

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

31 March 2011 (Unaudited)

International Financial Advisors – KSC (Closed) and Subsidiaries Kuwait

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Report on review of interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of International Financial Advisors (A Kuwaiti Closed Shareholding Company) and its subsidiaries as of 31 March 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in note (2).

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the 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 Company, as amended, have occurred during the three-month period ended 31 March 2011 that might have had a material effect on the business or financial position of the Company.



We further report that, during the course of our review, we have not become aware of any material violations during the three-month period ended 31 March 2011 of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

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31 May 2011

Interim condensed consolidated statement of income

	Notes	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
Income			
Interest and similar income		255,722	562,071
Management fees and commission income		162,753	251,712
Dividend income		1,145,654	757,422
Net income from hoteliers and related services		1,513,813	801,129
Net (loss)/gain from investments at fair value through profit or loss	5	(1,669,241)	453,662
Gain on sale of properties under development	6	5,535,503	157,036
Share of profit/(loss) from associated companies	12	402,245	(1,508,554)
Gain on sale of available for sale investments		1,187,476	135,477
Impairment in value of available for sale investments		(37,663)	(36,653)
Income on default of customers to the terms in the sale contracts of the sold residential units	13	3,066,291	-
Foreign currency exchange gain		84,137	30,647
Other (loss)/income		(336,824)	367,975
Total income		11,309,866	1,971,924
Expenses and other charges			
Interest and similar expenses		2,603,734	2,519,813
Staff and related costs		1,790,806	1,691,104
Other operating expenses		2,191,245	2,798,601
Provision for contingent liabilities	15	581,987	-
Depreciation		569,686	372,034
Total expenses and other charges		7,737,458	7,381,552
Profit/(loss) before KFAS, National Labour Support Tax, Zakat and taxation on overseas subsidiaries		3,572,408	(5,409,628)
Taxation on overseas subsidiaries		(6,921)	110,529
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(29,456)	-
Contribution to Zakat		(32,533)	-
National Labour Support Tax		(81,333)	-
Profit/(loss) for the period		3,422,165	(5,299,099)
Attributable to :			
Owners of the parent company		408,826	(3,372,339)
Non-controlling interests		3,013,339	(1,926,760)
Profit/(loss) for the period		3,422,165	(5,299,099)
Basic and diluted earnings / (loss) per share attributable to the owners of the parent company	7	0.61 Fils	(5.16) Fils

Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
Profit /(loss) for the period	3,422,165	(5,299,099)
Other comprehensive income/(loss):		
Exchange differences arising on translation of foreign operations	(1,158,418)	814,446
Available for sale investments:		
-Net change in fair value during the period	(1,248,028)	(3,669,575)
- Transferred to interim condensed consolidated statement of income on sale	(18,331)	142,599
-Transferred to interim condensed consolidated statement of income on impairment in value	37,663	36,653
- Share of other comprehensive income of associates	1,170,510	49,875
Total other comprehensive losses	(1,216,604)	(2,626,002)
Total comprehensive income/(loss) for the period	2,205,561	(7,925,101)
Attributable to:		
Owners of the parent company	(807,778)	(5,998,341)
Non-controlling interests	3,013,339	(1,926,760)
	2,205,561	(7,925,101)

Interim condensed consolidated statement of financial position

	Notes	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Assets				
Cash and cash equivalents	8	13,595,757	23,166,482	27,361,709
Investments at fair value through profit or loss	5	27,229,073	21,198,088	14,261,967
Receivables and other debit balances		52,104,812	53,750,384	50,828,384
Loans receivable		8,137,706	8,100,940	7,676,373
Due from related parties	21	11,163,296	8,767,895	18,019,869
Trading properties	9	9,868,442	9,689,199	13,005,946
Available for sale investments	10	56,764,303	58,454,917	81,763,394
Investment properties	11	24,657,879	23,930,266	16,049,373
Investment in associated companies	12	64,899,317	64,944,063	64,414,713
Goodwill		49,027,141	49,031,197	49,024,413
Properties under development	13	139,523,027	147,766,517	185,951,634
Capital work in progress	14	81,758,062	79,502,520	68,352,878
Property, plant and equipment		38,441,105	39,453,314	24,681,067
Total assets		577,169,920	587,755,782	621,391,720
Liabilities and equity				
Liabilities				
Payables and other credit balances	15	95,697,044	86,720,422	92,701,927
Due to related parties	21	16,568,628	13,368,452	14,702,857
Term loan from a related party	21	1,720,000	1,720,000	1,720,000
Borrowings	16	183,917,038	181,606,331	168,798,653
Advances received from customers		134,235,112	160,415,845	177,170,759
Total liabilities		432,137,822	443,831,050	455,094,196
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	17	(32,978,000)	(32,818,291)	(35,993,559)
Statutory and voluntary reserves		61,649,505	61,649,505	61,649,505
Cumulative changes in fair value		(1,222,296)	(1,164,110)	1,114,363
Foreign currency translation reserve		(1,983,158)	(824,740)	(625,907)
Retained earnings		14,522,842	14,137,282	29,376,886
Total equity attributable to the owners of the parent company		123,961,954	124,952,707	139,494,349
Non-controlling interests		21,070,144	18,972,025	26,803,175
Total equity		145,032,098	143,924,732	166,297,524
Total liabilities and equity		577,169,920	587,755,782	621,391,720
Fiduciary accounts		70,224,612	85,337,234	97,835,770

