Interim condensed consolidated financial information and review report

International Financial Advisors – KSC (Closed) and Subsidiaries

Kuwait

30 June 2010 (Unaudited)

Contents

Review report

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

Report on review of interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of International Financial Advisors (A Kuwaiti Closed Shareholding Company) (the parent company) and its subsidiaries (the group), as of 30 June 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. The parent company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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 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 parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960 or the articles of association of the parent company, as amended, have occurred during the six-month period ended 30 June 2010 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our review we have not become aware of any material violations during the period of the provisions of Law 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

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

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

Interim condensed consolidated statement of income

	Notes	Three months ended 30 June 2010 (Unaudited) KD	Three months ended 30 June 2009 (Unaudited) KD	Six months ended 30 June 2010 (Unaudited) KD	Six months ended 30 June 2009 (Unaudited) KD
Income					
Interest and similar income		**763,005**	2,425,893	**1,325,076**	3,204,555
Management fees and commission income		**310,649**	184,014	**562,361**	774,747
Dividends income		**85,141**	197,693	**842,563**	1,591,488
Net income from hoteliers and related services		**1,262,893**	616,823	**2,064,022**	907,966
Net (loss)/gain from investments at fair value through profit or loss	5	**(1,114,857)**	3,354,816	**(661,195)**	1,193,944
Unrealised loss from investment properties		**(187,261)**	(319,987)	**(187,261)**	(319,987)
(Loss)/gain on sale of properties under development	6	**(134,542)**	488,419	**22,494**	5,496,390
Gain on sale of shares in a consolidated subsidiary company		**-**	1,398,507	**-**	1,804,085
Share of loss from associated companies	12	**(983,588)**	(163,526)	**(2,492,142)**	(1,114,542)
Gain on sale of shares in associated companies		**-**	1,531,028	**-**	1,035,464
Loss on sale of available for sale investments	9	**(3,456,144)**	(894,854)	**(3,320,667)**	(671,443)
Impairment loss in value of available for sale investments		**(1,070,354)**	(1,526,907)	**(1,107,007)**	(2,430,084)
Foreign currency exchange gain/(loss)		**241,041**	501,616	**271,688**	(3,178,790)
Other income		**310,392**	416,135	**678,367**	995,074
Total (loss)/income		**(3,973,625)**	8,209,670	**(2,001,701)**	9,288,867
Expenses and other charges					
Interest and similar expenses		**2,507,374**	2,533,843	**5,027,187**	4,870,455
Staff and related costs		**1,818,740**	1,612,317	**3,509,844**	3,330,190
Other operating expenses		**3,673,578**	3,527,382	**6,472,179**	6,504,972
Depreciation		**921,775**	368,991	**1,293,809**	726,870
Total expenses and other charges		**8,921,467**	8,042,533	**16,303,019**	15,432,487
(Loss)/ profit before contribution to KFAS, National Labour Support Tax, Zakat provision and taxation on overseas subsidiaries		**(12,895,092)**	167,137	**(18,304,720)**	(6,143,620)
Taxation on overseas subsidiaries		**(154,014)**	(179,450)	**(43,485)**	84,006
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**-**	4,389	**-**	-
Zakat provision		**-**	12,190	**-**	-
National Labour Support Tax		**-**	4,876	**-**	-
(Loss)/profit for the period		**(13,049,106)**	9,142	**(18,348,205)**	(6,059,614)
Attributable to :					
Owners of the parent company		**(8,315,735)**	2,217,021	**(11,688,074)**	(3,643,548)
Non-controlling interests		**(4,733,371)**	(2,207,879)	**(6,660,131)**	(2,416,066)
(Loss)/profit for the period		**(13,049,106)**	9,142	**(18,348,205)**	(6,059,614)
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company (Fils)	7	**(12.70)**	3.36	**(17.86)**	(5.52)

