

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

30 September 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 September 2008 and the related consolidated statements of income, changes in equity and cash flows for the nine-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 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 accounting policies stated in note (2).

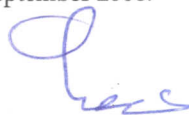
Report on review of other legal and regulatory requirements

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 nine-month period ended 30 September 2008 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations 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 during the period ended 30 September 2008.



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of Grant Thornton - Anwar Al-Qatami & Co.



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Kuwait
18 November 2008

Consolidated statement of income

	Notes	Three months ended		Nine months ended	
		30 Sept. 2008 (Unaudited) KD	30 Sept. 2007 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD	30 Sept. 2007 (Unaudited) KD
Income					
Interest and similar income		138,932	1,461,337	3,067,875	4,283,813
Management fees and commission income		1,806,446	599,869	5,380,501	852,020
Dividend income		449,276	56,187	3,299,667	3,469,656
Net income from hoteliers and related services		563,454	156,949	2,018,878	759,500
Net (loss)/gain from investments at fair value through statement of income	3	(7,050,912)	1,512,075	(24,444,388)	33,624,865
Unrealised loss/(gain) on investment properties		(30,287)	-	1,298,984	-
Gain on sale of investment property		-	-	-	3,970,300
Gain on sale of properties under development	4	17,878,733	7,478,060	51,376,083	31,308,500
(Loss)/gain on sale of investments available for sale		(154,840)	457,305	(93,017)	584,427
Share of (loss)/ profit from associated companies		(893,516)	287,336	218,884	865,823
Gain on sale of shares in a consolidated subsidiary company	12	745,708	359,900	8,840,948	830,296
Gain on sale of shares in an unconsolidated subsidiaries		-	200,328	-	200,328
Loss on sale of shares in associated companies		(1,467,192)	-	(1,467,192)	-
Other income		2,567,907	1,962,972	3,194,827	3,928,194
Total income		14,553,709	14,532,318	52,692,050	84,677,722
Expenses and other charges					
Interest and similar expenses		2,699,685	2,421,597	8,118,865	6,468,609
Staff and related costs		1,852,314	1,881,154	5,233,135	4,413,429
Other operating expenses		1,017,574	1,559,609	9,490,306	7,503,646
Depreciation		512,434	146,040	1,183,554	457,788
Total expenses and other charges		6,082,007	6,008,400	24,025,860	18,843,472
Profit before KFAS, NLST, Zakat and taxation on overseas subsidiaries		8,471,702	8,523,918	28,666,190	65,834,250
Taxation on overseas subsidiaries		130,154	(2,536)	909,730	329,841
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(147,909)	(8,423)	(436,134)	(292,774)
Contribution to Zakat		(164,574)	-	(484,533)	-
National Labour Support Tax (NLST)		(421,935)	284,315	(1,209,989)	(491,262)
Profit for the period		7,867,438	8,797,274	27,445,264	65,380,055
Attributable to :					
Shareholders of the parent company		2,586,459	5,294,464	9,399,623	48,982,038
Minority interest		5,280,979	3,502,810	18,045,641	16,398,017
Profit for the period		7,867,438	8,797,274	27,445,264	65,380,055
Basic & diluted earnings per share attributable to the shareholders of the parent company (Fils)	5	3.91	12.74	14.04	117.59

