,880,289
Due from related parties		(7,591,604)	(318,392)
Goodwill		(8,988,564)	(111,903)
Other liabilities		24,083,825	7,371,472
Due to related parties		(1,798,365)	(2,856,452)
Advances received from customers		(32,177,102)	18,356,149
Cash (used in)/from operations		(46,827,975)	20,722,661
Dividend income received		3,413,469	3,711,917
Interest income received		2,528,887	2,706,448
Interest expenses paid		(4,047,012)	(2,199,699)
Net cash (used in)/from operating activities		(44,932,631)	24,941,327
INVESTING ACTIVITIES			
Proceeds from sale of share in a subsidiary		537,437	6,465,607
Proceeds from sale of trading properties		54,830,664	1,547,353
Proceeds from sale of investment property		14,000,000	-
Investment in associated companies		(1,144,859)	(2,159,885)
Investment in unconsolidated subsidiaries		(784,321)	(3,649,922)
Net additions of property, plant and equipment		(1,291,701)	(3,843,958)
Additions to properties under development		(16,949,817)	(12,262,741)
Proceeds from sale of investments available for sale		200,000	1,112,800
Net additions to investment properties		(2,091,012)	(11,656,766)
Purchase of investments available for sale		(5,311,662)	(5,960,172)
Net cash from/(used in) investing activities		41,994,729	(30,407,684)
FINANCING ACTIVITIES			
Repayment of related party loans		-	(30,982,617)
Repayment of bank loans		(616,609)	-
Loan obtained from bank		7,797,000	39,071,021
Minority interest		11,038,603	(8,403,509)
Purchase of treasury shares		(6,235,026)	(5,239,401)
Proceeds from sale of treasury shares		2,815,286	2,507,492
Translation reserve		(718,145)	(2,044,000)
Dividend paid		-	(5,597,947)
Net cash from/(used in) financing activities		14,081,109	(10,688,961)
Net increase/(decrease) in cash and cash equivalents		11,143,207	(16,155,318)
Cash and cash equivalents at beginning of the period	7	30,478,013	54,015,981
Cash and cash equivalents at end of the period	7	41,621,220	37,860,663

The notes set out on pages 7 to 14 form an integral part of this interim financial information.

Notes to the interim financial information

30 June 2007 (Unaudited)

1 Incorporation and Activities

International Financial Advisors – KSC (Closed) (“the parent company”) is a Kuwaiti closed shareholding company incorporated on 31 January 1974 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The parent company is regulated by the Central Bank of Kuwait as an investment company. 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 portfolio and future contracts.

This interim financial information for the six-month period ended 30 June 2007 was authorised for issue by the parent company’s board of directors on

2 Significant accounting policies

Basis of presentation

This interim 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 provision for loan receivables complies in all material respect with the requirements of the Central bank of Kuwait. In this respect, Central Bank of Kuwait requires a general provision of 1% on all loan receivables not subject to specific provision (general provision of 2% for balances as at 31 December 2006, any excess in provision as a result of reducing provision to 1% is maintained separately).

The accounting policies used in the preparation of the interim financial information are consistent with those used in the preparation of the annual consolidated financial statements of the group for the year ended 31 December 2006.

Operating results for the six-month period are not necessarily indicative of the results that may be expected for the year ending 31 December 2007. For further information, refer to the audited consolidated financial statements and notes thereto included in the group’s annual financial statements for the year ended 31 December 2006.

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

Basis of consolidation

The interim financial information of the parent company and its subsidiaries have been consolidated on a line by line basis after eliminating intra-group balances, intra-group transactions and resulting unrealized profit in full and using uniform accounting policies for like transactions and other events of similar transactions.

3 Investment at fair value through statement of income

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Held for trading:			
Local			
Quoted shares	136,516,836	113,682,652	123,070,392
Unquoted shares	1,620,575	1,830,029	1,829,850
	138,137,411	115,512,681	124,900,242
Foreign			
Quoted shares	733,357	678,420	641,161
Unquoted shares	-	-	289,137
	733,357	678,420	930,298
	138,870,768	116,191,101	125,830,540

The amounts included in the consolidated statement of income are:

	Three months ended		Six months ended	
	30 June 2007 (Unaudited) KD	30 June 2006 (Unaudited) KD	30 June 2007 (Unaudited) KD	30 June 2006 (Unaudited) KD
Realised gain/(loss)	9,812,911	(6,228,146)	9,714,105	(6,681,380)
Unrealised gain/(loss)	19,925,211	13,613,088	22,692,274	(23,409,519)
	29,738,122	7,384,942	32,406,379	(30,090,899)

4 Gain on sale of investment property

During the period, the group concluded the purchase and sale of a property for which an advance payment of KD14,577,968 was made as at 31 December 2006. The net profit generated from the sale of this property is KD3,970,300. The remaining balance from sale of property amounting to KD7,000,000 is included in the other assets (Note 8).

