

Interim condensed consolidated financial information and review report
**International Financial Advisors – KSC (Closed) and Subsidiaries
Kuwait**

30 June 2008 (Unaudited)

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Review report

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

Report on review of interim condensed consolidated 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 2008 and the related consolidated statements 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 condensed consolidated financial information in accordance with the accounting policies stated in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

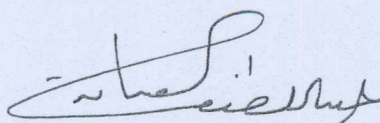
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 accounting policies stated 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 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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Kuwait
14 August 2008

Consolidated statement of income

		Three months ended		Six months ended	
		30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD
Income					
Interest and similar income		1,769,723	1,761,373	2,928,943	2,822,476
Management fees and commission income		2,500,456	125,277	3,574,055	252,151
Dividend income		1,347,175	1,295,856	2,850,391	3,413,469
Net income from hoteliers and related services		842,814	213,360	1,455,424	602,551
Net (loss)/gain from investments at fair value through statement of income	3	(17,542,040)	29,555,445	(17,393,476)	32,112,790
Unrealised gain on investment properties		1,329,271	-	1,329,271	-
Gain on sale of investment property		-	-	-	3,970,300
Gain on sale of properties under development	4	27,712,884	18,987,195	33,497,350	23,830,440
Gain on sale of investments available for sale		-	127,122	61,823	127,122
Share of profit/(loss) from associated companies		1,166,045	(87,807)	1,112,400	578,487
Gain on sale of shares in a consolidated subsidiary company	11	1,760,019	-	8,095,240	470,396
Other income		358,052	850,441	626,920	1,965,222
Total income		21,244,399	52,828,262	38,138,341	70,145,404
Expenses and other charges					
Interest and similar expenses		2,712,511	2,183,748	5,419,180	4,047,012
Staff and related costs		2,212,274	1,496,713	3,380,821	2,532,275
Other operating expenses		6,366,152	3,280,283	8,472,732	5,944,037
Depreciation		426,311	161,638	671,120	311,748
Total expenses and other charges		11,717,248	7,122,382	17,943,853	12,835,072
Profit before KFAS, NLST, Zakat and taxation on overseas subsidiaries		9,527,151	45,705,880	20,194,488	57,310,332
Taxation on overseas subsidiaries		754,562	407,772	779,576	332,377
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(209,917)	(232,337)	(288,225)	(284,351)
Contribution to Zakat		(240,136)	-	(319,959)	-
National Labour Support Tax (NLST)		(580,355)	(678,942)	(788,054)	(775,577)
Profit for the period		9,251,305	45,202,373	19,577,826	56,582,781
Attributable to :					
Shareholders of the parent company		(1,778,643)	36,100,857	6,813,164	43,687,574
Minority interest		11,029,948	9,101,516	12,764,662	12,895,207
Profit for the period		9,251,305	45,202,373	19,577,826	56,582,781
BASIC & DILUTED EARNINGS PER SHARE	5	(2.66 Fils)	52.58 Fils	10.11 Fils	63.58 Fils

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Consolidated balance sheet

	Notes	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Assets				
Cash and cash equivalents	6	79,007,731	73,716,606	41,621,220
Investments at fair value through statement of income	3	109,537,386	143,963,612	138,870,768
Other assets	7	49,769,163	40,133,648	55,595,086
Loans receivable	8	9,746,014	10,372,102	16,623,446
Due from related parties		31,097,610	23,790,873	21,516,548
Investments available for sale	9	82,142,316	100,290,808	69,669,357
Trading properties		-	900,756	942,085
Investment properties	10	20,344,271	18,401,124	13,454,977
Investment in associated companies		16,542,711	15,575,294	12,243,439
Investment in unconsolidated subsidiaries		82,272	82,272	1,429,421
Goodwill	11	45,751,121	38,916,729	12,783,434
Properties under development	12	75,383,415	74,561,191	75,435,030
Capital work in progress	13	35,653,812	31,156,473	24,426,108
Property, plant and equipment		23,980,074	15,755,496	16,391,765
Total assets		579,037,896	587,616,984	501,002,684
Liabilities and equity				
Liabilities				
Other liabilities	14	71,111,636	66,492,325	67,409,057
Due to related parties		5,630,325	2,532,892	738,521
Term loan from a related party		1,720,000	-	2,834,141
Borrowings		141,166,118	135,585,499	102,896,187
Advances received from customers		87,458,792	94,050,591	61,022,221
Total liabilities		307,086,871	298,661,307	234,900,127
Equity				
Equity attributable to the shareholders of the parent company				
Share capital		72,000,000	45,000,000	45,000,000
Share premium		11,973,061	11,973,061	11,973,061
Treasury shares	15	(39,556,775)	(37,192,698)	(39,083,909)
Statutory and voluntary reserves		61,649,505	61,649,505	45,124,412
Cumulative changes in fair value		(14,260,447)	3,676,268	14,618,761
Treasury share profit reserve		4,314,261	6,000,329	6,300,577
Foreign exchange translation reserve		(6,424,562)	(2,867,116)	(1,585,338)
Retained earnings		139,474,086	159,660,922	139,070,259
Total equity of the parent company shareholders		229,169,129	247,900,271	221,417,823
Minority interest		42,781,896	41,055,406	44,684,734
Total equity		271,951,025	288,955,677	266,102,557
Total liabilities and equity		579,037,896	587,616,984	501,002,684
Fiduciary accounts		144,631,000	103,043,536	99,257,627

