

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

31 March 2009 (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 interim condensed consolidated statement of financial position of International Financial Advisors (A Kuwaiti Closed Shareholding Company) (the parent company) and its subsidiaries (the group), as of 31 March 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The parent company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960 or of the articles of association of the parent company, as amended, have occurred during the period ended 31 March 2009 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 made during the period of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

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Interim condensed consolidated statement of income

	Notes	Three months ended 31 March 2009 (Unaudited) KD	Three months ended 31 March 2008 (Unaudited) KD
Income			
Interest and similar income		778,662	1,159,220
Management fees and commission income		590,733	1,073,599
Dividend income		1,393,795	1,503,216
Net income from hoteliers and related services		291,143	612,610
Net (loss)/gain from investments at fair value through statement of income	5	(2,160,872)	148,564
Gain on sale of properties under development	6	5,007,971	5,784,466
Gain on sale of shares in a consolidated subsidiary companies	14	405,578	6,335,221
Share of loss from associated companies		(951,016)	(53,645)
Loss on sale of shares in associated companies		(495,564)	-
Gain on sale of available for sale investments		223,411	61,823
Impairment in value of available for sale investments		(903,177)	-
Foreign currency exchange losses		(3,680,406)	(30,961)
Other income		578,939	299,829
Total income		1,079,197	16,893,942
Expenses and other charges			
Interest and similar expenses		2,336,612	2,706,669
Staff and related costs		1,717,873	1,168,547
Other operating expenses		2,977,590	2,106,580
Depreciation		357,879	244,809
Total expenses and other charges		7,389,954	6,226,605
(Loss)/profit before KFAS, National Labour Support Tax, Zakat and taxation on overseas subsidiaries		(6,310,757)	10,667,337
Taxation on overseas subsidiaries		263,456	25,014
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(4,389)	(78,308)
Contribution to Zakat		(12,190)	(79,823)
National Labour Support Tax		(4,876)	(207,699)
(Loss)/profit for the period		(6,068,756)	10,326,521
Attributable to :			
Owners of the parent		(5,860,569)	8,591,807
Non-controlling interests		(208,187)	1,734,714
(Loss)/profit for the period		(6,068,756)	10,326,521
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company	7	(8.86) Fils	12.64 Fils

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2009 (Unaudited) KD	Three months ended 31 March 2008 (Unaudited) KD
(Loss)/profit for the period	(6,068,756)	10,326,521
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	2,173,522	(2,691,119)
Available for sale investments		
-Net gain/(loss) arising during the period	230,977	(10,621,467)
-Transferred to consolidated statement of income on impairment	903,177	-
- Share of other comprehensive income of associates	(92,707)	-
Total other comprehensive income/(loss)	3,214,969	(13,312,586)
Total comprehensive loss for the period	(2,853,787)	(2,986,065)
Attributable to:		
Owners of the parent	(2,645,600)	(4,720,779)
Non-controlling interests	(208,187)	1,734,714
	(2,853,787)	(2,986,065)

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Assets				
Cash and cash equivalents	8	42,634,107	55,269,104	93,802,433
Investments at fair value through statement of income	5	19,567,727	14,363,999	114,124,195
Receivables and other debit balances	9	71,815,808	71,251,670	33,810,647
Loans receivable	10	9,228,627	9,200,184	10,042,287
Due from related parties	23	26,977,238	25,879,300	25,428,314
Available for sale investments	11	85,006,066	79,421,753	91,810,917
Trading properties		-	-	804,987
Investment properties	12	20,315,950	20,050,166	18,501,131
Investment in associated companies	13	46,848,820	53,736,520	14,684,285
Investment in unconsolidated subsidiaries		82,272	82,272	82,272
Goodwill	14	48,699,780	48,245,125	43,197,472
Properties under development	15	131,515,851	92,297,184	73,471,873
Capital work in progress	16	55,738,488	45,407,685	33,282,423
Property, plant and equipment		24,853,991	21,756,173	17,230,985
Total assets		583,284,725	536,961,135	570,274,221
Liabilities and equity				
Liabilities				
Payables and other credit balances	17	84,663,930	77,743,238	66,784,801
Due to related parties	23	13,642,846	11,768,922	4,846,949
Term loan from a related party	23	1,720,000	1,720,000	-
Borrowings	18	166,436,902	156,570,573	128,366,229
Advances received from customers		127,948,575	73,447,810	98,804,398
Total liabilities		394,412,253	321,250,543	298,802,377
Equity				
Equity attributable to the owners of the parent company				
Share capital		72,000,000	72,000,000	45,000,000
Share premium		11,973,061	11,973,061	11,973,061
Treasury shares	19	(33,224,940)	(36,391,986)	(44,990,429)
Statutory and voluntary reserves		61,649,505	61,649,505	61,649,505
Cumulative changes in fair value		1,136,465	454,745	(6,945,199)
Treasury shares profit reserve		-	1,362,418	6,039,947
Foreign exchange translation reserve		(2,697,174)	(5,230,423)	(5,558,235)
Retained earnings		44,178,238	67,537,903	168,252,729
Total equity of the parent company owners		155,015,155	173,355,223	235,421,379
Non-controlling interests		33,857,317	42,355,369	36,050,465
Total equity		188,872,472	215,710,592	271,471,844
Total liabilities and equity		583,284,725	536,961,135	570,274,221
Fiduciary accounts		131,296,632	144,711,593	110,151,645

