

Interim condensed consolidated financial information and review report
International Financial Advisors – KSC (Closed) and Subsidiaries
Kuwait
30 June 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 30 June 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-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 six-month period ended 30 June 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 six-month period ended 30 June 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.

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

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Interim condensed consolidated statement of income

	Notes	Three months ended		Six months ended	
		30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD
Revenue					
Interest and similar income		140,699	763,005	396,421	1,325,076
Management fees and commission income		649,611	310,649	812,364	562,361
Dividend income		11,121	85,141	1,156,775	842,563
Net income from hoteliers and related services		802,254	1,262,893	2,316,067	2,064,022
Net loss from investments at fair value through profit or loss	5	213,413	(1,114,857)	(1,455,828)	(661,195)
Net loss from investment properties		(905,308)	(187,261)	(905,308)	(187,261)
Gain/(loss) on sale of properties under development	6	868,947	(134,542)	6,404,450	22,494
Share of loss from associated companies		(1,198,634)	(983,588)	(796,389)	(2,492,142)
Gain/(loss) on sale of available for sale investments	12	(1,046,155)	(3,456,144)	141,321	(3,320,667)
Income on default of customers to the terms in the sale contracts of the sold residential units	15	905,336	-	3,971,627	-
Foreign currency exchange gain		408,034	241,041	492,171	271,688
Other income	7	3,368,898	310,392	3,032,074	678,367
Total income/(loss)		4,218,216	(2,903,271)	15,565,745	(894,694)
Expenses and other charges					
Interest and similar expense		4,176,664	2,507,374	6,780,398	5,027,187
Staff and related costs		1,612,602	1,818,740	3,403,408	3,509,844
Other operating expenses		1,948,912	3,673,578	4,140,157	6,472,179
Impairment of available for sale investments		619,873	1,070,354	657,536	1,107,007
Impairment of goodwill		332,982	-	332,982	-
Provision for contingent liabilities	17	-	-	581,987	-
Depreciation		605,637	921,775	1,175,323	1,293,809
Total expenses and other charges		9,296,670	9,991,821	17,071,791	17,410,026
Loss before contribution to KFAS, National Labour Support Tax, Zakat provision and taxation on overseas subsidiaries		(5,078,454)	(12,895,092)	(1,506,046)	(18,304,720)
Taxation on overseas subsidiaries		690,169	(154,014)	683,248	(43,485)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(6,879)	-	(36,335)	-
Zakat provision		(7,627)	-	(40,160)	-
National Labour Support Tax		(19,068)	-	(100,401)	-
Loss for the period		(4,421,859)	(13,049,106)	(999,694)	(18,348,205)
Attributable to :					
Owners of the parent company		(4,231,365)	(8,315,735)	(3,822,539)	(11,688,074)
Non-controlling interests		(190,494)	(4,733,371)	2,822,845	(6,660,131)
Loss for the period		(4,421,859)	(13,049,106)	(999,694)	(18,348,205)
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	8	(6.30)	(12.70)	(5.70)	(17.86)

Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD
Loss for the period	(4,421,859)	(13,049,106)	(999,694)	(18,348,205)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	(208,257)	(921,043)	(1,366,675)	(106,597)
Available for sale investments:				
- Net change in fair value during the period	376,695	(1,893,216)	(871,333)	(5,562,791)
- Transferred to interim condensed consolidated statement of income on sale	(775,585)	(1,257,283)	(793,916)	(1,114,684)
- Transferred to interim condensed consolidated statement of income on impairment	619,873	1,070,354	657,536	1,107,007
- Share of other comprehensive (loss)/income of associated companies	(1,154,732)	(694,665)	15,778	(644,790)
Total other comprehensive loss	(1,142,006)	(3,695,853)	(2,358,610)	(6,321,855)
Total comprehensive loss for the period	(5,563,865)	(16,744,959)	(3,358,304)	(24,670,060)
Attributable to:				
Owners of the parent company	(5,373,371)	(12,011,588)	(6,181,149)	(18,009,929)
Non-controlling interests	(190,494)	(4,733,371)	2,822,845	(6,660,131)
	(5,563,865)	(16,744,959)	(3,358,304)	(24,670,060)