Jassim Mohammed Al-Bahar
Chairman and CEO

Saleh Saleh Al-Selmi
Deputy Chairman and Deputy CEO

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Consolidated statement of changes in equity (Unaudited)

	Attributable to the shareholders of the parent company										Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Treasury shares profit reserve KD	Foreign exchange translation reserve KD	Retained earnings KD	Sub - total KD	Minority interest KD	
Balance as at 31 December 2007	45,000,000	11,973,061	(37,192,698)	61,649,505	3,676,268	6,000,329	(2,867,116)	159,660,922	247,900,271	41,055,406	288,955,677
Changes in fair values of investments available for sale	-	-	-	-	(17,936,715)	-	-	-	(17,936,715)	-	(17,936,715)
Translation reserve movements	-	-	-	-	-	-	(3,557,446)	-	(3,557,446)	-	(3,557,446)
Net expense recognised directly in equity	-	-	-	-	(17,936,715)	-	(3,557,446)	-	(21,494,161)	-	(21,494,161)
Profit for the period	-	-	-	-	-	-	-	6,813,164	6,813,164	12,764,662	19,577,826
Total recognised (expense)/income for the period	-	-	-	-	(17,936,715)	-	(3,557,446)	6,813,164	(14,680,997)	12,764,662	(1,916,335)
Bonus shares issued	27,000,000	-	-	-	-	-	-	(27,000,000)	-	-	-
Changes in minority interest	-	-	-	-	-	-	-	-	-	(11,038,172)	(11,038,172)
Purchase of treasury shares	-	-	(52,177,276)	-	-	-	-	-	(52,177,276)	-	(52,177,276)
Sale of treasury shares	-	-	49,813,199	-	-	-	-	-	49,813,199	-	49,813,199
Loss on sale of treasury shares	-	-	-	-	-	(1,686,068)	-	-	(1,686,068)	-	(1,686,068)
Balance as at 30 June 2008	72,000,000	11,973,061	(39,556,775)	61,649,505	(14,260,447)	4,314,261	(6,424,562)	139,474,086	229,169,129	42,781,896	271,951,025

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Consolidated statement of changes in equity (Unaudited)

	Equity attributable to shareholders of the parent company										Total KD
	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	Sub- total KD	Minority interest 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
Changes in fair value of investments available for sale	-	-	-	-	3,323,307	-	-	-	3,323,307	-	3,323,307
Translation reserves movement	-	-	-	-	-	-	(718,145)	-	(718,145)	-	(718,145)
Net income recognised directly in equity	-	-	-	-	3,323,307	-	(718,145)	-	2,605,162	-	2,605,162
Profit for the period	-	-	-	-	-	-	-	43,687,574	43,687,574	12,895,207	56,582,781
Total recognised income for the period	-	-	-	-	3,323,307	-	(718,145)	43,687,574	46,292,736	12,895,207	59,187,943
Changes in minority interest	-	-	-	-	-	-	-	-	-	(1,789,563)	(1,789,563)
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
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 15 form an integral part of this interim condensed consolidated financial information.