Talal Jassim Al-Bahar
Chairman

Saleh Saleh Al-Selmi
Deputy Chairman and Deputy CEO

The notes set out on pages 8 to 17 form an integral part of this interim condensed financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Attributable to the owners of the parent company											
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Treasury shares profit reserve KD	Foreign exchange translation reserve KD	Retained earnings KD	Sub – total KD	Non- controlling interest KD	Total KD	
Balance as at 1 January 2009	72,000,000	11,973,061	(36,391,986)	61,649,505	454,745	1,362,418	(5,230,423)	67,537,903	173,355,223	42,355,369	215,710,592	
Restatement effect from adopting interpretation of IFRIC 15 (Note 4)	-	-	-	-	-	-	-	(16,491,410)	(16,491,410)	(10,921,173)	(27,412,583)	
Purchase of treasury shares	-	-	(3,223,385)	-	-	-	-	-	(3,223,385)	-	(3,223,385)	
Sale of treasury shares	-	-	6,390,431	-	-	-	-	-	6,390,431	-	6,390,431	
Loss on sale of treasury shares	-	-	-	-	-	(1,362,418)	-	(1,007,686)	(2,370,104)	-	(2,370,104)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	2,631,308	2,631,308	
Transactions with owners	-	-	3,167,046	-	-	(1,362,418)	-	(17,499,096)	(15,694,468)	(8,289,865)	(23,984,333)	
Loss for the period	-	-	-	-	-	-	-	(5,860,569)	(5,860,569)	(208,187)	(6,068,756)	
Other comprehensive income:												
Exchange transaction arising on translation of foreign operations	-	-	-	-	-	-	2,173,522	-	2,173,522	-	2,173,522	
Available for sale investments												
- Net gain arising during the period	-	-	-	-	230,977	-	-	-	230,977	-	230,977	
- Transferred to consolidated statement of income on impairment	-	-	-	-	903,177	-	-	-	903,177	-	903,177	
- Share of other comprehensive income of associates	-	-	-	-	(452,434)	-	359,727	-	(92,707)	-	(92,707)	
Total comprehensive income/(loss) for the period	-	-	-	-	681,720	-	2,533,249	(5,860,569)	(2,645,600)	(208,187)	(2,853,787)	
Balance as at 31 March 2009	72,000,000	11,973,061	(33,224,940)	61,649,505	1,136,465	-	(2,697,174)	44,178,238	155,015,155	33,857,317	188,872,472	

Interim condensed consolidated statement of changes in equity (Unaudited)