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							Sub – total KD	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	Foreign currency translation reserve KD	Retained earnings KD			
Balance as at 1 January 2011	72,000,000	11,973,061	(32,818,291)	61,649,505	(1,164,110)	(824,740)	14,137,282	124,952,707	18,972,025	143,924,732
Profit for the period	-	-	-	-	-	-	408,826	408,826	3,013,339	3,422,165
Other comprehensive losses	-	-	-	-	(58,186)	(1,158,418)	-	(1,216,604)	-	(1,216,604)
Total comprehensive (loss)/ income for the period	-	-	-	-	(58,186)	(1,158,418)	408,826	(807,778)	3,013,339	2,205,561
Purchase of treasury shares	-	-	(633,584)	-	-	-	-	(633,584)	-	(633,584)
Sale of treasury shares	-	-	473,875	-	-	-	-	473,875	-	473,875
Loss on sale of treasury shares	-	-	-	-	-	-	(9,149)	(9,149)	-	(9,149)
Arising on part disposal of subsidiary	-	-	-	-	-	-	(14,117)	(14,117)	-	(14,117)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(915,220)	(915,220)
Balance as at 31 March 2011	72,000,000	11,973,061	(32,978,000)	61,649,505	(1,222,296)	(1,983,158)	14,522,842	123,961,954	21,070,144	145,032,098

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

	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	Foreign currency translation reserve KD	Retained earnings KD	Sub – total KD		
Balance as at 1 January 2010	72,000,000	11,973,061	(36,045,931)	61,649,505	4,554,811	(1,440,353)	32,771,234	145,462,327	28,293,903	173,756,230
Loss for the period	-	-	-	-	-	-	(3,372,339)	(3,372,339)	(1,926,760)	(5,299,099)
Other comprehensive (losses)/income	-	-	-	-	(3,440,448)	814,446	-	(2,626,002)	-	(2,626,002)
Total comprehensive (loss)/income for the period	-	-	-	-	(3,440,448)	814,446	(3,372,339)	(5,998,341)	(1,926,760)	(7,925,101)
Purchase of treasury shares	-	-	(890,770)	-	-	-	-	(890,770)	-	(890,770)
Sale of treasury shares	-	-	943,142	-	-	-	-	943,142	-	943,142
Loss on sale of treasury shares	-	-	-	-	-	-	(22,009)	(22,009)	-	(22,009)
Change in non-controlling interests	-	-	-	-	-	-	-	-	436,032	436,032
Balance as at 31 March 2010	72,000,000	11,973,061	(35,993,559)	61,649,505	1,114,363	(625,907)	29,376,886	139,494,349	26,803,175	166,297,524