5 Gain/(loss) on sale of trading properties

This represents the value and cost of properties originally purchased by the group, redeveloped and resold to customers. Income recognised on these properties is determined based on the percentage of completion method as follows:

	Three months ended		Six months ended	
	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)
Sales revenue	44,174,976	2,478,084	54,830,664	5,469,663
Cost of sales	(25,187,781)	(2,595,074)	(31,000,224)	(3,937,425)
	18,987,195	(116,990)	23,830,440	1,532,238

6 Earnings/(loss) per share

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

	Three months ended		Six months ended	
	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)
Profit/(loss) for the period attributable to the parent company (KD)	36,100,857	9,286,622	43,687,574	(13,990,566)
Weighted average number of shares issued (excluding treasury shares) (shares)	416,609,318	426,671,186	417,121,951	428,516,794
Earnings/(loss) per share	86.65 Fils	21.77 Fils	104.74 Fils	(32.65) Fils

7 Cash and cash equivalents

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

8 Other assets

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Receivables on forward/future contracts	2,795,835	2,518,715	2,211,329
Trade receivables	9,932,803	7,492,379	17,720,305
Advances and prepayments	18,061,263	7,415,898	2,716,295
Kuwait Clearing Company receivables	8,093,691	4,842,092	848,071
Balance due on sale of property (note 4)	7,000,000	-	-
Commissions and other sales prepayments	2,101,964	-	-
Other receivables	7,609,530	7,380,419	7,134,796
	55,595,086	29,649,503	30,630,796

9 Loan receivables

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Consumer	55,647	55,647	55,647
Real estate	1,032,606	1,154,091	1,172,267
Margin loans	18,580,548	26,771,877	29,186,582
Rescheduled	1,111	1,111	1,111
	19,669,912	27,982,726	30,415,607
Provisions	(3,046,466)	(3,217,428)	(3,011,277)
	16,623,446	24,765,298	27,404,330

10 Investments available for sale

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Quoted shares	21,946,657	18,544,186	4,955,840
Unquoted shares	47,722,700	42,563,080	46,646,910
	69,669,357	61,107,266	51,602,750

Unquoted shares include investments stated at cost amounting to KD36,635,787 as there is no reliable sources to determine their fair values (31 December 2006: KD30,571,193 and 30 June 2006: KD10,875,380). Management is not aware of any circumstances that may have lead to the decline in the value of such investments.

11 Trading properties

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Residential flats in Dubai, UAE	942,085	4,349,501	7,551,598
Properties in South Africa	8,398,076	8,544,781	7,908,141
	9,340,161	12,894,282	15,459,739

12 Investment properties

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Lands in South Africa	218,425	210,896	180,315
Properties in the United Arab Emirates	-	29,140,438	29,140,438
Properties in Kuwait	13,236,552	12,765,750	12,310,615
	13,454,977	42,117,084	41,631,368

During the period, properties in the United Arab Emirates with a value of KD28,301,387 (AED362,791,786) were transferred to properties under development as the management is planning to construct and sell freehold apartments, villas, townhouses, penthouses, vacation club and heritage place on this plot of land (Note 14).

13 Goodwill

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Balance at beginning	2,110,724	106,593	106,593
Additions during the period/year	9,120,232	2,017,412	111,903
Impairment loss	(131,058)	-	-
Foreign exchange difference	(610)	(13,281)	-
Balance at end	11,099,288	2,110,724	218,496

During the period, the group acquired directly and through its subsidiary additional 3.23% of its subsidiary company shares, IFA Hotels & Resorts – KSC (Closed) for a total amount of KD10,716,515 which resulted in a goodwill amounting to KD9,120,232.

14 Properties under development

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Hotels, residential flats and retail properties under construction	93,147,208	47,896,004	41,133,593

Properties under development were previously called capital work in progress.