	Attributable to the owners of the parent										
	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	Non- controlling interest KD	Total KD
Balance as at 1 January 2008	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
Purchase of treasury shares	-	-	(33,302,914)	-	-	-	-	-	(33,302,914)	-	(33,302,914)
Sale of treasury shares	-	-	25,505,183	-	-	-	-	-	25,505,183	-	25,505,183
Gain on sale of treasury shares	-	-	-	-	-	39,618	-	-	39,618	-	39,618
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(6,739,655)	(6,739,655)
Transactions with owners	-	-	(7,797,731)	-	-	39,618	-	-	(7,758,113)	(6,739,655)	(14,497,768)
Profit for the period	-	-	-	-	-	-	-	8,591,807	8,591,807	1,734,714	10,326,521
Other comprehensive income:											
Exchange transaction arising on translation of foreign operations	-	-	-	-	-	-	(2,691,119)	-	(2,691,119)	-	(2,691,119)
Available for sale investments											
- Net loss arising during the period	-	-	-	-	(10,621,467)	-	-	-	(10,621,467)	-	(10,621,467)
Total comprehensive (loss)/income for the period	-	-	-	-	(10,621,467)	-	(2,691,119)	8,591,807	(4,720,779)	1,734,714	(2,986,065)
Balance as at 31 March 2008	45,000,000	11,973,061	(44,990,429)	61,649,505	(6,945,199)	6,039,947	(5,558,235)	168,252,729	235,421,379	36,050,465	271,471,844

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Three months ended 31 March 2009 (Unaudited) KD	Three months ended 31 March 2008 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period attributable to owners of the parent	(5,860,569)	8,591,807
Adjustments:		
Gain on sale of available for sale investments	(223,411)	(61,823)
Gain on sale of shares in a consolidated subsidiary companies	(405,578)	(6,335,221)
Loss on sale of shares in associated companies	495,564	-
Gain on sale of properties under development	(5,007,971)	(5,784,466)
Impairment in value of available for sale investments	903,177	-
Dividend income	(1,393,795)	(1,503,216)
Interest and similar income	(778,662)	(1,159,220)
Interest and similar expenses	2,336,612	2,706,669
Depreciation	357,879	244,809
Share of loss from associated companies	951,016	53,645
Foreign exchange losses on non-operating assets and liabilities	3,680,406	30,961
	(4,945,332)	(3,216,055)
Changes in operating assets and liabilities:		
Investments at fair value through statement of income	(5,203,727)	29,839,417
Receivables and other debit balances	(4,200,659)	6,323,001
Loans receivable	(28,443)	329,815
Due from related parties	(1,097,938)	(1,637,441)
Goodwill	(454,655)	(4,280,743)
Trading properties	-	95,769
Payables and other credit balances	6,920,691	292,482
Due to related parties	1,873,924	2,314,058
Advances received from customers	18,038,676	17,941,094
Cash from operations	10,902,537	48,001,397
Dividend income received	1,393,795	1,503,216
Interest income received	778,662	1,159,220
Interest paid	(2,336,612)	(2,706,669)
Net cash from operating activities	10,738,382	47,957,164
INVESTING ACTIVITIES		
Proceeds from sale of shares in a consolidated subsidiary companies	1,485,608	21,131,689
Proceeds from sale of shares in associated companies	2,630,499	-
Net additions to investment in associated companies	(3,557,917)	-
Net movement in properties under development	(22,971,450)	(6,313,503)
Net additions to capital work in progress	(8,884,022)	(2,125,950)
Net change in property, plant and equipment	(3,455,696)	(1,720,298)
Proceeds from sale of available for sale investments	1,964,966	221,267
Additions to investment properties	(265,784)	(100,007)
Purchase of available for sale investments	(1,178,787)	(2,301,019)
Purchase of shares in a consolidated subsidiary company	(1,932,979)	(20,964,517)
Net cash used in investing activities	(36,165,562)	(12,172,338)
FINANCING ACTIVITIES		
Loans obtained from banks	5,078,652	525,487
Repayment of loans	(868,303)	(7,424,900)
Changes in non-controlling interests	3,276,068	1,163,101
Purchase of treasury shares	(3,223,385)	(33,302,914)
Proceeds from sale of treasury shares	4,020,327	25,544,801
Net movement on foreign currency translation reserve	4,508,824	(2,204,575)
Net cash from/(used in) financing activities	12,792,183	(15,699,000)
Net (decrease)/increase in cash and cash equivalents	(12,634,997)	20,085,826
Cash and cash equivalents at beginning of the period	55,269,104	73,716,607
Cash and cash equivalents at end of the period	42,634,107	93,802,433

The notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

31 March 2009 (Unaudited)

1 Incorporation and Activities

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 three-month period ended 31 March 2009 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 audited consolidated financial statements of the group for the year ended 31 December 2008 except adoption of new and revised standards and interpretations discussed below.

Operating results for the three-month period are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. For further information, refer to the audited consolidated financial statements and notes thereto included in the group’s annual financial statements for the year ended 31 December 2008.