Interim condensed consolidated statement of financial position

	Notes	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Assets				
Cash and cash equivalents	9	12,077,013	23,166,482	28,281,378
Investments at fair value through profit or loss	5	23,836,627	21,198,088	24,017,358
Receivables and other debit balances	10	43,101,163	53,750,384	52,752,374
Loans receivable		5,900,741	8,100,940	7,304,552
Due from related parties	23	6,262,177	8,767,895	25,174,843
Trading properties	11	9,213,011	9,689,199	10,219,065
Available for sale investments	12	48,490,528	58,454,917	58,443,394
Investment properties	13	16,071,423	23,930,266	15,618,151
Investment in associated companies	14	66,951,515	64,944,063	62,367,033
Goodwill		48,693,126	49,031,197	49,020,984
Properties under development	15	140,430,726	147,766,517	158,529,795
Capital work in progress	16	85,525,446	79,502,520	80,064,438
Property, plant and equipment		42,098,989	39,453,314	40,124,160
Total assets		548,652,485	587,755,782	611,917,525
Liabilities and equity				
Liabilities				
Payables and other credit balances	17	79,933,885	86,720,422	90,505,452
Due to related parties	23	11,376,167	13,368,452	12,435,046
Term loan from a related party	23	1,720,000	1,720,000	1,720,000
Borrowings	18	183,577,966	181,606,331	175,364,973
Advances received from customers		133,019,142	160,415,845	182,969,165
Total liabilities		409,627,160	443,831,050	462,994,636
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	(32,801,541)	(32,818,291)	(35,820,724)
Statutory and voluntary reserves		61,649,505	61,649,505	61,649,505
Cumulative changes in fair value		(2,156,045)	(1,164,110)	(1,660,447)
Foreign currency translation reserve		(2,191,415)	(824,740)	(1,546,950)
Retained earnings		10,191,558	14,137,282	20,900,417
Total equity attributable to the owners of the parent company		118,665,123	124,952,707	127,494,862
Non-controlling interests		20,360,202	18,972,025	21,428,027
Total equity		139,025,325	143,924,732	148,922,889
Total liabilities and equity		548,652,485	587,755,782	611,917,525
Fiduciary accounts		52,048,285	85,337,234	83,571,023

Talal Jassim Al-Bahar
Chairman

Saleh Saleh Al-Selmi
Vice Chairman & CEO

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	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	143,924,732
(Loss)/profit for the period	-	-	-	-	-	-	(3,822,539)	2,822,845	(999,694)
Other comprehensive loss	-	-	-	-	(991,935)	(1,366,675)	-	-	(2,358,610)
Total comprehensive (loss)/income for the period	-	-	-	-	(991,935)	(1,366,675)	(3,822,539)	2,822,845	(3,358,304)
Purchase of treasury shares	-	-	(2,576,274)	-	-	-	-	-	(2,576,274)
Sale of treasury shares	-	-	2,593,024	-	-	-	-	-	2,593,024
Loss on sale of treasury shares	-	-	-	-	-	-	(103,838)	-	(103,838)
Loss arising on part disposal of a subsidiary	-	-	-	-	-	-	(19,347)	-	(19,347)
Change in non-controlling interests	-	-	-	-	-	-	-	(1,434,668)	(1,434,668)
Balance as at 30 June 2011	72,000,000	11,973,061	(32,801,541)	61,649,505	(2,156,045)	(2,191,415)	10,191,558	20,360,202	139,025,325