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Consolidated balance sheet

	Notes	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Assets				
Cash and cash equivalents	6	43,880,943	73,716,606	51,095,632
Investments at fair value through statement of income	3	26,115,130	143,963,612	142,550,889
Other assets	7	67,881,289	40,133,648	43,749,916
Loans receivable	8	8,865,763	10,372,102	14,841,559
Due from related parties		28,466,407	23,790,873	19,772,955
Investments available for sale	9	104,530,393	100,290,808	97,637,078
Trading properties		-	900,756	915,275
Investment properties	10	20,194,997	18,401,124	13,453,413
Investment in associated companies	11	77,398,002	15,575,294	12,188,423
Investment in unconsolidated subsidiaries		82,272	82,272	82,272
Goodwill	12	47,736,211	38,916,729	12,997,724
Properties under development	13	85,640,404	74,561,191	72,006,431
Capital work in progress	14	41,540,854	31,156,473	35,364,940
Property, plant and equipment		23,180,354	15,755,496	15,662,554
Total assets		575,513,019	587,616,984	532,319,061
Liabilities and equity				
Liabilities				
Other liabilities	15	75,235,194	66,492,325	70,326,033
Due to a related party		5,052,343	2,532,892	618,114
Term loan from a related party		1,720,000	-	2,834,141
Borrowings	16	144,369,592	135,585,499	134,907,272
Advances received from customers		80,262,499	94,050,591	60,667,117
Total liabilities		306,639,628	298,661,307	269,352,677
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	17	(39,072,016)	(37,192,698)	(35,485,941)
Statutory and voluntary reserves		61,649,505	61,649,505	45,124,412
Cumulative changes in fair value		(23,910,259)	3,676,268	4,800,267
Treasury share profit reserve		3,776,965	6,000,329	6,449,388
Foreign exchange translation reserve		(5,688,904)	(2,867,116)	(1,802,012)
Retained earnings		142,060,545	159,660,922	144,364,723
Total equity of the parent company shareholders		222,788,897	247,900,271	220,423,898
Minority interest		46,084,494	41,055,406	42,542,486
Total equity		268,873,391	288,955,677	262,966,384
Total liabilities and equity		575,513,019	587,616,984	532,319,061
Fiduciary accounts		90,844,597	103,043,536	97,545,602

Talal Jassim Al-Bahar
Chairman and CEO

Saleh Saleh Al-Selmi
Deputy Chairman and Deputy CEO

The notes set out on pages 7 to 16 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	-	-	-	-	(27,586,527)	-	-	-	(27,586,527)	-	(27,586,527)
Translation reserve movements	-	-	-	-	-	-	(2,821,788)	-	(2,821,788)	-	(2,821,788)
Net expense recognised directly in equity	-	-	-	-	(27,586,527)	-	(2,821,788)	-	(30,408,315)	-	(30,408,315)
Profit for the period	-	-	-	-	-	-	-	9,399,623	9,399,623	18,045,641	27,445,264
Total recognised (expense)/income for the period	-	-	-	-	(27,586,527)	-	(2,821,788)	9,399,623	(21,008,692)	18,045,641	(2,963,051)
Bonus shares issued	27,000,000	-	-	-	-	-	-	(27,000,000)	-	-	-
Changes in minority interest	-	-	-	-	-	-	-	-	-	(13,016,553)	(13,016,553)
Purchase of treasury shares	-	-	(55,007,258)	-	-	-	-	-	(55,007,258)	-	(55,007,258)
Sale of treasury shares	-	-	53,127,940	-	-	-	-	-	53,127,940	-	53,127,940
Loss on sale of treasury shares	-	-	-	-	-	(2,223,364)	-	-	(2,223,364)	-	(2,223,364)
Balance as at 30 September 2008	72,000,000	11,973,061	(39,072,016)	61,649,505	(23,910,259)	3,776,965	(5,688,904)	142,060,545	222,788,897	46,084,494	268,873,391

The notes set out on pages 7 to 16 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 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 values of investments available for sale	-	-	-	-	(6,495,187)	-	-	-	(6,495,187)	-	(6,495,187)
Translation reserve movements	-	-	-	-	-	-	(934,819)	-	(934,819)	-	(934,819)
Net expense recognised directly in equity	-	-	-	-	(6,495,187)	-	(934,819)	-	(7,430,006)	-	(7,430,006)
Profit for the period	-	-	-	-	-	-	-	48,982,038	48,982,038	16,398,017	65,380,055
Total recognised (expense)/income for the period	-	-	-	-	(6,495,187)	-	(934,819)	48,982,038	41,552,032	16,398,017	57,950,049
Changes in minority interest	-	-	-	-	-	-	-	-	-	(7,434,621)	(7,434,621)
Purchase of treasury shares	-	-	(36,852,230)	-	-	-	-	-	(36,852,230)	-	(36,852,230)
Sale of treasury shares	-	-	36,974,791	-	-	-	-	-	36,974,791	-	36,974,791
Gain on sale of treasury shares	-	-	-	-	-	204,478	-	-	204,478	-	204,478
Balance as at 30 September 2007	45,000,000	11,973,061	(35,485,941)	45,124,412	4,800,267	6,449,388	(1,802,012)	144,364,723	220,423,898	42,542,486	262,966,384

