

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

30 September 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 30 September 2009 and the related interim condensed consolidated statements of income, comprehensive 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 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 nine-month period ended 30 September 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.

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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

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Interim condensed consolidated statement of income

		Three months ended		Nine months ended	
		30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD	30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD
Notes					
Income					
		745,320	138,932	3,949,875	3,067,875
		384,667	1,806,446	1,159,414	5,380,501
		101,318	449,276	1,692,806	3,299,667
		678,731	563,454	1,586,697	2,018,878

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD	30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD
(Loss)/profit for the period	(4,673,645)	7,867,438	(10,733,259)	27,445,264
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	1,353,255	735,658	4,280,447	(2,821,788)
Available for sale investments				
- Net gain/(loss) arising during the period	4,179,211	(9,524,510)	3,527,394	(27,468,333)
- Transferred to consolidated statement of income on sale	-	(125,302)	199,716	(125,302)
- Transferred to consolidated statement of income on impairment in value	11,601	-	2,441,685	-
- Share of other comprehensive (loss)/income from associates	(34,807)	-	237,686	7,108
Total other comprehensive income/(loss)	5,509,260	(8,914,154)	10,686,928	(30,408,315)
Total comprehensive income/(loss) for the period	835,615	(1,046,716)	(46,331)	(2,963,051)
Attributable to:				
Owners of the parent company	1,932,477	(6,327,695)	3,466,597	(21,008,692)
Non-controlling interests	(1,096,862)	5,280,979	(3,512,928)	18,045,641
	835,615	(1,046,716)	(46,331)	(2,963,051)

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Assets				
Cash and cash equivalents	8	36,977,418	55,269,104	43,880,943
Investments at fair value through statement of income	5	18,208,797	14,363,999	26,115,130
Receivables and other debit balances	9	57,461,252	71,251,670	67,881,289
Loans receivable	10	8,923,530	9,200,184	8,865,763
Due from related parties	24	33,342,537	25,879,300	28,466,407
Available for sale investments	11	83,448,305	79,421,753	104,530,393
Trading properties	12	5,817,037	-	-
Investment properties	13	26,671,290	20,050,166	20,194,997
Investment in associated companies	14	51,675,629	53,736,520	77,398,002
Investment in unconsolidated subsidiaries		82,272	82,272	82,272
Goodwill	15	49,017,801	48,245,125	47,736,211
Properties under development	16	158,274,904	92,297,184	85,640,404
Capital work in progress	17	60,466,334	45,407,685	41,540,854
Property, plant and equipment		26,273,984	21,756,173	23,180,354
Total assets		616,641,090	536,961,135	575,513,019
Liabilities and equity				
Liabilities				
Payables and other credit balances	18	84,574,676	77,743,238	75,235,194
Due to related parties	24	12,706,956	11,768,922	5,052,343
Term loan from a related party	24	1,720,000	1,720,000	1,720,000
Borrowings	19	177,894,353	156,570,573	144,369,592
Advances received from customers		152,224,714	73,447,810	80,262,499
Total liabilities		429,120,699	321,250,543	306,639,628
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	20	(36,604,145)	(36,391,986)	(39,072,016)
Statutory and voluntary reserves		61,649,505	61,649,505	61,649,505
Cumulative changes in fair value		6,554,810	454,745	(23,910,259)
Treasury shares profit reserve		-	1,362,418	3,776,965
Foreign currency translation reserve		(643,560)	(5,230,423)	(5,688,904)
Retained earnings		42,596,537	67,537,903	142,060,545
Total equity attributable to the owners of the parent company		157,526,208	173,355,223	222,788,897
Non-controlling interests		29,994,183	42,355,369	46,084,494
Total equity		187,520,391	215,710,592	268,873,391
Total liabilities and equity		616,641,090	536,961,135	575,513,019
Fiduciary accounts		130,392,121	144,711,593	90,844,597