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 consolidated financial information of the parent company and its subsidiaries (note 24) 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 revised and new standards and interpretations

Following new and revised standards and interpretations have been adopted by the group in the current period:

- IAS 1 *Presentation of Financial Statements* (Revised 2007)
- IFRS 8 *Operating Segments*
- IAS 23 *Borrowing Costs* (Revised 2007)
- IFRIC 13 *Customer Loyalty Programmes*
- Improvements to IFRSs issued in May 2008

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

The adoption of IFRS 8 has resulted in a redesignation of the group's reportable segments (see note 21), but has had no impact on the reported results or financial position of the group. Reported segment results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the group's risks and returns.

IAS 23 Borrowing Costs (Revised 2007) requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. The adoption of the revised standard did not have any effect on the measurement and recognition of the group's assets, liabilities, income and expenses.

IFRIC 13 Customer Loyalty Programmes is not relevant to the operations of the group.

Improvements to IFRSs issued in May 2008

The Improvements include 35 amendments across 20 different Standards that largely clarify the required accounting treatment where previous practice had varied, and have not resulted in any significant changes in the group's accounting policies.

Following revised standards have been issued but not yet effective and have not been adopted by the group in the current period:

- IFRS 3 Business combinations (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 28 Investments in Associates (Revised 2008) (effective for annual periods beginning 1 July 2009)

3 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

4 Effect of implementing IFRIC (15)

Effective from 1 January 2009, the group implemented the requirements of IFRIC (15): Accounting for agreements for the construction of real estate issued on 3 July 2008. This interpretation has specified the methods through which income can be recognised from real estate properties under development that has been sold to customers, either by implementing IAS (11): Construction Contracts or IAS (18): Revenue.

In accordance with the new interpretation, the group is required to apply IAS (18) in recognising income from real estate units sold but still under construction, instead of the previous method of recognising income using the percentage of completion method.

As a result of implementing the new interpretation retroactively, the group adjusted its opening retained earnings balance by KD16,491,410 being profits generated in the past for projects that are still under construction but recognised profit in the past using the percentage of completion method.

5 Investment at fair value through statement of income

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Held for trading:			
Local			
Quoted shares	17,114,103	12,010,594	108,727,183
Unquoted shares	1,620,575	1,620,575	3,714,566
	18,734,678	13,631,169	112,441,749
Foreign			
Quoted shares	791,552	693,519	1,644,619
Unquoted shares	41,497	39,311	37,827
	833,049	732,830	1,682,446
	19,567,727	14,363,999	114,124,195

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

	Three months ended 31 March 2009 (Unaudited) KD	Three months ended 31 March 2008 (Unaudited) KD
Realised (loss)/gain	(1,172,726)	3,344,562
Unrealised loss	(988,146)	(3,195,998)
	(2,160,872)	148,564

6 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 in full and sell to the clients. An estimate of the cost to complete a property in Dubai, which is 94% complete was made to recognise the income generated from selling this property.

	Three months ended 31 March 2009 (Unaudited) KD	Three months ended 31 March 2008 (Unaudited) KD
Sales revenue	9,080,992	13,187,289
Cost of sales	(4,073,021)	(7,402,823)
	5,007,971	5,784,466

7 Basic and diluted (loss)/earnings per share attributable to the owners of the parent company

(Loss)/earnings per share is computed by dividing the (loss)/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:

	31 March 2009 (Unaudited)	31 March 2008 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent (KD)	(5,860,569)	8,591,807
Weighted average number of shares issued (excluding treasury share) (share)	661,462,624	679,895,027
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company(Fils)	(8.86)	12.64

8 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.

9 Receivables and other debit balances

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Receivables on forward contracts	2,862,516	3,034,312	3,314,028
Trade receivables	18,395,296	17,554,569	4,606,790
Advances and prepayments	20,560,138	19,457,144	2,132,449
Kuwait Clearing Company receivables	569,292	102,389	74,131
Staff receivables	159,636	112,905	494,038
Prepaid expenses	291,974	306,351	1,114,983
Advance to contractors	13,448,158	17,661,826	12,081,725
Other receivables	15,528,798	13,022,174	9,992,503
	71,815,808	71,251,670	33,810,647