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Consolidated statement of cash flows

	Nine months ended 30 Sept. 2008 (Unaudited) KD	Nine months ended 30 Sept. 2007 (Unaudited) KD
OPERATING ACTIVITIES		
Profit for the period attributable to the shareholders of the parent company	9,399,623	48,982,038
Adjustments:		
Gain on sale of shares in a consolidated subsidiary company	(8,840,948)	(830,296)
Gain on sale of unconsolidated subsidiaries	-	(200,328)
Loss/(gain) on sale of investments available for sale	93,017	(584,427)
Loss on sale of shares in associated companies	1,467,192	-
Gain on sale of properties under development	(51,376,083)	(31,308,500)
Share of profit from associated companies	(218,884)	(865,823)
Gain on sale of investment property	-	(3,970,300)
Unrealised gain on investment properties	(1,298,984)	-
Dividend income	(3,299,667)	(3,469,656)
Interest income	(3,067,875)	(4,283,813)
Interest and similar expenses	8,118,865	6,468,609
Depreciation	1,183,554	457,788
	(47,840,190)	10,395,292
Changes in operating assets and liabilities:		
Investments at fair value through statement of income	44,090,234	(25,529,492)
Other assets	(27,747,641)	(14,101,473)
Loans receivable	1,506,339	9,923,739
Due from related parties	(4,675,534)	(5,848,011)
Goodwill	(8,819,482)	(9,202,854)
Trading properties	900,756	3,434,226
Other liabilities	8,742,870	27,000,801
Due to related parties	2,519,452	(1,918,772)
Advances received from customers	73,968,157	59,138,327
Cash from operations	42,644,961	53,291,783
Dividend income received	3,299,667	3,469,656
Interest income received	3,067,875	4,283,813
Interest paid	(8,118,865)	(6,468,609)
Net cash from operating activities	40,893,638	54,576,643
INVESTING ACTIVITIES		
Proceeds from sale of shares in a consolidated subsidiary company	17,259,188	1,586,940
Proceeds from sale of shares in unconsolidated subsidiaries	-	1,535,851
Proceeds from sale of shares in associated companies	6,000,882	-
Proceeds from sale of investment property	-	21,000,000
Net addition on investment in associated companies	(7,836,137)	(802,507)
Acquisition of unconsolidated subsidiary companies	-	(772,695)
Net additions of property, plant and equipment	(8,608,412)	(708,530)
Additions to properties under development	(47,459,378)	(41,520,238)
Proceeds from sale of investments available for sale	6,169,253	1,343,801
Net additions to investment properties	(494,889)	(2,089,448)
Net additions to capital work in progress	(10,384,381)	(18,051,561)
Purchase of investments available for sale	(34,091,039)	(43,784,373)
Acquisition of shares in a consolidated subsidiary company	(16,059,284)	-
Net cash used in investing activities	(95,504,197)	(82,262,760)
FINANCING ACTIVITIES		
Repayment of bank loans	(26,781,588)	-
Loan obtained from bank	35,565,680	39,191,476
Loan obtained from a related party	1,720,000	-
Minority interest	21,195,274	9,720,040
Purchase of treasury shares	(55,007,258)	(36,852,230)
Proceeds from sale of treasury shares	50,904,576	37,179,269
Foreign exchange translation reserve	(2,821,788)	(934,819)
Net cash from financing activities	24,774,896	48,303,736
Net (decrease)/increase in cash and cash equivalents	(29,835,663)	20,617,619
Cash and cash equivalents at beginning of the period	73,716,606	30,478,013
Cash and cash equivalents at end of the period	43,880,943	51,095,632

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

30 September 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 nine-month period ended 30 September 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, except for the amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, relating to reclassification of financial assets.