Talal Jassim Al-Bahar
Chairman

Saleh Saleh Al-Selmi
Deputy Chairman and Deputy CEO

The notes set out on pages 9 to 19 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										Non-controlling interests KD	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 currency translation reserve KD	Retained earnings KD	Sub – 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)	-	-	-	-	-	-	-	(16,491,411)	(16,491,411)	(10,921,173)	(27,412,584)	
Purchase of treasury shares	-	-	(35,183,042)	-	-	-	-	-	(35,183,042)	-	(35,183,042)	
Sale of treasury shares	-	-	34,970,883	-	-	-	-	-	34,970,883	-	34,970,883	
Loss on sale of treasury shares	-	-	-	-	-	(1,362,418)	-	(1,229,624)	(2,592,042)	-	(2,592,042)	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	2,072,915	2,072,915	
Transactions with the owners	-	-	(212,159)	-	-	(1,362,418)	-	(17,721,035)	(19,295,612)	(8,848,258)	(28,143,870)	
Loss for the period	-	-	-	-	-	-	-	(7,220,331)	(7,220,331)	(3,512,928)	(10,733,259)	
Other comprehensive income:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	4,280,447	-	4,280,447	-	4,280,447	
Available for sale investments												
- Net gain arising during the period	-	-	-	-	3,527,394	-	-	-	3,527,394	-	3,527,394	
- Transferred to consolidated statement of income on sale	-	-	-	-	199,716	-	-	-	199,716	-	199,716	
- Transferred to consolidated statement of income on impairment in value	-	-	-	-	2,441,685	-	-	-	2,441,685	-	2,441,685	
- Share of other comprehensive (loss)/income from associates	-	-	-	-	(68,730)	-	306,416	-	237,686	-	237,686	
Total comprehensive income/(loss) for the period	-	-	-	-	6,100,065	-	4,586,863	(7,220,331)	3,466,597	(3,512,928)	(46,331)	
Balance as at 30 September 2009	72,000,000	11,973,061	(36,604,145)	61,649,505	6,554,810	-	(643,560)	42,596,537	157,526,208	29,994,183	187,520,391	