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	-	-	-	-	-	-	(11,688,074)	(11,688,074)	(6,660,131)	(18,348,205)
Other comprehensive loss	-	-	-	-	(6,215,258)	(106,597)	-	(6,321,855)	-	(6,321,855)
Total comprehensive loss for the period	-	-	-	-	(6,215,258)	(106,597)	(11,688,074)	(18,009,929)	(6,660,131)	(24,670,060)
Purchase of treasury shares	-	-	(967,398)	-	-	-	-	(967,398)	-	(967,398)
Sale of treasury shares	-	-	1,192,605	-	-	-	-	1,192,605	-	1,192,605
Loss on sale of treasury shares	-	-	-	-	-	-	(182,743)	(182,743)	-	(182,743)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(205,745)	(205,745)
Balance as at 30 June 2010	72,000,000	11,973,061	(35,820,724)	61,649,505	(1,660,447)	(1,546,950)	20,900,417	127,494,862	21,428,027	148,922,889

Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2011 (Unaudited) KD	Six months ended 30 June 2010 (Unaudited) KD
OPERATING ACTIVITIES		
Loss for the period attributable to the owners of the parent company	(3,822,539)	(11,688,074)
Adjustments:		
(Gain)/loss on sale of available for sale investments	(141,321)	3,320,667
Net loss from investment properties	905,308	187,261
Gain on sale of properties under development	(6,404,450)	(22,494)
Impairment of available for sale investments	657,536	1,107,007
Impairment of goodwill	332,982	-
Dividend income	(1,156,775)	(842,563)
Interest and similar income	(396,421)	(1,325,076)
Interest and similar expenses	6,780,398	5,027,187
Provision for contingent liabilities	581,987	-
Provision for loans to associates	194,218	-
Depreciation	1,175,323	1,293,809
Share of loss from associated companies	796,389	2,492,142
Foreign currency exchange gain on non-operating assets and liabilities	(492,171)	(271,688)
	(989,536)	(721,822)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(3,467,745)	(6,941,733)
Receivables and other debit balances	11,654,289	5,150,386
Loans receivable	2,200,199	437,332
Due from related parties	8,927,312	(6,499,787)
Trading properties	476,188	2,173,331
Payables and other credit balances	(7,368,524)	6,317,721
Due to related parties	(1,553,478)	(619,494)
Advances received from customers	(687,732)	25,849,474
Cash from operating activities	9,190,973	25,145,408
Dividend income received	1,156,775	842,563
Interest and similar income received	396,421	1,325,076
Interest and similar expense paid	(6,780,398)	(5,027,187)
Net cash from operating activities	3,963,771	22,285,860
INVESTING ACTIVITIES		
Proceeds from sale of shares in a consolidated subsidiary company	97,845	-
Net change in investment in associated companies	(5,777,018)	-
Net movement in properties under development	(12,668,140)	(19,923,532)
Net additions to capital work in progress	(6,022,926)	(14,788,813)
Net change in property, plant and equipment	(3,820,998)	(527,985)
Proceeds from sale of available for sale investments	8,396,183	18,429,560
Net change in investment properties	1,878,927	204,839
Purchase of available for sale investments	(240,533)	(9,008,361)
Net cash used in investing activities	(18,156,660)	(25,614,292)
FINANCING ACTIVITIES		
Loans obtained from banks	34,281,224	14,182,811
Repayment of loans	(29,697,216)	(3,658,910)
Change in non-controlling interests	1,270,985	(6,865,876)
Purchase of treasury shares	(2,576,274)	(967,398)
Proceeds from sale of treasury shares	2,489,186	1,009,862
Net movement on foreign currency translation reserve	(2,664,485)	(33,425)
Net cash from financing activities	3,103,420	3,667,064
Net (decrease)/increase in cash and cash equivalents	(11,089,469)	338,632
Cash and cash equivalents at beginning of the period	23,166,482	27,942,746
Cash and cash equivalents at end of the period	12,077,013	28,281,378

Notes to the interim condensed consolidated financial information

30 June 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 group comprises the parent company and its subsidiaries.

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 2011 was authorised for issue by the parent company’s board of directors on

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 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 six-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.

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 financial position 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: Classification and measurement

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

In addition, a separate project is dealing with derecognition.