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 nine-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.

Basis of consolidation

The interim condensed financial information of the parent company and its subsidiaries (Note 22) 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.

2 Significant accounting policies (continued)

Adoption of amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, relating to reclassification of financial assets

On 13 October 2008, the International Accounting Standards Board issued amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures. These amendments permit reclassification of financial instruments other than derivatives from “at fair value through statement of income” category to “available for sale” in rare circumstances.

These financial instruments are reclassified at its fair value on the date of reclassification. Any gain or loss already recognised in the statement of income is not reversed.

3 Investment at fair value through statement of income

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Held for trading:			
Local			
Quoted shares	21,695,119	138,144,801	138,945,048
Unquoted shares	3,423,138	3,504,566	2,828,821
	25,118,257	141,649,367	141,773,869
Foreign			
Quoted shares	958,939	2,275,348	737,231
Unquoted shares	37,934	38,897	39,789
	996,873	2,314,245	777,020
	26,115,130	143,963,612	142,550,889

The amounts included in the consolidated statement of income are:

	Three months ended		Nine months ended	
	30 Sept. 2008 (Unaudited) KD	30 Sept. 2007 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD	30 Sept. 2007 (Unaudited) KD
Realised (loss)/gain	(1,670,583)	3,138,021	1,505,740	12,558,537
Unrealised (loss)/gain	(5,380,329)	(1,625,946)	(25,950,128)	21,066,328
	(7,050,912)	1,512,075	(24,444,388)	33,624,865

During the period, the group reclassified its investments in two listed companies with a total value of KD61,235,763 as at 1 July 2008 from trading investments into investments in associates (Note 11).

The group also implemented the new amendment to IAS (39) and IFRS (7) and reclassified certain investments with a total value of KD16,345,370 into available for sale investments.

The total unrealised loss recognised in the consolidated statement of income during the six months period ended 30 June 2008 for the reclassified investment into available for sale amounted to KD(12,427). While the total unrealised losses recognised directly into cumulative changes in fair value of available for sale investment in the equity section during the three months ended 30 September 2008 amounted to KD(688,974).

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		Nine months ended	
	30 Sept. 2008 (Unaudited)	30 Sept. 2007 (Unaudited)	30 Sept. 2008 (Unaudited)	30 Sept. 2007 (Unaudited)
	KD	KD	KD	KD
Sales revenue	31,146,381	17,998,074	89,051,045	72,828,738
Cost of sales	(13,267,648)	(10,520,014)	(37,674,962)	(41,520,238)
	17,878,733	7,478,060	51,376,083	31,308,500

5 Basic and diluted earnings per share attributable to the shareholders of the parent company

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the shareholders of 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		Nine months ended	
	30 Sept. 2008 (Unaudited)	30 Sept. 2007 (Unaudited)	30 Sept. 2008 (Unaudited)	30 Sept. 2007 (Unaudited)
Profit for the period attributable to the shareholders of the parent company (KD)	2,586,459	5,294,464	9,399,623	48,982,038
Weighted average number of shares issued (excluding treasury shares) (shares)	661,250,807	415,459,963	669,530,269	416,561,867
Basic and diluted earnings per share (Fils)	3.91	12.74	14.04	117.59

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 20).

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 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Receivables on forward/future contracts	3,182,894	3,062,000	2,582,553
Trade receivables	15,246,046	10,901,635	13,634,647
Advances and prepayments	16,021,108	1,958,161	17,615,733
Kuwait Clearing Company receivables	577,434	275,474	7,947,651
Staff receivables	269,595	434,443	-
Prepaid expenses	339,969	1,268,800	-
Advance to contractors	17,323,044	13,313,593	-
Other receivables	14,921,199	8,919,542	1,969,332
	67,881,289	40,133,648	43,749,916