Interim condensed consolidated statement of cash flows

	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
OPERATING ACTIVITIES		
Profit/(loss) for the period attributable to owners of the parent company	408,826	(3,372,339)
Adjustments:		
Gain on sale of available for sale investments	(1,187,476)	(135,477)
Gain on sale of properties under development	(5,535,503)	(157,036)
Impairment in value of available for sale investments	37,663	36,653
Dividend income	(1,145,654)	(757,422)
Interest and similar income	(255,722)	(562,071)
Interest and similar expenses	2,603,734	2,519,813
Provision for contingent liabilities	581,987	-
Depreciation	569,686	372,034
Share of (profit)/loss from associated companies	(402,245)	1,508,554
Foreign currency exchange gain	(84,137)	(30,647)
	(4,408,841)	(577,938)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(6,030,985)	2,813,657
Receivables and other debit balances	1,645,572	3,583,738
Loans receivable	(36,766)	65,511
Due from related parties	(2,395,401)	655,187
Trading properties	(179,243)	(613,551)
Payables and other credit balances	8,394,635	8,514,194
Due to related parties	3,200,176	1,648,317
Advances received from customers	(870,159)	8,831,495
Cash (used in)/from operations	(681,012)	24,920,610
Dividend income received	1,145,654	757,422
Interest income received	255,722	562,071
Interest paid	(2,603,734)	(2,519,813)
Net cash (used in)/from operating activities	(1,883,370)	23,720,290
INVESTING ACTIVITIES		
Proceeds from sale of shares in a subsidiary	67,227	-
Net change in investment in associated companies	446,991	(1,344,324)
Net movement in properties under development	(11,531,580)	(20,089,550)
Net additions on capital work in progress	(2,255,542)	(3,077,253)
Net change in property, plant and equipment	442,523	(64,823)
Proceeds from sale of available for sale investments	2,884,547	934,779
Net additions on investment properties	(727,613)	(39,123)
Purchase of available for sale investments	(102,306)	(4,041,632)
Net cash used in investing activities	(10,775,753)	(27,721,926)
FINANCING ACTIVITIES		
Loans obtained from banks	5,144,537	3,194,914
Repayment of loans	(1,344,739)	(163,691)
Change in non-controlling interests	2,016,772	(1,490,728)
Purchase of treasury shares	(633,584)	(890,770)
Proceeds from sale of treasury shares	464,724	921,133
Net movement on foreign currency translation reserve	(2,559,312)	1,849,741
Net cash from financing activities	3,088,398	3,420,599
Net decrease in cash and cash equivalents	(9,570,725)	(581,037)
Cash and cash equivalents at beginning of the period	23,166,482	27,942,746
Cash and cash equivalents at end of the period	13,595,757	27,361,709

Notes to the interim condensed consolidated financial information

31 March 2011 (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 three-month period ended 31 March 2011 was authorised for issue by the parent company’s board of directors on

The annual general assembly has not been held to approve consolidated financial statements for the year ended 31 December 2010.

2 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.

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 2010 except for the adoption of new and revised standards and interpretations as 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 2011. For further information, refer to the audited consolidated financial statements and its related notes for the year ended 31 December 2010.

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 4) 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 Basis of presentation (continued)

Adoption of amendments to standards and interpretations

The following amendments to standards and interpretations relevant to the operations of the group have been adopted by the group in the current period:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
Annual Improvements 2010	1 July 2010 and 1 January 2011
IAS 24 Related Party Disclosures- amendment	1 January 2011

Annual Improvements 2010

The IASB issued in May 2010 Improvements to IFRS. Most of these amendments became effective in annual periods beginning on or after 1 July 2010 and 1 January 2011. The 2010 Improvements amended certain provisions of IFRS 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The adoption did not have any impact on the financial position or performance of the group.

IAS 24 Related Party Disclosures (Revised)

The amended standard clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption did not have any impact on the financial position or performance of the group.

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 7 Financial Instruments: Disclosures - amendment	1 July 2011
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
IAS 12 Income Taxes - amendment	1 January 2012

IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment is not expected to have any significant impact on the financial position or performance of the group.

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

2 Basis of preparation (continued)

In addition, a separate project is dealing with derecognition.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice, due to the non-completion of the remaining stages of the standard.

IAS 12 Income Taxes

The amendment to IAS 12 provides a practical solution to the issues arising in measurement of deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will, normally be, through sale. As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendment is not relevant to the operations of the group.

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, 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 2010.

4 Subsidiary companies

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries as at 31 March 2011 or 31 December 2010:

Name of subsidiary	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	Hotel operations	57.22
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) and Subsidiary	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	Bonds trading	100.00

5 Investments at fair value through profit or loss

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	16,436,128	10,104,213	11,850,752
Unquoted securities	852,061	681,525	1,620,574
	17,288,189	10,785,738	13,471,326
Foreign			
Quoted securities	9,940,884	10,412,350	790,641
	27,229,073	21,198,088	14,261,967

5 Investments at fair value through profit or loss (continued)

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

	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
Realised gain	167,072	346,663
Unrealised (loss)/gain	(1,836,313)	106,999
	(1,669,241)	453,662

6 Gain on sale of properties under development

Gain on sale of properties under development represents the difference between the revenue and cost which have been originally incurred by the group to purchase and then fully develop and sell it to customers, and it is as follows:

	Three months ended 31 March 2011 (Unaudited) KD	31 March 2010 (Unaudited) KD
Sales revenue	25,310,574	338,890
Cost of sales	(19,775,071)	(181,854)
	5,535,503	157,036

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 31 March 2011 (Unaudited)	31 March 2010 (Unaudited)
Profit/(loss) for the period attributable to the owners of the parent company (KD)	408,826	(3,372,339)
Weighted average number of shares outstanding (excluding treasury share) (share)	670,163,196	653,914,574
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company (Fils)	0.61	(5.16)

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 Trading properties

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Residential apartments in Dubai – UAE	3,817,395	3,176,569	6,531,510
Properties in South Africa	6,051,047	6,512,630	6,474,436
	9,868,442	9,689,199	13,005,946

- a) Trading properties in Dubai represent completed but unsold units of Souq Residence (FZE) – Trunk Residence (FZE).
- b) Trading properties in South Africa represent plots of lands purchased in South Africa for trading purposes and comprise of lands at cost and development expenditure relating to unsold properties.