10 Loans receivable

	Effective interest rate %	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Consumer	6%	55,647	55,647	55,647
Real estate	6%-10%	1,032,606	1,032,606	1,032,606
Margin loans	4%-6%	10,526,983	10,772,885	11,956,809
Rescheduled	7%-11%	1,111	1,111	1,111
		11,616,347	11,862,249	13,046,173
Provisions		(2,387,720)	(2,662,065)	(2,673,904)
Provision surplus resulting from the reduction of general provision to 1%		-	-	(329,982)
		9,228,627	9,200,184	10,042,287

11 Available for sale investments

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Quoted shares	27,412,205	26,052,214	34,708,047
Unquoted shares	57,593,861	53,369,539	57,102,870
	85,006,066	79,421,753	91,810,917

Unquoted shares include investments stated at cost amounting to KD39,039,317 as there is no other reliable sources to determine their fair values (31 December 2008: KD40,843,708 and 31 March 2008: KD39,266,396).

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

12 Investment properties

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Kuwait	12,930,000	12,930,000	13,450,000
Lebanon	2,804,736	2,665,623	2,705,806
Jordan	351,050	351,050	351,050
United Arab Emirates	3,715,712	3,594,120	1,465,665
Egypt	354,966	354,966	354,965
South Africa	159,486	154,407	173,645
	20,315,950	20,050,166	18,501,131

13 Investment in associated companies

Details of associates are as follows:

Name of the associate	Principle activities	Date of acquisition	Place of incorporation	31 March 2009 (Unaudited) %	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Addax Bank (BSC)	Providing banking services	Jul-03	Bahrain	-	-	5,905,337	5,918,135
Boschendal (Pty) Ltd	Real estate	Apr-06	South Africa	32.08	741,243	827,026	-
Raimon Land Public Company Limited	Property construction and development	Dec-06	Thailand	24.18	8,728,850	8,272,890	7,570,745
Zamzam Religious Tour Company	Hajj & Umrah	Sep-07	Kuwait	20	50,000	50,000	50,000
Legend & IFA Developments (Pty) Ltd	Property development	Jun-07	South Africa	50	4,607,571	4,146,040	1,145,405
International Finance Company – KSCC (C)	Financing	July-08	Kuwait	28.63	31,429,471	32,003,484	-
International Resorts Company – KSCC (C)	Hotels and Resorts	July-08	Kuwait	33.49	1,291,685	2,531,743	-
					46,848,820	53,736,520	14,684,285

During the current period, there had been a capital increase in Addax Bank (BSC), which resulted in the decline of group's ownership percentage from 20% to 16.16%. Subsequently, the group has reclassified the investment in Addax to available for sale investment.

14 Goodwill

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Balance at the beginning	48,245,125	38,916,729	38,916,729
Increase arising on purchase of additional shares in IFA Hotels and Resorts –KSCC	452,329	9,201,136	4,298,720
Arising on acquisition of IFA Travel & Tourism	-	153,303	-
Foreign currency exchange differences	2,326	(26,043)	(17,977)
Balance at the end	48,699,780	48,245,125	43,197,472

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 KD452,329(31 December 2008: KD9,201,136 and 31 March 2008: KD4,298,720) which was recorded in the interim condensed consolidated financial position. Total profit recognised from these transactions amounted to KD405,578 (31 March 2008 : KD6,319,426).

15 Properties under development

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Properties in Dubai – UAE	95,466,752	61,864,813	55,278,139
Properties in South Africa	23,208,732	19,221,568	11,575,653
Properties in Lebanon	12,840,367	11,210,803	6,618,081
	131,515,851	92,297,184	73,471,873

16 Capital work in progress

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Hotels, residential flats and retail properties under construction in Dubai – UAE	55,738,488	45,407,685	33,282,423

17 Payables and other credit balances

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Interest payable	4,353,348	4,229,731	1,593,403
Accounts payable	21,307,460	19,172,663	12,127,663
Dividends payable	1,555,904	1,893,909	1,804,769
Liability towards purchase of lands	13,127,776	12,342,467	3,014,747
Accrued expenses	498,182	570,973	3,165,468
Kuwait Foundation for the Advancement of Science (KFAS)	2,334,850	2,324,085	1,882,676
National Labour Support Tax (NLST)	7,269,093	7,239,190	5,542,863
Zakat contribution	497,769	485,808	187,437
Provision for leave & Indemnity	1,156,310	867,098	1,046,339
Provision for contingent liability	6,876,475	6,876,475	6,876,475
Deferred income	1,343,202	1,050,332	1,346,749
Retentions payable	8,838,058	7,360,930	4,262,977
Advance deposits	80,435	40,109	69,601
Accrued construction cost	12,923,710	10,832,819	15,317,194
Other payables	2,501,358	2,456,649	8,546,440
	84,663,930	77,743,238	66,784,801