8 Loans receivable

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Consumer	55,647	55,647	55,647
Real estate	1,032,606	1,032,606	1,032,609
Margin loans	10,768,399	12,289,016	16,781,127
Rescheduled	1,111	1,111	1,111
	11,857,763	13,378,380	17,870,494
Provisions	(2,662,018)	(2,676,296)	(2,698,953)
Provision surplus resulting from the reduction of general provision to 1%	(329,982)	(329,982)	(329,982)
	8,865,763	10,372,102	14,841,559

9 Investments available for sale

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Quoted shares	41,867,834	44,939,302	48,500,748
Unquoted shares	62,662,559	55,351,506	49,136,330
	104,530,393	100,290,808	97,637,078

Unquoted shares include investments stated at cost amounting to KD48,484,114 as there is no other reliable sources to determine their fair values (31 December 2007: KD36,900,176 and 30 September 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 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Kuwait	13,450,000	13,450,000	10,748,475
Lebanon	2,537,836	2,705,806	-
Jordan	351,050	351,050	351,050
United Arab Emirates	3,327,067	1,465,665	1,924,044
Egypt	354,966	212,983	212,983
South Africa	174,078	215,620	216,861
	20,194,997	18,401,124	13,453,413

11 Investment in associated companies

	Interest in equity %	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Addax Bank (BSC)	20	5,855,712	5,918,142	3,581,723
Boschendal (Pty) Ltd	26.57	1,723,492	720,506	952,229
Raimon Land Public Company Limited	24.18	7,079,227	8,091,863	7,604,470
PurplePlum Properties Limited	26.57	1	1	1
Zamzam Religious Tour Company	20	50,000	50,000	50,000
Legend & IFA Developments (Pty) Ltd	50	3,381,935	794,782	-
International Finance Company – KSCC	28.68	48,933,982	-	-
International Resorts Company – KSCC	24.44	10,373,653	-	-
		77,398,002	15,575,294	12,188,423

11 Investment in associated companies (continued)

During the three month period ended 30 September 2008, and as part of the group's strategic plan to stream line its investments and operations activities, management has decided to exercise its influence on the management and operations of its investments in two entities instead of trading in their shares namely: International Finance Company- KSCC (IFC) and International Resorts Company – KSCC (IRC), in which the group holds 29.11% interest and 24.07% interest as at 1 July 2008 respectively and the group started its significant influence on the operations of both companies during the period. Management also confirmed that they will hold additional seats in the Board of Directors of these entities on their next election.

As a result, the group decided to reclassify its investment in these entities from investment at fair value through the statement of income ties (Note 3) to investment in associates at the carrying amount as at 1 July 2008 amounting to KD50,834,192 and KD10,401,571 respectively.

The embedded goodwill in these investments as at the reclassification date amounted to KD21,547,220 and KD1,795,518 respectively.

12 Goodwill

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 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	8,683,890	34,957,649	9,335,187
Arising on acquisition of Fastnet Capital Limited	-	332,982	-
Arising on acquisition of IFA Travel & Tourism	153,303	-	-
Impairment loss	-	(131,414)	(131,058)
Foreign currency differences	(17,711)	(37,358)	(1,275)
Balance at the end	47,736,211	38,916,729	12,997,724

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 KD8,683,890 (31 December 2007: KD34,957,649 and 30 September 2007: KD9,335,187) which was recorded in the consolidated balance sheet. Total profit recognised from these transactions amounted to KD8,825,153 (31 December 2007: 27,500,013 and 30 September 2007: 830,296).

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.

13 Properties under development

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Properties in Dubai – UAE	58,896,070	55,119,643	54,401,101
Properties in South Africa	16,708,036	13,712,118	9,370,299
Properties in Lebanon	10,036,298	5,729,430	8,235,031
	85,640,404	74,561,191	72,006,431

14 Capital work in progress

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Hotels, residential flats and retail properties under construction in Dubai – UAE	41,540,854	31,156,473	35,364,940