10 Available for sale investments

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Quoted securities	12,226,751	12,354,317	23,662,293
Unquoted securities	44,537,552	46,100,600	58,101,101
	56,764,303	58,454,917	81,763,394

Unquoted securities include investments stated at cost amounting to KD22,204,537 as there are no other reliable sources to determine their fair values (31 December 2010: KD22,690,895 and 31 March 2010: KD40,949,826). Management is not aware of any circumstances that may have lead to the decline in the value of such investments.

During the period, the group has sold available for sale investments for a sale value of KD2,884,547 (31 March 2010: KD934,779) from which a net gain has resulted of amount KD1,187,476 (31 March 2010: net gain of amount KD135,477).

11 Investment properties

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Kuwait	8,463,500	8,463,500	9,133,500
Lebanon	2,616,431	2,655,953	2,753,494
Jordan	404,544	404,544	351,050
United Arab Emirates	2,916,995	2,605,695	3,248,270
Egypt	354,966	354,966	354,966
Portugal	9,689,360	9,223,863	-
South Africa	212,083	221,745	208,093
	24,657,879	23,930,266	16,049,373

12 Investment in associated companies

The details of the associated companies are as follows:

Name of the associated company	Principal activities	Date of acquisition	Country of incorporation	%	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	37.33	6,305,565	6,342,388	5,519,784
Raimon Land Public Company Limited – Quoted	Property construction and development	Dec-06	Thailand	41.08	13,859,265	13,304,583	13,759,715
Purple Plum Properties Limited	Property development	Apr-06	South Africa	37.33	1	1	1
Zamzam Religious Tourism 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	14,404,242	14,903,758	14,037,274
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	28.63	30,280,244	30,343,333	31,047,939
					64,899,317	64,944,063	64,414,713

The group's share during the period from the results of the activities of the above mentioned associated companies amounted to gains of KD402,245 (31 March 2010: losses of KD1,508,554).

13 Properties under development

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Properties in Dubai – UAE	111,431,572	118,256,017	140,140,277
Properties in South Africa	9,855,930	11,232,982	30,579,972
Properties in Lebanon	18,235,525	18,277,518	15,231,385
	139,523,027	147,766,517	185,951,634

The Government Authorities in Dubai, UAE, has authorised the subsidiary company [IFA Hotels and Resorts – KSC (Closed)] to retain part of the advance payments received on the sale of certain residential units under development included above and sold to customers who have defaulted on settling the payments due in accordance with the sale contracts. The total amount retained by the subsidiary company from these advances and for which the sale contracts were forfeited amounted to UAE Dirhams 40,032,414 equivalent to KD3,066,291 included in the interim condensed consolidated statement of income for the period (31 March 2010: KD Nil).

14 Capital work in progress

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE and South Africa	81,758,062	79,502,520	68,352,878

15 Payables and other credit balances

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Interest payable	4,146,531	6,146,304	5,719,634
Accounts payable	22,908,905	24,601,615	21,686,555
Dividend payable	1,363,849	1,365,347	1,369,673
Liability towards purchase of lands	8,050,237	9,323,970	11,455,403
Accrued expenses	36,128	277,261	178,007
Kuwait Foundation for the Advancement of Sciences (KFAS)	2,422,953	2,390,077	2,377,357
National Labour Support Tax (NLST)	7,544,124	7,456,461	7,417,960
Zakat provision	607,781	572,716	557,315
Provision for end of service indemnity and leave	2,074,348	1,980,989	1,595,616
Provision for contingent liabilities (below)	7,458,462	6,876,475	6,876,475
Redeemable preference shares	2,770,893	2,806,154	-
Deferred income	5,921,146	2,088,557	2,795,565
Retentions payable	9,904,582	9,675,449	9,723,967
Accrued construction costs	9,012,710	1,714,996	16,945,328
Refundable deposit on cancellation and resale of units	2,053,838	2,909,468	-
Other payables	9,420,557	6,534,583	4,003,072
	95,697,044	86,720,422	92,701,927

The Court of Appeal of Ajman has released its final judgement in favour of a bank against the parent company and other related company jointly to pay a total amount of USD27 Million to that bank and the judgement has become implementable. Accordingly, the parent company has increased the provision for contingent liabilities against that case by KD581,987 (31 March 2010: KD Nil) to cover its share of loss resulting from this judgement which has been included in the condensed consolidated statement of income for the current period.