2 Basis of preparation (continued)

Adoption of amendments to standards and interpretations (continued)

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry in the State 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 30 June 2011 or 31 March 2011:

Name of subsidiary	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	Hotel operations	57.23
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

5 Investments at fair value through profit or loss

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	15,095,829	10,104,213	11,129,826
Unquoted securities	1,024,858	681,525	1,631,524
	16,120,687	10,785,738	12,761,350
Foreign			
Quoted securities	7,715,940	10,412,350	11,256,008
	23,836,627	21,198,088	24,017,358

Quoted securities included investment in Jeezan Holding Company amounting to KD829,206 has been swapped with shares in International Finance Company (Note 14).

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		Six months ended	
	30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD
Realised gain	967,475	282,195	1,134,547	628,859
Unrealised loss	(754,062)	(1,397,052)	(2,590,375)	(1,290,054)
	213,413	(1,114,857)	(1,455,828)	(661,195)

6 Gain/(loss) on sale of properties under development

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

	Three months ended		Six months ended	
	30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD	30 June 2011 (Unaudited) KD	30 June 2010 (Unaudited) KD
Sales revenue	1,398,396	11,219,572	26,708,970	11,558,462
Cost of sales	(529,449)	(11,354,114)	(20,304,520)	(11,535,968)
	868,947	(134,542)	6,404,450	22,494

7 Other income

Additions to property, plant and equipment includes an amount of AED40,884,268 equivalent to KD3,112,349 (30 June 2010: KD Nil) transferred from property under development pertaining to the cost of the commercial and club area of Trunk Residence FZE which is owned by the UAE subsidiary. This amount was calculated and identified based on the project consultant's "Area Cost Analysis Report" and has been charged against revenue recognized from sale of properties when the revenue was initially recognized on handover basis in September 2010 and this revision of the cost estimate has now been recognised as an asset and treated as other operating income in the current quarter.

8 Basic and diluted loss per share attributable to the owners of the parent company

Loss per share is computed by dividing the loss for the period attributable to the owners of the parent company, by the weighted average number of outstanding shares during the period after deducting treasury shares as follows:

	Three months ended		Six months ended	
	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	(4,231,365)	(8,315,735)	(3,822,539)	(11,688,074)
Weighted average number of outstanding shares (excluding treasury shares) (share)	671,747,236	654,712,730	670,959,592	654,431,879
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	(6.30)	(12.70)	(5.70)	(17.86)

9 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 six months from the date of placement and carry interest at the prevailing commercial rates.

10 Receivables and other debit balances

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Receivables on forward contracts	442,986	718,813	909,450
Trade receivables	11,243,860	14,790,494	4,763,834
Advances and prepayments	15,384,789	18,367,577	18,910,337
Kuwait Clearing Company receivables	152,203	34,274	31,047
Staff receivables	136,560	112,970	145,660
Prepaid expenses	792,499	365,716	450,718
Advances to contractors	3,564,803	3,910,121	5,645,521
Other receivables	11,383,463	15,450,419	21,895,807
	43,101,163	53,750,384	52,752,374

11 Trading properties

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Residential apartments in Dubai – UAE	3,043,121	3,176,569	4,110,166
Properties in South Africa	6,169,890	6,512,630	6,108,899
	9,213,011	9,689,199	10,219,065

- 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.

12 Available for sale investments

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Quoted securities	4,268,002	12,354,317	9,390,357
Unquoted securities	44,222,526	46,100,600	49,053,037
	48,490,528	58,454,917	58,443,394

Unquoted securities include investments stated at cost amounting to KD 21,626,647 as there are no reliable sources to determine their fair values (31 December 2010: KD22,690,895 and 30 June 2010: KD26,421,691). Management is not aware of any circumstances that may indicate impairment of such investments.

During the period, the group sold available for sale investments for a consideration of KD8,396,183 (30 June 2010: KD18,429,560) from which a net gain has resulted amounting to KD141,321 (30 June 2010: net loss of amount KD3,320,667).

