

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

30 June 2009 (Unaudited)

Contents

	Page
Review report	1 and 2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of financial position	5
Interim condensed consolidated statement of changes in equity	6 and 7
Interim condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial information	9 to 18

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 30 June 2009 and the related interim condensed consolidated statements of income, comprehensive 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 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 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 the articles of association of the parent company, as amended, have occurred during the six-month period ended 30 June 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 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.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Ali A. Al-Hasawi
(Licence No. 30-A)
of Rödl Middle East
Burgan – International Accountants

Interim condensed consolidated statement of income

	Notes	Three months ended		Six months ended	
		30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD
Income					
Interest and similar income		2,425,893	1,769,723	3,204,555	2,928,943
Management fees and commission income		184,014	2,500,456	774,747	3,574,055
Dividends income		197,693	1,347,175	1,591,488	2,850,391
Net income from hoteliers and related services		616,823	842,814	907,966	1,455,424
Net gain/(loss) from investments at fair value through statement of income	5	3,354,816	(17,542,040)	1,193,944	(17,393,476)
Unrealised (loss)/ gain from investment properties		(319,987)	1,329,271	(319,987)	1,329,271
Gain on sale of properties under development	6	488,419	27,712,884	5,496,390	33,497,350
Gain on sale of shares in a consolidated subsidiary company	14	1,398,507	1,760,019	1,804,085	8,095,240
Share of (loss)/profit from associated companies		(163,526)	1,166,045	(1,114,542)	1,112,400
Gain on sale of shares in associated companies		1,531,028	-	1,035,464	-
(Loss)/gain on sale of available for sale investments		(894,854)	-	(671,443)	61,823
Impairment in value of available for sale investments		(1,526,907)	-	(2,430,084)	-
Foreign currency exchange gain/(loss)		501,616	100,899	(3,178,790)	69,938
Other income		416,135	257,153	995,074	556,982
Total income		8,209,670	21,244,399	9,288,867	38,138,341
Expenses and other charges					
Interest and similar expenses		2,533,843	2,712,511	4,870,455	5,419,180
Staff and related costs		1,612,317	2,212,274	3,330,190	3,380,821
Other operating expenses		3,527,382	6,366,152	6,504,972	8,472,732
Depreciation		368,991	426,311	726,870	671,120
Total expenses and other charges		8,042,533	11,717,248	15,432,487	17,943,853
Profit/(loss) before contribution to KFAS, National Labour Support Tax, contribution to Zakat and taxation on overseas subsidiaries		167,137	9,527,151	(6,143,620)	20,194,488
Taxation on overseas subsidiaries		(179,450)	754,562	84,006	779,576
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		4,389	(209,917)	-	(288,225)
Contribution to Zakat		12,190	(240,136)	-	(319,959)
National Labour Support Tax		4,876	(580,355)	-	(788,054)
Profit/(loss) for the period		9,142	9,251,305	(6,059,614)	19,577,826
Attributable to :					
Owners of the parent company		2,217,021	(1,778,643)	(3,643,548)	6,813,164
Non-controlling interests		(2,207,879)	11,029,948	(2,416,066)	12,764,662
Profit/(loss) for the period		9,142	9,251,305	(6,059,614)	19,577,826
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company	7	3.36 Fils	(2.66) Fils	(5.52) Fils	10.11 Fils

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD
Profit/(loss) for the period	9,142	9,251,305	(6,059,614)	19,577,826
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	753,670	(866,327)	2,927,192	(3,557,446)
Available for sale investments				
- Net loss arising during the period	(882,794)	(7,322,356)	(651,817)	(17,943,823)
- Transferred to consolidated statement of income on sale	199,716	-	199,716	-
- Transferred to consolidated statement of income on impairment in value	1,526,906	-	2,430,083	-
- Share of other comprehensive income from associates	365,201	7,108	272,494	7,108
Total other comprehensive income/(loss)	1,962,699	(8,181,575)	5,177,668	(21,494,161)
Total comprehensive income/(loss) for the period	1,971,841	1,069,730	(881,946)	(1,916,335)
Attributable to:				
Owners of the parent company	4,179,720	(9,960,218)	1,534,120	(14,680,997)
Non-controlling interests	(2,207,879)	11,029,948	(2,416,066)	12,764,662
	1,971,841	1,069,730	(881,946)	(1,916,335)