16 Borrowings

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Loans in KD	32,558,192	32,558,192	26,187,262
Loans in USD	68,346,249	69,416,931	70,227,938
Loans in AED	45,417,707	41,054,487	43,430,307
Loans in EURO	15,619,101	15,141,124	7,803,664
Loans in Rand	21,483,991	22,948,928	20,606,904
Loans in GBP	491,798	486,669	542,578
	183,917,038	181,606,331	168,798,653

The loans above are due for repayment as at 31 March 2011 as follows:

	31 March 2011 (Unaudited) KD
Within one year	77,415,197
More than one year	106,501,841
	183,917,038

17 Treasury shares

	31 March 2011 (Unaudited)	31 Dec. 2010 (Audited)	31 March 2010 (Unaudited)
Number of shares (thousand share)	50,049	47,849	65,369
Percentage of issued shares	6.95%	6.65%	9.08%
Market value (KD '000)	2,127	2,823	6,798

18 Capital commitments

Capital expenditure commitments

At 31 March 2011, 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:

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipment and capital work in progress	31,494,000	29,621,000	35,700,000
Estimated and contracted capital expenditure for construction of properties under development and trading properties	49,174,000	59,200,000	77,000,000
	80,668,000	88,821,000	112,700,000

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 and joint ventures.
- borrowings, if required.

The financing rates expected 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.

19 Segmental analysis

The group has adopted IFRS 8 Operating Segments. 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. Conversely, 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 and North Africa
- International managed investment funds
- Discretionary and non-discretionary management for financial portfolios
- 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 profits and losses generated by the group from business segments are summarised as follows:

	Assets management		Treasury and investments		Real Estate		Others		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Statement of income										
Segment revenue/(expenses)	163	252	1,284	253	10,186	1,116	(323)	351	11,310	1,972
Segment profit/(loss)	163	252	1,284	253	10,186	1,116	(323)	351	11,310	1,972
Unallocated expenses									(13,914)	(3,417)
Non-controlling interests									3,013	(1,927)
Profit / (loss) for the period									409	(3,372)

Geographical segments

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

20 Shareholders' general assembly

The board of directors of the parent company have proposed not to distribute any dividends for the year ended 31 December 2010. The annual general assembly for the year ended 31 December 2010 has not been held until the date of approval of this interim condensed consolidated financial information to approve the consolidated financial statements for the year ended 31 December 2010 and the board of directors' recommendations.

On 17 May 2010, the shareholders' general assembly approved the consolidated financial statements for the year ended 31 December 2009 and not to distribute any dividends for the year then ended.

21 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 its 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 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	11,163,296	8,767,895	18,019,869
Due to related parties	(16,568,628)	(13,368,452)	(14,702,857)
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:			
Interest expenses	22,332	74,119	22,124
Interest income	25,018	102,055	25,495
Key management compensation of the group			
Short-term employee benefits	171,702	964,196	161,967

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.

22 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 2010.

23 Comparative figures

At the end of the current period, the group has reclassified its investment in an investment portfolio managed by others by including the portfolio's net value in the investment at fair value through profit or loss balances instead of the previous classification stated in the consolidated financial statements as at 31 December 2010 and 31 March 2010 which depended on stating the balances of the components of that portfolio such as cash, receivables, investment balances, payable and borrowings separately as follows:

23 Comparative figures (continued)

	Balance before reclassification KD	Reclassified amount KD	Reclassified balances KD
31 December 2010			
Cash and cash equivalents	36,170,938	(13,004,456)	23,166,482
Receivables and other debit balances	53,801,260	(50,876)	53,750,384
Payables and other credit balances	86,844,700	(124,278)	86,720,422
Borrowings	189,991,933	(8,385,602)	181,606,331
Net shown as managed portfolio included in investments at fair value through profit or loss		<u>4,545,452</u>	
	Balance before reclassification KD	Reclassified amount KD	Reclassified balances KD
31 March 2010			
Cash and cash equivalents	42,828,265	(15,466,556)	27,361,709
Receivables and other debit balances	50,835,106	(6,722)	50,828,384
Payables and other credit balances	92,702,682	(755)	92,701,927
Borrowings	184,450,344	(15,651,691)	168,798,653
Net shown as managed portfolio included in investments at fair value through profit or loss		<u>(179,168)</u>	