15 Other liabilities

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Interest payable	1,017,984	3,186,239	1,398,017
Accounts payable	9,101,351	7,899,947	7,796,967
Dividends payable	2,246,952	1,814,441	4,848,182
Payable on purchase of lands	12,022,034	12,574,355	7,243,510
Accrued expenses	6,248,669	1,237,766	2,852,476
Kuwait Foundation for the Advancement of Science (KFAS)	2,227,401	1,803,691	2,404,672
National Labour Support Tax	5,883,798	5,395,457	3,553,080
Zakat contribution	378,382	50,413	-
Provision for leave & Indemnity	900,497	967,692	991,858
Provision for contingent liability	6,876,475	6,876,475	5,061,256
Deferred income	1,135,176	1,593,903	1,081,287
Retentions payable	7,262,106	3,741,091	2,652,377
Accrued construction cost	16,628,591	15,448,561	27,350,533
Other payables	3,305,778	3,902,294	3,091,818
	75,235,194	66,492,325	70,326,033

16 Borrowings

	30 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Loans in KD	26,000,000	26,000,000	26,000,000
Loans in USD	63,339,456	64,250,550	67,363,750
Loans in AED	24,597,677	4,774,229	4,867,613
Loans in EURO	21,484,164	32,226,253	31,439,225
Loans in Rand	8,324,860	8,334,467	5,236,684
Loans in GBP	623,435	-	-
	144,369,592	135,585,499	134,907,272

17 Treasury shares

	30 Sept. 2008 (Unaudited)	31 Dec. 2007 (Audited)	30 Sept. 2007 (Unaudited)
Number of shares (000's)	61,011	34,388	32,180
Percentage of issued shares	8.47%	7.64%	7.15%
Market value (KD '000)	19,524	30,605	29,927

18 Capital commitments

Capital expenditure commitments

At 30 September 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 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Capital expenditure for purchase of properties contracted for	155,000,000	128,900,000	69,876,323
Estimated and contracted capital expenditure for construction of properties	45,000,000	104,700,000	104,512,743
	200,000,000	233,600,000	174,389,066

18 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 shareholder, 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.

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.

19 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 September 2008 and 30 September 2007 are set out below:

	Local investments		International investment		Investment properties		Others		Total	
	30 Sept. 2008 KD '000	30 Sept. 2007 KD '000	30 Sept. 2008 KD '000	30 Sept. 2007 KD '000	30 Sept. 2008 KD '000	30 Sept. 2007 KD '000	30 Sept. 2008 KD '000	30 Sept. 2007 KD '000	30 Sept. 2008 KD '000	30 Sept. 2007 KD '000
Income statement										
Segment revenue	(23,244)	39,181	(1,221)	866	52,675	35,516	24,482	9,115	52,692	84,678
Segment result	(23,244)	39,181	(1,221)	866	52,675	35,516	24,482	9,115	52,692	84,678
Unallocated corporate expenses									(25,247)	(19,298)
Minority interest									(18,046)	(16,398)
Profit for the period									9,399	48,982

Geographical segments

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

20 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.

21 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 Sept. 2008 (Unaudited) KD	31 Dec. 2007 (Audited) KD	30 Sept. 2007 (Unaudited) KD
Balances included in the consolidated balance sheet:			
Proceeds from sale of subsidiary company	1,100,000	1,535,852	1,535,852
Purchase of investment available for sale	-	-	8,621,172
Amounts due from related parties	28,466,407	23,790,873	19,772,955
Amounts due to related parties	(5,052,343)	(2,532,892)	(618,114)
Loans to associated companies	7,448,220	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	200,328
Cash dividend received from subsidiaries	-	-	12,266,030
Commission income	-	168,103	-
Fees/services to asset management and development projects	-	751,761	-
Interest expenses	47,773	475,846	79,365
Key management compensation of the group			
Short-term employee benefits	295,000	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.

22 Investment in subsidiaries

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

Name of subsidiary	Activity	Effective ownership %
Dana Real Estate Company – SAL	Real estate investment	90
Radeem Real Estate Company – SAL	Real estate investment	99.7
Fastnet Capital Limited	Telecommunication	100

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

IFA Hotels and Resorts – KSCC and subsidiaries	Hotel operations	59.91
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

23 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.