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 23)	27,000,000	-	-	-	-	-	-	(27,000,000)	-	-	-
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)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,016,553)	(13,016,553)
Transactions with the owners	27,000,000	-	(1,879,318)	-	-	(2,223,364)	-	(27,000,000)	(4,102,682)	(13,016,553)	(17,119,235)
Profit for the period	-	-	-	-	-	-	-	9,399,623	9,399,623	18,045,641	27,445,264
Other comprehensive income:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(2,821,788)	-	(2,821,788)	-	(2,821,788)
Available for sale investments											
- Net loss arising during the period	-	-	-	-	(27,468,333)	-	-	-	(27,468,333)	-	(27,468,333)
- Transferred to consolidated statement of income on sale	-	-	-	-	(125,302)	-	-	-	(125,302)	-	(125,302)
- Share of other comprehensive income from associates	-	-	-	-	7,108	-	-	-	7,108	-	7,108
Total comprehensive (loss)/income for the period	-	-	-	-	(27,586,527)	-	(2,821,788)	9,399,623	(21,008,692)	18,045,641	(2,963,051)
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 9 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2009 (Unaudited) KD	Nine months ended 30 Sept. 2008 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period attributable to the owners of the parent company	(7,220,331)	9,399,623
Adjustments:		
Loss on sale of available for sale investments	656,042	93,017
Gain on sale of shares in a consolidated subsidiary company	(1,971,151)	(8,840,948)
(Gain)/loss on sale of shares in associated companies	(1,035,464)	1,467,192
Unrealised loss/(gain) on investment properties	328,034	(1,298,984)
Gain on sale of properties under development	(6,076,724)	(51,376,083)
Impairment in value of available for sale investments	2,441,685	-
Dividends income	(1,692,806)	(3,299,667)
Interest and similar income	(3,949,875)	(3,067,875)
Interest and similar expenses	7,626,398	8,118,865
Depreciation	1,351,918	1,183,554
Share of loss/(profit) from associated companies	900,034	(218,884)
Foreign currency exchange loss/(gain) on non-operating assets and liabilities	3,243,790	(1,829,392)
	(5,398,450)	(49,669,582)
Changes in operating assets and liabilities:		
Investments at fair value through statement of income	(3,844,797)	44,090,234
Receivables and other debit balances	10,153,897	(27,747,641)
Loans receivable	276,654	1,506,339
Due from related parties	(7,463,237)	(4,675,534)
Goodwill	(772,676)	(8,819,482)
Trading properties	(5,817,037)	900,756
Payables & other credit balances	6,831,437	8,742,870
Due to related parties	938,034	2,519,452
Advances received from customers	45,272,528	73,968,156
Cash from operations	40,176,353	40,815,568
Dividends income received	1,692,806	3,299,667
Interest income received	3,949,875	3,067,875
Interest paid	(7,626,398)	(8,118,865)
Net cash from operating activities	38,192,636	39,064,245
INVESTING ACTIVITIES		
Proceeds from sale of shares in a consolidated subsidiary company	4,736,599	17,259,188
Proceeds from sale of shares in associated companies	27,417,787	6,000,882
Net change on investment in associated companies	(31,590,003)	(7,836,137)
Net movement in properties under development	(51,619,467)	(47,459,378)
Net additions to capital work in progress	(13,611,868)	(10,384,381)
Net change in property, plant and equipment	(5,869,729)	(8,608,412)
Proceeds from sale of available for sale investments	29,154,836	6,169,253
Net additions to investment properties	(6,949,158)	(494,889)
Purchase of available for sale investments	(23,810,515)	(34,091,039)
Purchase of shares in a consolidated subsidiary company	(3,577,150)	(16,059,284)
Net cash used in investing activities	(75,718,668)	(95,504,197)
FINANCING ACTIVITIES		
Loans obtained from bank	14,612,833	35,565,680
Loan obtained from a related party	-	1,720,000
Repayment of loans	(2,064,335)	(26,781,588)
Change in non-controlling interests	(628,310)	21,195,274
Purchase of treasury shares	(35,183,042)	(55,007,258)
Proceeds from sale of treasury shares	32,378,841	50,904,576
Net movement on foreign currency translation reserve	10,118,359	(992,395)
Net cash from financing activities	19,234,346	26,604,289
Net decrease in cash and cash equivalents	(18,291,686)	(29,835,663)
Cash and cash equivalents at beginning of the period	55,269,104	73,716,606
Cash and cash equivalents at end of the period	36,977,418	43,880,943

The notes set out on pages 9 to 19 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

30 September 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 nine-month period ended 30 September 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 nine-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 22), 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 KD16,491,411 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 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Held for trading:			
Local			
Quoted shares	14,018,100	12,010,594	21,695,119
Unquoted shares	3,643,100	1,620,575	3,423,138
	17,661,200	13,631,169	25,118,257
Foreign			
Quoted shares	547,597	693,519	958,939
Unquoted shares	-	39,311	37,934
	547,597	732,830	996,873
	18,208,797	14,363,999	26,115,130

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

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD	30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD
Realised (loss)/gain	(793,788)	(1,670,583)	(1,214,016)	1,505,740
Unrealised gain/(loss)	1,151,080	(5,380,329)	2,765,252	(25,950,128)
	357,292	(7,050,912)	1,551,236	(24,444,388)

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 completely develop a property in Dubai, which was 98.7% completed upto 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.

6 Gain on sale of properties under development (continued)

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD	30 Sept. 2009 (Unaudited) KD	30 Sept. 2008 (Unaudited) KD
Sales revenue	1,573,549	31,146,381	12,038,708	89,051,045
Cost of sales	(993,215)	(13,267,648)	(5,961,984)	(37,674,962)
	580,334	17,878,733	6,076,724	51,376,083

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 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		Nine months ended	
	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent company (KD)	(3,576,782)	2,586,459	(7,220,330)	9,399,623
Weighted average number of issued shares (excluding treasury shares) (share)	651,414,274	661,250,807	657,347,817	669,530,269
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company (Fils)	(5.49)	3.91	(10.98)	14.04