Consolidated statement of cash flows

	Note	Six months ended 30 June 2008 (Unaudited) KD	Six months ended 30 June 2007 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		6,813,164	43,687,574
Adjustments:			
Gain on sale of shares in a consolidated subsidiary company		(8,095,240)	(470,396)
Gain on sale of investments available for sale		(61,823)	(127,122)
Gain on sale of properties under development		(33,497,350)	(23,830,440)
Share of profit from associated companies		(1,112,400)	(578,487)
Gain on sale of investment property		-	(3,970,300)
Unrealised gain on investment properties		(1,329,271)	-
Dividend income		(2,850,391)	(3,413,469)
Interest income		(2,928,943)	(2,822,476)
Interest and similar expenses		5,419,180	4,047,012
Depreciation		671,120	311,748
		(36,971,954)	12,833,644
Changes in operating assets and liabilities:			
Investments at fair value through statement of income		34,426,226	(22,679,667)
Other assets		(9,635,515)	(18,945,583)
Loans receivable		626,088	8,141,852
Due from related parties		(7,306,737)	(7,591,604)
Goodwill		(6,834,392)	(8,988,564)
Trading properties		900,756	3,407,416
Other liabilities		4,619,315	24,083,826
Due to related parties		3,097,434	(1,798,365)
Advances received from customers		52,252,360	38,532,737
Cash from operations		35,173,581	26,995,692
Dividend income received		2,850,391	3,413,469
Interest income received		2,928,943	2,822,476
Interest paid		(5,419,180)	(4,047,012)
Net cash from operating activities		35,533,735	29,184,625
INVESTING ACTIVITIES			
Proceeds from sale of shares in a consolidated subsidiary company		14,833,843	537,437
Proceeds from sale of investment property		-	14,000,000
Net addition on investment in associated companies		144,983	(1,144,859)
Acquisition of unconsolidated subsidiary companies		-	(784,321)
Net additions of property, plant and equipment		(8,895,695)	(1,291,701)
Additions to properties under development		(26,169,033)	(29,123,680)
Proceeds from sale of investments available for sale		221,266	200,000
Net additions to investment properties		(613,876)	(2,091,012)
Net additions to capital work in progress		(4,497,339)	(7,112,729)
Purchase of investments available for sale		(4,118,191)	(5,311,662)
Acquisition of shares in a consolidated subsidiary company		12,961,157	-
Net cash used in investing activities		(16,132,885)	(32,122,527)
FINANCING ACTIVITIES			
Repayment of bank loans		(11,675,770)	(616,609)
Loan obtained from bank		17,327,882	7,797,000
Loan obtained from a related party		1,720,000	-
Minority interest		(13,802,747)	11,038,603
Purchase of treasury shares		(52,177,276)	(6,235,026)
Proceeds from sale of treasury shares		48,127,131	2,815,286
Foreign exchange translation reserve		(3,628,945)	(718,145)
Net cash (used in)/ from financing activities		(14,109,725)	14,081,109
Net increase in cash and cash equivalents		5,291,125	11,143,207
Cash and cash equivalents at beginning of the period	6	73,716,606	30,478,013
Cash and cash equivalents at end of the period	6	79,007,731	41,621,220

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

30 June 2008 (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 condensed consolidated financial information for the six-month period ended 30 June 2008 was authorised for issue by the parent company’s board of directors on

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” 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 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 2007.

This interim condensed 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 management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the six-month period are not necessarily indicative of the results that may be expected for the year ending 31 December 2008. 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 2007.

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

2 Significant accounting policies (continued)

Basis of consolidation

The interim condensed 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 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Held for trading:			
Local			
Quoted shares	104,633,058	138,144,801	136,516,836
Unquoted shares	3,423,138	3,504,566	1,620,575
	108,056,196	141,649,367	138,137,411
Foreign			
Quoted shares	1,443,470	2,275,348	733,357
Unquoted shares	37,720	38,897	-
	1,481,190	2,314,245	733,357
	109,537,386	143,963,612	138,870,768

The amounts included in the consolidated statement of income are:

	Three months ended		Six months ended	
	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD
Realised (loss)/gain	(168,239)	9,630,234	3,176,323	9,420,516
Unrealised (loss)/gain	(17,373,801)	19,925,211	(20,569,799)	22,692,274
	(17,542,040)	29,555,445	(17,393,476)	32,112,790

4 Gain on sale of properties under development

Gain on sale of properties under development represents the difference between the sales value and cost of properties originally carried by the group, to acquire, redevelop and sell to the clients. The realised income on sale of these properties is determined based on the percentage of completion method.