Quoted securities included investment in Kuwait Invest Holding Company amounting to KD6,635,998 which has been swapped with shares in International Finance Company (Note 14).

13 Investment properties

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Kuwait	-	8,463,500	9,133,500
Lebanon	2,583,106	2,655,953	2,765,577
Jordan	404,544	404,544	404,544
United Arab Emirates	2,720,650	2,605,695	2,759,713
Egypt	354,966	354,966	354,966
Portugal	9,798,480	9,223,863	-
South Africa	209,677	221,745	199,851
	16,071,423	23,930,266	15,618,151

During the period, the group sold its investment properties in Kuwait for a consideration of KD 7,558,192 (30 June 2010: KD Nil) which resulted in a net loss of KD 905,308 (30 June 2010: KD Nil).

14 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	%	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	37.33	5,825,465	6,342,388	5,728,908
Raimon Land Public Company Limited – Quoted	Property construction and development	Dec-06	Thailand	41.08	12,176,363	13,304,583	13,466,012
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	13,454,714	14,903,758	13,525,833
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	20.01	35,444,972	30,343,333	29,596,279
					66,951,515	64,944,063	62,367,033

During the current period the percentage of ownership of the group in the International Finance Company – KSC (Closed) decreased from 28.63% before merger to 20.01% after merger. The merger process is as follows:

- The parent company received 21,005,285 shares in International Finance Company – KSC (Closed), plus cash amount of KD1,005,068 in return for its investment in Kuwait Invest amounting to KD6,635,998 (Note 12). The parent company incurred a loss of KD1,050,167 on swap.
- The parent company received 6,310,775 shares in International Finance Company – KSC (Closed) in return for its investment in Jeezan amounting to KD829,206 (Note 5). The parent company realized a gain of KD780,042 on swap.

As a result of the above share swap, the group incurred additional cost of KD4,923,910. This was included as an embedded goodwill in the cost of investment. Management of the group is confident that there is no decline in the value of this goodwill.

15 Properties under development

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Properties in Dubai – UAE	111,820,803	118,256,017	130,048,445
Properties in South Africa	9,906,189	11,232,982	12,270,012
Properties in Lebanon	18,703,734	18,277,518	16,211,338
	140,430,726	147,766,517	158,529,795

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 52,171,870 equivalent to KD3,971,627 included in the interim condensed consolidated statement of income for the current period (30 June 2010: KD Nil).

16 Capital work in progress

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE and South Africa	85,525,446	79,502,520	80,064,438

17 Payables and other credit balances

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Interest payable	4,442,344	6,146,304	5,577,306
Accounts payable	22,034,784	24,601,615	26,110,278
Dividend payable	1,357,517	1,365,347	1,367,678
Liability towards purchase of lands	7,975,540	9,323,970	10,579,877
Accrued expenses	10,251	277,261	167,007
Kuwait Foundation for the Advancement of Sciences (KFAS)	2,424,458	2,390,077	2,377,357
National Labour Support Tax (NLST)	7,548,267	7,456,461	7,417,960
Zakat provision	609,438	572,716	557,315
Provision for end of service indemnity and leave	2,125,112	1,980,989	1,706,760
Provision for contingent liabilities (below)	73,966	6,876,475	6,876,475
Redeemable preference shares	2,827,471	2,806,154	-
Deferred income	2,028,330	2,088,557	414,975
Retentions payable	10,064,647	9,675,449	9,611,884
Accrued construction costs	6,819,200	1,714,996	15,362,210
Refundable deposit on cancellation and resale of units	1,798,428	2,909,468	-
Other payables	7,794,132	6,534,583	2,378,370
	79,933,885	86,720,422	90,505,452

17 Payables and other credit balances (continued)

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 increased its provision for contingent liabilities against that case by KD581,987 (30 June 2010: KD Nil) during the first quarter of year 2011 to cover its share of loss resulting from this judgement. Subsequently, the parent company paid an amount of KD6,802,509 during the second quarter as a settlement of this liability.