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Assets				
Cash and cash equivalents	8	42,177,399	55,269,104	79,007,731
Investments at fair value through statement of income	5	23,866,101	14,363,999	109,537,386
Receivables and other debit balances	9	64,704,301	71,251,670	49,769,163
Loans receivable	10	9,203,879	9,200,184	9,746,014
Due from related parties	23	31,785,243	25,879,300	31,097,610
Available for sale investments	11	78,790,485	79,421,753	82,142,316
Trading properties		4,717,436	-	-
Investment properties	12	26,545,725	20,050,166	20,344,271
Investment in associated companies	13	45,708,983	53,736,520	16,542,711
Investment in unconsolidated subsidiaries		82,272	82,272	82,272
Goodwill	14	48,129,468	48,245,125	45,751,121
Properties under development	15	146,685,587	92,297,184	75,383,415
Capital work in progress	16	58,750,718	45,407,685	35,653,812
Property, plant and equipment		26,145,313	21,756,173	23,980,074
Total assets		607,292,910	536,961,135	579,037,896
Liabilities and equity				
Liabilities				
Payables and other credit balances	17	92,539,251	77,743,238	71,111,636
Due to related parties	23	12,331,378	11,768,922	5,630,325
Term loan from a related party	23	1,720,000	1,720,000	1,720,000
Borrowings	18	169,146,977	156,570,573	141,166,118
Advances received from customers		144,486,207	73,447,810	87,458,792
Total liabilities		420,223,813	321,250,543	307,086,871
Equity				
Equity attributable to the owners of the parent company				
Share capital		72,000,000	72,000,000	72,000,000
Share premium		11,973,061	11,973,061	11,973,061
Treasury shares	19	(36,580,475)	(36,391,986)	(39,556,775)
Statutory and voluntary reserves		61,649,505	61,649,505	61,649,505
Cumulative changes in fair value		2,345,494	454,745	(14,260,447)
Treasury shares profit reserve		-	1,362,418	4,314,261
Foreign currency translation reserve		(1,943,504)	(5,230,423)	(6,424,562)
Retained earnings		46,212,049	67,537,903	139,474,086
Total equity attributable to the owners of the parent company		155,656,130	173,355,223	229,169,129
Non-controlling interests		31,412,967	42,355,369	42,781,896
Total equity		187,069,097	215,710,592	271,951,025
Total liabilities and equity		607,292,910	536,961,135	579,037,896
Fiduciary accounts		127,150,364	144,711,593	144,631,000

Talal Jassim Al-Bahar
Chairman

Saleh Saleh Al-Selmi
Deputy Chairman and Deputy CEO

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the parent company											
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Treasury shares profit reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub – total KD	Non- controlling interests 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	-	-	(35,055,560)	-	-	-	-	-	(35,055,560)	-	(35,055,560)	
Sale of treasury shares	-	-	34,867,071	-	-	-	-	-	34,867,071	-	34,867,071	
Loss on sale of treasury shares	-	-	-	-	-	(1,362,418)	-	(1,190,896)	(2,553,314)	-	(2,553,314)	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	2,394,837	2,394,837	
Transactions with the owners	-	-	(188,489)	-	-	(1,362,418)	-	(17,682,306)	(19,233,213)	(8,526,336)	(27,759,549)	
Loss for the period	-	-	-	-	-	-	-	(3,643,548)	(3,643,548)	(2,416,066)	(6,059,614)	
Other comprehensive income:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	2,927,192	-	2,927,192	-	2,927,192	
Available for sale investments												
- Net loss arising during the period	-	-	-	-	(651,817)	-	-	-	(651,817)	-	(651,817)	
- Transferred to consolidated statement of income on sale	-	-	-	-	199,716	-	-	-	199,716	-	199,716	
- Transferred to consolidated statement of income on impairment in value	-	-	-	-	2,430,083	-	-	-	2,430,083	-	2,430,083	
- Share of other comprehensive (loss)/income from associates	-	-	-	-	(87,233)	-	359,727	-	272,494	-	272,494	
Total comprehensive income/(loss) for the period	-	-	-	-	1,890,749	-	3,286,919	(3,643,548)	1,534,120	(2,416,066)	(881,946)	
Balance as at 30 June 2009	72,000,000	11,973,061	(36,580,475)	61,649,505	2,345,494	-	(1,943,504)	46,212,049	155,656,130	31,412,967	187,069,097	