	Three months ended		Six months ended	
	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2007 (Unaudited) KD
Sales revenue	44,717,375	44,174,976	57,904,664	54,830,664
Cost of sales	(17,004,491)	(25,187,781)	(24,407,314)	(31,000,224)
	27,712,884	18,987,195	33,497,350	23,830,440

5 Basic and diluted (losses)/earnings per share

Basic and diluted (losses)/earnings per share is computed by dividing the profit 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 2008 (Unaudited)	30 June 2007 (Unaudited)	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
(Loss)/profit for the period attributable to the parent company (KD)	(1,778,643)	36,100,857	6,813,164	43,687,574
Weighted average number of shares issued (excluding treasury shares) (shares)	667,444,973	686,609,318	673,669,999	687,121,952
Basic and diluted (losses)/earnings per share (Fils)	(2.66)	52.58	10.11	63.58

The weighted average number of shares of the current and comparative period has been calculated after adding the bonus shares of 60% approved by the general assembly (Note 18).

6 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.

7 Other assets

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Receivables on forward/future contracts	3,316,701	3,062,000	2,795,835
Trade receivables	11,681,927	10,901,635	9,932,803
Advances and prepayments	1,905,292	1,958,161	18,061,263
Kuwait Clearing Company receivables	320,871	275,474	8,093,691
Staff receivables	283,331	434,443	-
Prepaid expenses	218,599	1,268,800	7,000,000
Advance to contractors	17,325,371	13,313,593	2,101,964
Other receivables	14,717,071	8,919,542	7,609,530
	49,769,163	40,133,648	55,595,086

8 Loans receivable

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Consumer	55,647	55,647	55,647
Real estate	1,032,606	1,032,606	1,032,606
Margin loans	11,657,539	12,289,016	18,580,548
Rescheduled	1,111	1,111	1,111
	12,746,903	13,378,380	19,669,912
Provisions	(2,670,907)	(2,676,296)	(2,716,484)
Provision surplus resulting from the reduction of general provision to 1%	(329,982)	(329,982)	(329,982)
	9,746,014	10,372,102	16,623,446

9 Investments available for sale

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Quoted shares	30,221,633	44,939,302	21,946,657
Unquoted shares	51,920,683	55,351,506	47,722,700
	82,142,316	100,290,808	69,669,357

Unquoted shares include investments stated at cost amounting to KD33,384,923 as there is no other reliable sources to determine their fair values (31 December 2007: KD36,900,176 and 30 June 2007: KD36,635,787).

Management is not aware of any circumstance that may have lead to the decline in the value of such investments.

10 Investment properties

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Kuwait	13,450,000	13,450,000	10,748,475
Lebanon	2,705,806	2,705,806	-
Jordan	351,050	351,050	351,050
United Arab Emirates	3,305,016	1,465,665	1,924,044
Egypt	354,965	212,983	212,983
South Africa	177,434	215,620	218,425
	20,344,271	18,401,124	13,454,977

11 Goodwill

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Balance at the beginning	38,916,729	3,794,870	3,794,870
Increase arising on purchase of additional shares in IFA Hotels and Resorts –KSCC	6,850,745	34,957,649	9,120,232
Arising on acquisition of Fastnet Capital Limited	-	332,982	-
Impairment loss	-	(131,414)	(131,058)
Foreign currency differences	(16,353)	(37,358)	(610)
Balance at the end	45,751,121	38,916,729	12,783,434

During the period, the parent company executed buying and selling transactions of the shares in one of its subsidiaries. Such transactions resulted in net goodwill amounting to KD6,850,745 (31 December 2007: KD34,957,649 and 30 June 2007: KD9,120,232) which was recorded in the consolidated balance sheet. Total profit recognised from these transactions amounted to KD8,079,445.

Also, during the period group sold one of its subsidiary companies-Offset Consulting and Hotel Project Management Company – KSC (Closed) to a related party for a total consideration of KD1,100,000 resulting realised gain amounting to KD15,795.

12 Properties under development

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Properties in Dubai – UAE	53,350,426	55,119,643	59,249,494
Properties in South Africa	14,180,500	13,712,118	8,398,076
Properties in Lebanon	7,852,489	5,729,430	7,787,460
	75,383,415	74,561,191	75,435,030

13 Capital work in progress

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Hotels, residential flats and retail properties under construction in Dubai - UAE	35,653,812	31,156,473	24,426,108

14 Other liabilities

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Interest payable	720,127	3,186,239	227,604
Accounts payable	11,909,824	7,899,947	5,705,360
Dividends payable	1,799,227	1,814,441	1,315,769
Payable on purchase of lands	12,123,359	12,574,355	14,851,722
Accrued expenses	3,606,409	1,237,766	2,044,968
Kuwait Foundation for the Advancement of Science (KFAS)	2,088,130	1,803,691	1,830,062
National Labour Support Tax	6,179,211	5,395,457	4,569,683
Zakat contribution	392,681	50,413	-
Provision for leave & Indemnity	1,349,667	967,692	1,144,523
Provision for contingent liability	6,876,475	6,876,475	5,061,256
Deferred income	1,352,530	1,593,903	2,297,079
Retentions payable	5,956,646	3,741,091	1,693,654
Accrued construction cost	14,290,824	15,448,561	22,527,659
Other payables	2,466,526	3,902,294	4,139,718
	71,111,636	66,492,325	67,409,057