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 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Receivables on forward contracts	2,191,734	3,034,312	3,182,894
Trade receivables	15,609,364	17,554,569	15,246,046
Advances and prepayments	15,450,615	19,457,144	16,021,108
Kuwait Clearing Company receivables	113,632	102,389	577,434
Staff receivables	97,269	112,905	269,595
Prepaid expenses	245,865	306,351	339,969
Advances to contractors	11,793,973	17,661,826	17,323,044
Other receivables	11,958,800	13,022,174	14,921,199
	57,461,252	71,251,670	67,881,289

10 Loans receivable

	Effective interest rate	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Consumer	6%	55,647	55,647	55,647
Real estate	6% - 10%	992,881	1,032,606	1,032,606
Margin loans	4% - 6%	10,221,486	10,772,885	10,768,399
Rescheduled	7% - 11%	1,111	1,111	1,111
		11,271,125	11,862,249	11,857,763
Provisions		(2,347,595)	(2,662,065)	(2,662,018)
Provision surplus resulting from the reduction of general provision to 1%		-	-	(329,982)
		8,923,530	9,200,184	8,865,763

11 Available for sale investments

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Quoted shares	25,377,398	26,052,214	41,867,834
Unquoted shares	58,070,907	53,369,539	62,662,559
	83,448,305	79,421,753	104,530,393

Unquoted shares include investments stated at cost amounting to KD39,573,735 as there are no other reliable sources to determine their fair values (31 December 2008: KD40,843,708 and 30 September 2008: KD48,484,114). Management is not aware of any circumstances that may have lead to the decline in the value of such investments.

12 Trading properties

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Residential flats in Dubai – UAE	5,817,037	-	-

Trading properties represents completed but unsold units of Souq Residence FZE Golden Mile Project in Dubai.

13 Investment properties

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Kuwait	12,930,000	12,930,000	13,450,000
Lebanon	2,748,100	2,665,623	2,537,836
Jordan	351,050	351,050	351,050
United Arab Emirates	10,083,025	3,594,120	3,327,067
Egypt	354,966	354,966	354,966
South Africa	204,149	154,407	174,078
	26,671,290	20,050,166	20,194,997

14 Investment in associated companies

The details of associates are as follows:

Name of the associate	Principal activities	Date of acquisition	Place of incorporation	%	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Addax Bank – Bahrain (BSC)	Banking services	Jul-03	Bahrain	-	-	5,905,337	5,855,712
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	32.08	484,975	827,025	1,723,492
Raimon Land Public Company Limited	Property construction and development	Dec-06	Thailand	41.08	14,439,307	8,272,890	7,079,227
Purple Plum Properties Limited	Property development	Dec-06	South Africa	32.08	1	1	1
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	4,139,371	4,146,040	3,381,935
International Finance Company – KSC (Closed)	Financing	July-08	Kuwait	28.81	32,561,975	32,003,484	48,933,982
International Resorts Company – KSC (Closed)	Hotels and Resorts	July-08	Kuwait	-	-	2,531,743	10,373,653
					51,675,629	53,736,520	77,398,002

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 all 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 KD1,205,612 in addition to losses incurred as a result of selling part of its investments in International Finance Company reducing a loss of KD170,148.

15 Goodwill

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Opening balance	48,245,124	38,916,729	38,916,729
Increase arising on (sale)/purchase of additional shares in IFA Hotels and Resorts – KSC (Closed)	749,076	9,201,136	8,683,890
Arising on acquisition of IFA Travel & Tourism	-	153,303	153,303
Foreign currency exchange differences	23,601	(26,043)	(17,711)
Ending balance	49,017,801	48,245,125	47,736,211

During the period, the parent company executed buying and selling transactions of the shares in one of its subsidiaries. Such transactions has resulted in an increase in the goodwill for an amount of KD749,076 (increase for an amount of KD9,201,136 in 2008, of which an increase for an amount of KD8,683,890 occurred during the nine-month period ended 30 September 2008). This increase has been recorded within the goodwill item in the interim condensed consolidated financial position. Total profit resulting from these transactions has amounted to KD1,971,151 (30 September 2008 : KD8,825,153).