Interim condensed consolidated statement of changes in equity (Unaudited) (continued)

	Equity attributable to the owners of the parent company										
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Treasury shares profit reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub – total KD	Non-controlling interests 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
Bonus shares issued (Note 22)	27,000,000	-	-	-	-	-	-	(27,000,000)	-	-	-
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)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(11,038,172)	(11,038,172)
Transactions with the owners	27,000,000	-	(2,364,077)	-	-	(1,686,068)	-	(27,000,000)	(4,050,145)	(11,038,172)	(15,088,317)
Profit for the period	-	-	-	-	-	-	-	6,813,164	6,813,164	12,764,662	19,577,826
Other comprehensive income:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(3,557,446)	-	(3,557,446)	-	(3,557,446)
Available for sale investments	-	-	-	-	-	-	-	-	-	-	-
- Net loss arising during the period	-	-	-	-	(17,943,823)	-	-	-	(17,943,823)	-	(17,943,823)
- Share of other comprehensive income from associates	-	-	-	-	7,108	-	-	-	7,108	-	7,108
Total comprehensive (loss)/income for the period	-	-	-	-	(17,936,715)	-	(3,557,446)	6,813,164	(14,680,997)	12,764,662	(1,916,335)
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 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2009 (Unaudited) KD	Six months ended 30 June 2008 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period attributable to the owners of the parent company	(3,643,548)	6,813,164
Adjustments:		
Loss/(gain) on sale of available for sale investments	671,443	(61,823)
Gain on sale of shares in a consolidated subsidiary company	(1,804,085)	(8,095,240)
Gain on sale of shares in associated companies	(1,035,464)	-
Unrealised loss/(gain) from investment properties	319,987	(1,329,271)
Gain on sale of properties under development	(5,496,390)	(33,497,350)
Impairment in value of available for sale investments	2,430,084	-
Dividends income	(1,591,488)	(2,850,391)
Interest and similar income	(3,204,555)	(2,928,943)
Interest and similar expenses	4,870,455	5,419,180
Depreciation	726,870	671,120
Share of loss/(profit) from associated companies	1,114,542	(1,112,400)
Foreign currency exchange loss/(gain) on non-operating assets and liabilities	3,178,790	(69,938)
	(3,463,359)	(37,041,892)
Changes in operating assets and liabilities:		
Investments at fair value through statement of income	(9,502,102)	34,426,226
Receivables and other debit balances	2,910,848	(9,635,515)
Loans receivable	(3,695)	626,088
Due from related parties	(5,905,943)	(7,306,737)
Goodwill	115,657	(6,834,392)
Trading properties	(4,717,436)	900,756
Payables and other credit balances	14,796,013	4,619,315
Due to related parties	562,456	3,097,434
Advances received from customers	35,960,475	52,252,360
Cash from operating activities	30,752,914	35,103,643
Dividends income received	1,591,488	2,850,391
Interest income received	3,204,555	2,928,943
Interest paid	(4,870,455)	(5,419,180)
Net cash from operating activities	30,678,502	35,463,797
INVESTING ACTIVITIES		
Proceeds from sale of shares in a consolidated subsidiary company	4,390,740	14,833,843
Proceeds from sale of shares in associated companies	27,417,787	-
Net change on investment in associated companies	(25,837,865)	144,983
Net movement in properties under development	(39,036,933)	(26,169,033)
Net additions to capital work in progress	(11,896,252)	(4,497,339)
Net change in property, plant and equipment	(5,116,010)	(8,895,695)
Proceeds from sale of available for sale investments	28,999,683	221,266
Net additions to investment properties	(6,815,546)	(613,876)
Purchase of available for sale investments	(23,210,656)	(4,118,191)
Purchase of shares in a consolidated subsidiary company	(2,225,026)	(12,961,157)
Net cash used in investing activities	(53,330,078)	(42,055,199)
FINANCING ACTIVITIES		
Loans obtained from banks	6,963,920	17,327,882
Loan obtained from a related party	-	1,720,000
Repayment of loans	(1,576,103)	(11,675,770)
Change in non-controlling interests	(382,858)	12,119,567
Purchase of treasury shares	(35,055,560)	(52,177,276)
Proceeds from sale of treasury shares	32,313,757	48,127,131
Net movement on foreign currency translation reserve	7,296,715	(3,559,007)
Net cash from financing activities	9,559,871	11,882,527
Net (decrease)/increase in cash and cash equivalents	(13,091,705)	5,291,125
Cash and cash equivalents at beginning of the period	55,269,104	73,716,606
Cash and cash equivalents at end of the period	42,177,399	79,007,731