15 Other liabilities

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Interest payable	227,604	200,130	19,268
Dividend payable	1,315,769	1,064,908	6,155,725
Payable on purchase of lands	14,851,722	16,676,357	18,156,601
Accounts payables	5,705,360	4,277,145	1,974,880
Accrued expenses	2,044,968	1,857,606	100,000
Kuwait foundation for the Advancement of Science (KFAS)	1,830,062	1,339,019	1,320,813
National Labour Support Tax	4,569,683	3,401,412	3,186,395
Accrued construction cost	22,527,659	-	-
Other payables	13,971,220	14,143,645	16,062,508
	67,044,047	42,960,222	46,976,190

16 Treasury shares

	30 June 2007 (Unaudited)	31 Dec. 2006 (Audited)	30 June 2006 (Unaudited)
Number of shares (000's)	36,142	32,257	31,619
Percentage of issued shares	8.03%	7.17%	7.03%
Market value (KD '000)	32,167	23,870	41,737

17 Capital commitments

Capital expenditure commitments

At 30 June 2007, the group was committed to invest in the additional anticipated funding required to build several real estate projects in Dubai – UAE, Beirut – Lebanon and South Africa. The estimated funding commitments on these projects are as follows:

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Capital expenditure for purchase of properties contracted for	64,900,000	9,500,000	10,250,000
Estimated and contracted capital expenditure for construction of properties	143,200,000	235,000,000	203,500,000
	208,100,000	244,500,000	213,750,000

17 Capital commitments (continued)

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

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

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

In addition to the above commitments, the group has capital commitment relating to the purchase of two new aircrafts with a value of KD13,000,000 which will be due upon the delivery of the said aircrafts in 2009.

18 Segmental information

Primary segment information – business segments

The group is organised into functional divisions in order to manage its various lines of business. For the purpose of segment reporting, the company's management has grouped the company activities into the following business segments. These business segments form the basis on which the company reports its primary segmental information

- Local investment, comprising investment activities for own account and for clients, in the local Kuwaiti market;
- International investment, comprising investment activities for own account and for clients, in international markets;
- Investment properties, comprising investment in lands and buildings in international markets.

Segment results include revenue and expenses directly attributable to a segment and an allocation of cost of funds based on the weighted average balance of segment assets.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment.

Capital expenditure represents the total cost incurred during the period to acquire assets that are expected to be used during more than one year.

Financial information about business segments for the period ended 30 June 2007 and 30 June 2006 are set out below:

	Local investments		International investment		Investment properties		Others		Total	
	30 June 2007 KD '000	30 June 2006 KD '000	30 June 2007 KD '000	30 June 2006 KD '000	30 June 2007 KD '000	30 June 2006 KD '000	30 June 2007 KD '000	30 June 2006 KD '000	30 June 2007 KD '000	30 June 2006 KD '000
Income statement										
Segment revenue	36,417	(25,224)	578	5,232	27,950	2,094	5,200	3,934	70,145	(13,964)
Segment result	36,417	(25,224)	578	5,232	27,950	2,094	5,200	3,934	70,145	(13,964)
Unallocated corporate expenses									(13,562)	(6,332)
Minority interest									(12,895)	6,305
Profit/(loss) for the period									43,688	(13,991)

Geographical segments

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

19 Dividends

The general assembly of shareholders held on 26 May 2007 approved the board of directors proposal of not to distribute any dividends for the financial year ended 31 December 2006 (Cash dividends of 20% or 20 Fils per share and bonus shares of 50% of paid up capital have been distributed for the financial year ended 31 December 2005).

20 Related party transactions

These represent transactions with related parties that relate to shareholders, directors and senior management of the parent company, and 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 financial information are as follows:

	30 June 2007 (Unaudited) KD	31 Dec. 2006 (Audited) KD	30 June 2006 (Unaudited) KD
Transactions included in the balance sheet:			
Proceeds from sale of shares in subsidiary companies	537,437	12,834,713	4,913,862
Purchase of share in a subsidiary company	8,228,901	6,134,160	-
Amounts due from related parties	20,082,093	12,490,489	5,798,070
Amounts due to related parties	(738,521)	(2,536,886)	(4,724,495)
Transactions included in the statement of income:			
Profit from sale of shares in a subsidiary	470,396	5,155,353	3,796,151
Interest expenses	52,619	492,134	492,134

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

21 Investment in subsidiaries

The interim financial information has incorporated the financial information of the following subsidiaries as at 30 June 2007.

Name of subsidiary	Activity	Effective ownership %
IFA Hotels and Resorts – KSCC and subsidiaries	Hotel operations	57.05
Seven Seas Resorts Company – KSC (Closed)	Hotel operations	54.29
Gulf Real Estate Company – WLL	Real estate investments	46.32
Offset Consulting and Hotel Project Management Company	Hotel operations	100
IFA Aviation Company – WLL	Aviations	75
Dana Real Estate Company	Real estate investments	100
Radeem Real Estate Company	Real estate investments	100

22 Comparative figures

Certain comparative amounts have been reclassified to conform to the presentation in the current period. Such reclassification does not affect previously reported consolidated net assets, net equity, net results for the period or net decrease in cash and cash equivalents.