15 Treasury shares

	30 June 2008 (Unaudited)	31 Dec. 2007 (Audited)	30 June 2007 (Unaudited)
Number of shares (000's)	60,191	34,388	36,142
Percentage of issued shares	8.36%	7.64%	8.03%
Market value (KD '000)	27,989	30,605	32,167

16 Capital commitments

Capital expenditure commitments

At 30 June 2008, the group was committed to invest in the additional anticipated funding required to build several real estate projects in Dubai – UAE and South Africa. The estimated funding commitments on these projects are as follows:

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Capital expenditure for purchase of properties contracted for	159,600,000	128,900,000	64,900,000
Estimated and contracted capital expenditure for construction of properties	123,000,000	104,700,000	143,200,000
	282,600,000	233,600,000	208,100,000

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

- sale of investment properties;
- advances from customers;
- raising additional share capital;
- advances provided by the shareholder, related entities, joint ventures; and
- 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.

During the previous year, the group issued a bank guarantee for the total amount of US Dollars 275,000,000 (equivalent to KD75 millions) relating to the construction of a hotel in New York, USA.

17 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 group's management has grouped the group activities into the following business segments. These business segments form the basis on which the group 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 investments in land 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 year 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 2008 and 30 June 2007 are set out below:

	Local investments		International investment		Investment properties		Others		Total	
	30 June 2008 KD '000	30 June 2007 KD '000	30 June 2008 KD '000	30 June 2007 KD '000	30 June 2008 KD '000	30 June 2007 KD '000	30 June 2008 KD '000	30 June 2007 KD '000	30 June 2008 KD '000	30 June 2007 KD '000
Income statement										
Segment revenue	(7,591)	36,417	346	578	34,826	27,950	10,557	5,200	38,138	70,145
Segment result	(7,591)	36,417	346	578	34,826	27,950	10,557	5,200	38,138	70,145
Unallocated corporate expenses									(18,560)	(13,562)
Minority interest									(12,765)	(12,895)
Profit for the period									6,813	43,688

Geographical segments

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

18 Proposed dividends

The general assembly held on 29 April 2008 approved the directors' proposal to distribute bonus shares of 60% of paid up share capital or 60 shares for each 100 shares to the shareholders of the parent company at the date of the general assembly.

During 2007, no dividends for the year ended 31 December 2006 were approved at the annual general meeting held on 26 May 2007.

19 Related party transactions

These represent transactions with related parties that is 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 condensed consolidated financial information are as follows:

	30 June 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 June 2007 (Unaudited) KD
Balances included in the consolidated balance sheet:			
Proceeds from sale of subsidiary company	1,100,000	1,535,852	537,437
Amounts due from related parties	31,097,610	23,790,873	21,516,548
Amounts due to related parties	(5,630,325)	(2,532,892)	(738,521)
Loans to associated companies	5,146,503	5,803,032	-
Loan obtained from a related party	1,720,000	-	-
Transactions included in the consolidated statement of income:			
Profit from sale of subsidiary	15,795	200,328	470,396
Commission income	-	168,103	-
Fees/services to asset management and development projects	-	751,761	-
Interest expenses	-	475,846	52,619
Key management compensation of the group			
Short-term employee benefits	197,000	592,000	-

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

20 Investment in subsidiaries

The interim condensed consolidated financial information has incorporated the financial statements of the following subsidiaries as at 31 December 2007 as the interim condensed financial information at 30 June 2008 were not available.

Name of subsidiary	Activity	Effective ownership %
Dana Company – SAL	Real estate investment	90
Radeem Real Estate Company – SAL	Real estate investment	99.7

Whereas the interim condensed financial information of the following subsidiaries as at 30 June 2008 were consolidated with the interim condensed consolidated financial information:

IFA Hotels and Resorts – KSCC and subsidiaries	Hotel operations	59
Seven Seas Resorts Company – KSC (Closed)	Hotels and resorts	54.29
Gulf Real Estate Company – WLL	Real estate investments	46.32
IFA Aviation Company – KSC (Closed)	Aviations	74.8
Fastnet Capital Limited	Telecommunication	100

21 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 increase in cash and cash equivalents.