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

30 June 2009 (Unaudited)

1 Incorporation and activities of the parent company

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

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

This interim condensed consolidated financial information for the six-month period ended 30 June 2009 was authorised for issue by the parent company’s board of directors on

2 Significant accounting policies

Basis of presentation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” and the Central Bank of Kuwait regulations regarding general provisions against loans receivable.

The provisions for loans receivable complies in all material respects with the requirements of the Central bank of Kuwait. In this respect, Central Bank of Kuwait requires a general provision of 1% on all loans receivable not subject to a specific provision (general provision of 2% for balances of loans receivable 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 2008 except for the adoption of new and revised standards and interpretations as discussed below.

Operating results for the six-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 its related notes 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 financial information of the parent company and its subsidiaries (Note 24) has been consolidated on a line by line basis after eliminating intra-group balances, intra-group transactions and resulting unrealized profits in full. Uniform accounting policies have been used by the group’s companies in order to record like transactions and other events which occurred under similar circumstances in these companies.

2 Significant accounting policies (continued)

Adoption of new and revised standards and interpretations

The 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 the owner's 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 the 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

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

The 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 Assumptions and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 December 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): “Revenue” in recognising income from real estate units sold to customers 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 of this standard retroactively, the group adjusted its opening retained earnings balance by KD16,491,410 being profits resulting from projects that are still under development but revenue has been recognised from it during the previous years by using the percentage of completion method. The previously recognised revenues have been reversed at the beginning of the period.

5 Investments at fair value through statement of income

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Held for trading:			
Local			
Quoted shares	19,983,827	12,010,594	104,633,058
Unquoted shares	2,805,203	1,620,575	3,423,138
	22,789,030	13,631,169	108,056,196
Foreign			
Quoted shares	1,036,174	693,519	1,443,470
Unquoted shares	40,897	39,311	37,720
	1,077,071	732,830	1,481,190
	23,866,101	14,363,999	109,537,386

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

	Three months ended		Six months ended	
	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD
Realised gain/(loss)	752,498	(168,239)	(420,228)	3,176,323
Unrealised gain/(loss)	2,602,318	(17,373,801)	1,614,172	(20,569,799)
	3,354,816	(17,542,040)	1,193,944	(17,393,476)

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 remaining cost to develop a property in Dubai, which exceeded 97% completion till the date of the interim condensed consolidated financial information, was made and recorded, while income recognised from selling this property was recorded in the interim condensed consolidated statement of income for the period.

	Three months ended		Six months ended	
	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD	30 June 2009 (Unaudited) KD	30 June 2008 (Unaudited) KD
Sales revenue	1,384,167	44,717,375	10,465,159	57,904,664
Cost of sales	(895,748)	(17,004,491)	(4,968,769)	(24,407,314)
	488,419	27,712,884	5,496,390	33,497,350

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

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

	Three months ended		Six months ended	
	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)
Profit/(loss) for the period attributable to the owners of the parent company (KD)	2,217,021	(1,778,643)	(3,643,548)	6,813,164
Weighted average number of issued shares (excluding treasury shares) (share)	659,276,974	667,444,973	660,363,761	673,669,999
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company (Fils)	3.36	(2.66)	(5.52)	10.11

8 Cash and cash equivalents

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

9 Receivables and other debit balances

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Receivables on forward contracts	3,284,057	3,034,312	3,316,701
Trade receivables	15,120,802	17,554,569	11,681,927
Advances and prepayments	20,151,905	19,457,144	1,905,292
Kuwait Clearing Company receivables	292,029	102,389	320,871
Staff receivables	122,544	112,905	283,331
Prepaid expenses	268,431	306,351	218,599
Advances to contractors	12,697,574	17,661,826	17,325,371
Other receivables	12,766,959	13,022,174	14,717,071
	64,704,301	71,251,670	49,769,163