16 Properties under development

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Properties in Dubai – UAE	107,695,739	61,864,813	58,896,070
Properties in South Africa	36,525,802	19,221,568	16,708,036
Properties in Lebanon	14,053,363	11,210,803	10,036,298
	158,274,904	92,297,184	85,640,404

17 Capital work in progress

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE	60,466,334	45,407,685	41,540,854

18 Payables and other credit balances

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Accrued interest payable	4,746,743	4,229,731	1,017,984
Accounts payable	21,324,568	19,172,663	9,101,351
Accrued dividends	1,533,299	1,893,909	2,246,952
Liability towards purchase of lands	12,015,744	12,342,467	12,022,034
Accrued expenses	219,000	570,973	6,248,669
Kuwait Foundation for the Advancement of Sciences (KFAS)	2,377,357	2,324,085	2,227,401
National Labour Support Tax (NLST)	7,417,960	7,239,190	5,883,798
Zakat contribution	557,315	485,808	378,382
Provision for end of service indemnity and leave	1,558,003	867,098	900,497
Provision for contingent liability	6,876,475	6,876,475	6,876,475
Deferred income	2,192,018	1,050,332	1,135,176
Accrued retentions	8,942,921	7,360,930	7,262,106
Advance deposits	67,100	40,109	-
Accrued construction costs	9,353,222	10,832,819	16,628,591
Other payables	5,392,951	2,456,649	3,305,778
	84,574,676	77,743,238	75,235,194

19 Borrowings

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Loans in KD	26,000,000	26,000,000	26,000,000
Loans in USD	69,098,957	67,053,195	63,339,456
Loans in AED	38,091,761	32,079,569	24,597,677
Loans in EURO	25,043,896	23,745,659	21,484,164
Loans in Rand	19,082,821	7,181,616	8,324,860
Loans in GBP	576,918	510,534	623,435
	177,894,353	156,570,573	144,369,592

20 Treasury shares

	30 Sept. 2009 (Unaudited)	31 Dec. 2008 (Audited)	30 Sept. 2008 (Unaudited)
Number of shares (thousand share)	68,737	59,893	61,011
Percentage of issued shares	9.54%	8.32%	8.47%
Market value (KD '000)	8,248	7,546	19,524

21 Capital commitments

Capital expenditure commitments

At 30 September 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 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Capital expenditure for purchase of properties contracted for	41,270,000	170,700,000	155,000,000
Estimated and contracted capital expenditure for construction of properties	102,000,000	29,000,000	45,000,000
	143,270,000	199,700,000	200,000,000

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 KD78,815,000) relating to the construction of a hotel in the State of New York, USA.

22 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 corporate 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 Sept. 2009	30 Sept. 2008	30 Sept. 2009	30 Sept. 2008	30 Sept. 2009	30 Sept. 2008	30 Sept. 2009	30 Sept. 2008	30 Sept. 2009	30 Sept. 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)	1,159	(23,244)	3,368	(1,221)	10,288	52,675	(1,617)	24,482	13,198	52,692
Segment profit/(loss)	1,159	(23,244)	3,368	(1,221)	10,288	52,675	(1,617)	24,482	13,198	52,692
Unallocated expenses									(23,931)	(25,247)
Non-controlling interests									3,513	(18,046)
(Loss)/profit for the period									(7,220)	9,399

Geographical segments

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

23 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 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 for the year ended at 31 December 2007 and which were approved at the general assembly meeting held on 29 April 2008

24 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 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Proceeds from sale of subsidiary company	-	-	1,100,000
Amounts due from related parties	33,342,537	25,879,300	28,466,407
Amounts due to related parties	(12,706,956)	(11,768,922)	(5,052,343)
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	91,536	82,624	47,773
Key management compensation of the group			
Short-term employee benefits	189,000	780,000	295,000

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.

25 Investment in subsidiaries

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

Name of subsidiary	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	Hotel operations	60.50
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

26 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.

27 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.