18 Borrowings

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Loans in KD	26,000,000	26,000,000	26,000,000
Loans in USD	70,605,281	67,053,195	62,419,050
Loans in AED	34,120,682	32,079,569	709,447
Loans in EURO	23,287,848	23,745,659	31,193,544
Loans in Rand	11,889,430	7,181,616	8,044,188
Loans in GBP	533,661	510,534	-
	166,436,902	156,570,573	128,366,229

19 Treasury shares

	31 March 2009 (Unaudited)	31 Dec. 2008 (Audited)	31 March 2008 (Unaudited)
Number of shares (000's)	49,125	59,893	42,478
Percentage of issued shares	6.82%	8.32%	9.44%
Market value (KD '000)	3,144	7,546	36,956

20 Capital commitments

Capital expenditure commitments

At 31 March 2009, 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:

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Capital expenditure for purchase of properties contracted for	174,900,000	170,700,000	173,500,000
Estimated and contracted capital expenditure for construction of properties	24,500,000	29,000,000	106,000,000
	199,400,000	199,700,000	279,500,000

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.

During the year 2007, the group issued a bank guarantee for the total amount of US Dollars 275,000,000 (equivalent to KD80 millions) relating to the construction of a hotel in New York, USA.

21 Segmental analysis

The group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to group profit or loss. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical). As a result, following the adoption of IFRS 8, the identification of the group's reportable segments has changed. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

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

Asset management

- GCC and MENA Investments
- International managed funds
- Discretionary and non-discretionary portfolios management
- Custody services

Principal investments and treasury

- Private equity
- International investment in quoted securities
- Lending to corporate and individual customers
- Managing the company's liquidity requirements

Real estate

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

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

	Assets Management		Principal Investments and Treasury		Real Estate		Others		Total	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Income statement										
Segment income/(loss)	591	1,074	(721)	12,350	4,371	3,201	(3,162)	269	1,079	16,894
Segment result	591	1,074	(721)	12,350	4,371	3,201	(3,162)	269	1,079	16,894
Unallocated corporate expenses									(6,732)	(6,567)
Non-controlling interests									(208)	(1,735)
(Loss)/profit for the period									(5,861)	8,592

Geographical segments

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

22 Dividends

The directors' of the parent company have proposed not to distribute any dividends to the owners of the parent company for the year ended at 31 December 2008. This proposal is subject to the approval of the annual general assembly of shareholders. The annual general assembly for the year ended 31 December 2008 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2008 have not yet been approved. The interim condensed consolidated financial information for the three-month period ended 31 March 2009 do not include any adjustments which might have been required, incase the general assembly did not approve the consolidated financial statements for the year ended 31 December 2008.

During 2008, bonus shares of 60% of the parent company's paid up share capital or 60 shares for each 100 shares has been distributed to the owners of the parent company for the year ended at 31 December 2007 were approved at the general assembly meeting held on 29 April 2008

23 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:

	31 March 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	31 March 2008 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Amounts due from related parties	26,977,238	25,879,300	25,428,314
Amounts due to related parties	(13,642,846)	(11,768,922)	(4,846,949)
Term loan from a related party	1,720,000	1,720,000	-
Transactions included in the interim condensed consolidated statement of income:			
Profit from sale of subsidiary	-	15,795	15,795
Commission expense	-	17,200	-
Interest expenses	24,865	82,624	-
Key management compensation of the group			
Short-term employee benefits	63,000	780,000	98,500

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

24 Investment in subsidiaries

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries as at 31 March 2009.

Name of subsidiary	Activity	Effective ownership %
IFA Hotels and Resorts – KSCC and subsidiaries	Hotel operations	60.12
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	74.80
Dana Company – SAL	Real estate investment	90.00
Radeem Real Estate Company – SAL	Real estate investment	99.70
Fastnet Capital Limited	Telecommunication	100.00

25 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2008.

26 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.