10 Loans receivable

	Effective interest rate	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 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%	10,501,987	10,772,885	11,657,539
Rescheduled	7% - 11%	1,111	1,111	1,111
		11,591,351	11,862,249	12,746,903
Provisions		(2,387,472)	(2,662,065)	(2,670,907)
Provision surplus resulting from the reduction of general provision to 1%		-	-	(329,982)
		9,203,879	9,200,184	9,746,014

11 Available for sale investments

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Quoted shares	20,807,145	26,052,214	30,221,633
Unquoted shares	57,983,340	53,369,539	51,920,683
	78,790,485	79,421,753	82,142,316

Unquoted shares include investments stated at cost amounting to KD 40,397,585 as there are no other reliable sources to determine their fair values (31 December 2008: KD40,843,708 and 30 June 2008: KD33,384,923). Management is not aware of any circumstances that may have lead to the decline in the value of such investments.

12 Investment properties

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Kuwait	12,930,000	12,930,000	13,450,000
Lebanon	2,759,617	2,665,623	2,705,806
Jordan	351,050	351,050	351,050
United Arab Emirates	9,956,960	3,594,120	3,305,016
Egypt	354,966	354,966	354,965
South Africa	193,132	154,407	177,434
	26,545,725	20,050,166	20,344,271

13 Investment in associated companies

The details of associates are as follows:

Name of the associate	Principal activities	Date of acquisition	Place of incorporation	%	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Addax Bank – Bahrain (BSC)	Banking services	Jul-03	Bahrain	-	-	5,905,337	5,858,712
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	32.08	466,808	827,026	602,653
Raimon Land Public Company Limited	Property construction and development	Dec-06	Thailand	24.18	7,933,550	8,272,890	7,225,434
Zamzam Religious Tower Company	Hajj & Umrah services	Sep-07	Kuwait	20	50,000	50,000	50,000
Legend and IFA Developments Limited (Pty)	Property development	Jun-07	South Africa	50	4,243,286	4,146,040	2,805,912
International Finance Company – KSC (Closed)	Financing	July-08	Kuwait	28.81	33,015,339	32,003,484	-
International Resorts Company – KSC (Closed)	Hotels and Resorts	July-08	Kuwait	-	-	2,531,743	-
					45,708,983	53,736,520	16,542,711

During the current period, there had been a subscription in the capital increase of Addax Bank – Bahrain (BSC), which resulted in the decline of the group's ownership percentage from 20% to 16.16%. Subsequently, the group has reclassified the investment in Addax Bank to available for sale investment. In addition to this, the group has sold its investment in International Resorts Company – KSC (Closed) during the period for a total consideration of KD 26,953,194. The resulted gain from this transaction and which was recognized in the interim condensed consolidated statement of income has amounted to KD 1,205,612.

14 Goodwill

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Opening balance	48,245,125	38,916,729	38,916,729
(Decrease)/increase arising on (sale)/purchase of additional shares in IFA Hotels and Resorts – KSC (Closed)	(134,464)	9,201,136	6,850,745
Arising on acquisition of IFA Travel & Tourism	-	153,303	-
Foreign currency exchange differences	18,807	(26,043)	(16,353)
Ending balance	48,129,468	48,245,125	45,751,121

During the period, the parent company executed buying and selling transactions of the shares in one of its subsidiaries. Such transactions has resulted in a decrease in the goodwill for an amount of KD134,464 (increase for an amount of KD9,201,136 in 2008, of which an increase for an amount of KD6,850,745 occurred during the six-month period ended 30 June 2008). This decrease has been recorded within the goodwill item in the interim condensed consolidated financial position. Total profit resulting from these transactions has amounted to KD 1,804,085 (30 June 2008 : KD8,095,240).

15 Properties under development

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Properties in Dubai – UAE	99,940,086	61,864,813	53,350,426
Properties in South Africa	33,326,658	19,221,568	14,180,500
Properties in Lebanon	13,418,843	11,210,803	7,852,489
	146,685,587	92,297,184	75,383,415

16 Capital work in progress

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE	58,750,718	45,407,685	35,653,812