18 Borrowings

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Loans in KD	57,226,202	32,558,192	32,880,307
Loans in USD	43,224,353	69,416,931	70,880,137
Loans in AED	45,828,924	41,054,487	42,686,921
Loans in EURO	15,744,253	15,141,124	7,118,904
Loans in Rand	21,080,290	22,948,928	21,307,525
Loans in GBP	473,944	486,669	491,179
	183,577,966	181,606,331	175,364,973

The loans above are due for repayment as at 30 June 2011 as follows:

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Within one year	48,681,495	84,911,327	77,644,283
More than one year	134,896,471	96,695,004	97,720,690
	183,577,966	181,606,331	175,364,973

During the current period the parent company settled a USD loan amounting to USD 87.5 Million with a foreign bank. Also, during the quarter the parent company obtained a new loan from a local bank amounting to KD25 Million. This loan is secured by way of pledge of a local portfolio with a coverage not less than 120%.

During the period a foreign subsidiary settled a UAE Dirham loans amounting to AED 41,340,578 with a foreign bank and other party. also, during the period that subsidiary obtained new loans from a foreign bank and other parties amounting to AED 117,156,189.

19 Treasury shares

	30 June 2011 (Unaudited)	31 Dec. 2010 (Audited)	30 June 2010 (Unaudited)
Number of shares (thousand share)	47,569	47,849	65,249
Percentage of issued shares	6.61%	6.65%	9.06%
Market value (KD '000)	2,117	2,823	3,230

20 Capital commitments

Capital expenditure commitments

At 30 June 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:

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipment and capital work in progress	26,836,000	29,621,000	33,500,000
Estimated and contracted capital expenditure for construction of properties under development and trading properties	45,535,000	59,200,000	68,900,000
	72,371,000	88,821,000	102,400,000

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

- a) sale of investment properties.
- b) advances from customers.
- c) share capital increase.
- d) advances provided by the shareholders, related entities and joint ventures.
- e) 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.

21 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	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Interim condensed consolidated statement of income										
Segment revenues/(expenses)	812	562	(558)	(4,123)	11,939	710	3,372	849	15,565	(2,002)
Segment profit/(loss)	812	562	(558)	(4,123)	11,939	710	3,372	849	15,565	(2,002)
Unallocated expenses									(22,211)	(3,026)
Non-controlling interests									2,823	(6,660)
Loss for the period									(3,823)	(11,688)

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 Shareholders' general assembly

The general assembly of shareholders meeting held on 24 May 2011 approved the consolidated financial statements for the year ended 31 December 2010 and the directors' proposal not to distribute any dividends for the year ended 31 December 2010.

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.

23 Related party 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:

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	6,262,177	8,767,895	25,174,843
Due to related parties	(11,376,167)	(13,368,452)	(12,435,046)
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:			
(Loss)/gain on sale of available for sale investment	(1,050,167)	-	4,179,256
Gain from investment at fair value through profit or loss	780,042	-	-
Loss on sale of investment properties	(905,308)	-	-
Interest expenses	43,774	74,119	43,565
Interest income	144,184	102,055	100,868
Key management compensation of the group			
Short-term employee benefits	308,089	964,196	314,146

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 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.

25 Comparative figures

At the end of the previous 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 30 June 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:

25 Comparative figures (continued)

	Balance before reclassification KD	Reclassified amount KD	Balance after reclassification 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		4,545,452	
	Balance before reclassification KD	Reclassified amount KD	Balance after reclassification KD
30 June 2010			
Cash and cash equivalents	44,815,180	(16,533,802)	28,281,378
Receivables and other debit balances	52,795,055	(42,681)	52,752,374
Payables and other credit balances	90,627,132	(121,680)	90,505,452
Borrowings	185,447,973	(10,083,000)	175,364,973
Net shown as managed portfolio included in investments at fair value through profit or loss		6,371,803	