17 Payables and other credit balances

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Accrued interest payable	3,811,811	4,229,731	720,127
Accounts payable	26,566,910	19,172,663	11,909,824
Accrued dividends	1,534,199	1,893,909	1,799,227
Liability towards purchase of lands	12,745,242	12,342,467	12,123,359
Accrued expenses	207,997	570,973	3,606,409
Kuwait Foundation for the Advancement of Sciences (KFAS)	2,332,977	2,324,085	2,088,130
National Labour Support Tax (NLST)	7,294,679	7,239,190	6,179,211
Zakat contribution	508,004	485,808	392,681
Provision for end of service indemnity and leave	1,395,306	867,098	1,349,667
Provision for contingent liability	6,876,475	6,876,475	6,876,475
Deferred income	2,029,226	1,050,332	1,352,530
Accrued retentions	8,441,133	7,360,930	5,956,646
Advance deposits	46,257	40,109	-
Accrued construction costs	15,723,550	10,832,819	14,290,824
Other payables	3,025,485	2,456,649	2,466,526
	92,539,251	77,743,238	71,111,636

18 Borrowings

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Loans in KD	26,000,000	26,000,000	26,000,000
Loans in USD	69,112,239	67,053,195	61,652,060
Loans in AED	33,576,960	32,079,569	4,595,440
Loans in EURO	24,063,773	23,745,659	39,750,108
Loans in Rand	15,782,656	7,181,616	8,776,586
Loans in GBP	611,349	510,534	391,924
	169,146,977	156,570,573	141,166,118

19 Treasury shares

	30 June 2009 (Unaudited)	31 Dec. 2008 (Audited)	30 June 2008 (Unaudited)
Number of shares (thousand share)	68,517	59,893	60,191
Percentage of issued shares	9.52%	8.32%	8.36%
Market value (KD '000)	10,689	7,546	27,989

20 Capital commitments

Capital expenditure commitments

At 30 June 2009, the group was committed to pay all the amounts required to settle its remaining share in the financing of the construction of real estate projects in Dubai (UAE) and South Africa. The group's share in the amounts required to finance these projects is as follows:

	30 June 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Capital expenditure for purchase of properties contracted for	48,739,917	170,700,000	159,600,000
Estimated and contracted capital expenditure for construction of properties	111,798,504	29,000,000	123,000,000
	160,538,421	199,700,000	282,600,000

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

- sale of investment properties.
- advances from customers.
- share capital increase.
- advances provided by the shareholders, related entities, joint ventures.
- borrowings, if required.

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

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

21 Segmental analysis

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

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

Assets management

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

Treasury and investments

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

Real estate

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

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

	Assets Management		Treasury and investments		Real Estate		Others		Total	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Income statement										
Segment revenues/(expenses)	775	(7,591)	2,999	346	7,823	34,826	(2,308)	10,557	9,289	38,138
Segment profit/(loss)	775	(7,591)	2,999	346	7,823	34,826	(2,308)	10,557	9,289	38,138
Unallocated expenses									(10,517)	(18,560)
Non-controlling interests									(2,416)	(12,765)
(Loss)/profit for the period									(3,644)	6,813

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 general assembly of shareholders held on 21 May 2009 approved the proposal of the parent company's board of directors not to distribute any dividends to the owners of the parent company for the year ended at 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 have been distributed to the owners of the parent company for the year ended at 31 December 2007 and which were approved at the general assembly meeting held on 29 April 2008

23 Related parties transactions

These represent transactions with related parties such as shareholders, members of the board of directors and senior management of the parent company, and 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 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 June 2008 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Amounts due from related parties	31,785,243	25,879,300	31,097,610
Amounts due to related parties	(12,331,378)	(11,768,922)	(5,630,325)
Term loan from a related party	1,720,000	1,720,000	1,720,000
Transactions included in the interim condensed consolidated statement of income:			
Profit from sale of a subsidiary	-	15,795	15,795
Commission expenses	-	17,200	-
Interest expenses	60,694	82,624	-
Key management compensation of the group			
Short-term employee benefits	126,000	780,000	197,000

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

24 Investment in subsidiaries

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries as at 30 June 2009:

Name of subsidiary	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	Hotel operations	59.88
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)	Aviation services	74.80
Dana Real Estate Company – SAL	Real estate investments	90.00
Radeem Real Estate Company – SAL	Real estate investments	99.70
Fastnet Capital Limited Company	Bond trading	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 with the presentation of the current period. Such reclassification does not affect the consolidated net assets, equity, and operation results for the previous period. Also it does not affect the net increase in cash and cash equivalents for that period.