The notes set out on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	**30 June 2010 (Unaudited) KD**	30 June 2009 (Unaudited) KD
(Loss)/profit for the period	**(13,049,106)**	9,142	**(18,348,205)**	(6,059,614)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	**(921,043)**	753,670	**(106,597)**	2,927,192
Available for sale investments				
- Net loss arising during the period	**(1,893,216)**	(882,794)	**(5,562,791)**	(651,817)
- Transferred to interim condensed consolidated statement of income on sale	**(1,257,283)**	199,716	**(1,114,684)**	199,716
- Transferred to interim condensed consolidated statement of income on impairment loss in value	**1,070,354**	1,526,907	**1,107,007**	2,430,084
- Share of other comprehensive (loss)/income from associated companies	**(694,665)**	365,200	**(644,790)**	272,493
Total other comprehensive (loss)/income	**(3,695,853)**	1,962,699	**(6,321,855)**	5,177,668
Total comprehensive (loss)/income for the period	**(16,744,959)**	1,971,841	**(24,670,060)**	(881,946)
Attributable to:				
Owners of the parent company	**(12,011,588)**	4,179,720	**(18,009,929)**	1,534,120
Non-controlling interests	**(4,733,371)**	(2,207,879)	**(6,660,131)**	(2,416,066)
	(16,744,959)	1,971,841	**(24,670,060)**	(881,946)

Interim condensed consolidated statement of financial position

	Notes	**30 June 2010 (Unaudited) KD**	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Assets				
Cash and cash equivalents	8	**44,815,180**	43,372,559	42,177,399
Investments at fair value through profit or loss	5	**17,645,555**	17,992,046	23,866,101
Receivables and other debit balances		**52,795,055**	54,417,835	64,786,573
Loans receivable		**7,304,552**	7,741,884	9,203,879
Due from related parties	21	**40,718,245**	33,693,018	31,785,243
Available for sale investments	9	**58,443,394**	81,998,165	78,790,485
Trading properties	10	**4,110,166**	6,160,130	4,717,436
Investment properties	11	**15,618,151**	16,010,250	26,545,725
Investment in associated companies	12	**46,823,631**	49,560,981	45,708,983
Goodwill		**49,020,984**	49,022,661	48,129,468
Properties under development	13	**166,334,912**	173,911,187	146,685,587
Capital work in progress	14	**78,368,220**	63,640,639	58,750,718
Property, plant and equipment		**40,124,160**	24,988,278	26,145,313
Total assets		**622,122,205**	622,509,633	607,292,910
Liabilities and equity				
Liabilities				
Payables and other credit balances	15	**90,627,132**	84,189,240	92,539,251
Due to related parties	21	**12,435,046**	13,054,540	12,331,378
Term loan from a related party	21	**1,720,000**	1,720,000	1,720,000
Borrowings	16	**185,447,973**	181,111,470	169,146,977
Advances received from customers		**182,969,165**	168,678,153	144,486,207
Total liabilities		**473,199,316**	448,753,403	420,223,813
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	**(35,820,724)**	(36,045,931)	(36,580,475)
Statutory and voluntary reserves		**61,649,505**	61,649,505	61,649,505
Cumulative changes in fair value		**(1,660,447)**	4,554,811	2,345,494
Foreign currency translation reserve		**(1,546,950)**	(1,440,353)	(1,943,504)
Retained earnings		**20,900,417**	32,771,234	46,212,049
Total equity attributable to the owners of the parent company		**127,494,862**	145,462,327	155,656,130
Non-controlling interests		**21,428,027**	28,293,903	31,412,967
Total equity		**148,922,889**	173,756,230	187,069,097
Total liabilities and equity		**622,122,205**	622,509,633	607,292,910
Fiduciary accounts		**83,571,023**	108,748,970	127,150,364

Talal Jassim Al-Bahar
Chairman

Saleh Saleh Al-Selmi
Deputy Chairman and Deputy CEO

The notes set out on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the parent company									
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub – total KD	Non-controlling interests KD	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 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 2009 – restated	72,000,000	11,973,061	(36,391,986)	61,649,505	454,745	1,362,418	(5,230,423)	51,046,492	156,863,812	31,434,196	188,298,008
Loss for the period	-	-	-	-	-	-	-	(3,643,548)	(3,643,548)	(2,416,066)	(6,059,614)
Other comprehensive income	-	-	-	-	1,890,749	-	3,286,919	-	5,177,668	-	5,177,668
Total comprehensive income/(loss) for the period	-	-	-	-	1,890,749	-	3,286,919	(3,643,548)	1,534,120	(2,416,066)	(881,946)
Purchase of treasury shares	-	-	(35,055,560)	-	-	-	-	-	(35,055,560)	-	(35,055,560)
Sale of treasury shares	-	-	34,867,071	-	-	-	-	-	34,867,071	-	34,867,071
Loss on sale of treasury shares	-	-	-	-	-	(1,362,418)	-	(1,190,895)	(2,553,313)	-	(2,553,313)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	2,394,837	2,394,837
Balance as at 30 June 2009	72,000,000	11,973,061	(36,580,475)	61,649,505	2,345,494	-	(1,943,504)	46,212,049	155,656,130	31,412,967	187,069,097

Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2010 (Unaudited) KD	Six months ended 30 June 2009 (Unaudited) KD
OPERATING ACTIVITIES		
Loss for the period attributable to the owners of the parent company	**(11,688,074)**	(3,643,548)
Adjustments:		
Loss on sale of available for sale investments	**3,320,667**	671,443
Gain on sale of shares in a consolidated subsidiary company	**-**	(1,804,085)
Gain on sale of shares in associated companies	**-**	(1,035,464)
Unrealised loss from investment properties	**187,261**	319,987
Gain on sale of properties under development	**(22,494)**	(5,496,390)
Impairment loss in value of available for sale investments	**1,107,007**	2,430,084
Dividends income	**(842,563)**	(1,591,488)
Interest and similar income	**(1,325,076)**	(3,204,555)
Interest and similar expenses	**5,027,187**	4,870,455
Depreciation	**1,293,809**	726,870
Share of loss from associated companies	**2,492,142**	1,114,542
Foreign currency exchange (gain)/loss on non-operating assets and liabilities	**(271,688)**	3,178,790
	(721,822)	(3,463,359)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	**346,492**	(9,502,102)
Receivables and other debit balances	**5,113,419**	2,910,848
Loans receivable	**437,332**	(3,695)
Due from related parties	**(7,025,227)**	(5,905,943)
Goodwill	**-**	115,657
Trading properties	**2,049,964**	(4,717,436)
Payables and other credit balances	**6,437,892**	14,796,013
Due to related parties	**(619,494)**	562,456
Advances received from customers	**25,849,474**	35,960,475
Cash from operating activities	**31,868,030**	30,752,914
Dividends income received	**842,563**	1,591,488
Interest income received	**1,325,076**	3,204,555
Interest paid	**(5,027,187)**	(4,870,455)
Net cash from operating activities	**29,008,482**	30,678,502
INVESTING ACTIVITIES		
Proceeds from sale of shares in a consolidated subsidiary company	**-**	4,390,740
Proceeds from sale of shares in associated companies	**-**	27,417,787
Net change on investment in associated companies	**-**	(25,837,865)
Net movement in properties under development	**(19,861,399)**	(39,036,933)
Net additions to capital work in progress	**(14,727,580)**	(11,896,252)
Net change in property, plant and equipment	**(527,985)**	(5,116,010)
Proceeds from sale of available for sale investments	**18,429,560**	28,999,683
Net change in investment properties	**204,839**	(6,815,546)
Purchase of available for sale investments	**(9,008,361)**	(23,210,656)
Purchase of shares in a consolidated subsidiary company	**-**	(2,225,026)
Net cash used in investing activities	**(25,490,926)**	(53,330,078)
FINANCING ACTIVITIES		
Loans obtained from banks	**15,283,752**	6,963,920
Repayment of loans	**(9,427,086)**	(1,576,103)
Change in non-controlling interests	**(6,865,877)**	(382,858)
Purchase of treasury shares	**(967,398)**	(35,055,560)
Proceeds from sale of treasury shares	**1,009,863**	32,313,757
Net movement on foreign currency translation reserve	**(1,108,189)**	7,296,715
Net cash (used in)/from financing activities	**(2,074,935)**	9,559,871
Net increase/(decrease) in cash and cash equivalents	**1,442,621**	(13,091,705)
Cash and cash equivalents at beginning of the period	**43,372,559**	55,269,104
Cash and cash equivalents at end of the period	**44,815,180**	42,177,399

The notes set out on pages 9 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

30 June 2010 (Unaudited)

1 Incorporation and activities of the parent company

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

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

This interim condensed consolidated financial information for the six-month period ended 30 June 2010 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.

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 2009 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 2010. For further information, refer to the audited consolidated financial statements and its related notes for the year ended 31 December 2009.

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 22) 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 revised and new standards and interpretations

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

Standard or Interpretation	*Effective for annual periods beginning*
Amendment to IFRS 2 Share-based Payment	1 January 2010
IFRS 3 Business Combinations (Revised 2009)	1 July 2009
IAS 27 Consolidated and Separate Financial Statements (Revised 2009)	1 July 2009
IAS 28 Investments in Associates (Revised 2009)	1 July 2009
IAS 31 Interests in Joint Ventures	1 July 2009
Amendment to IAS 39 Financial Instruments: Recognition and Measurement	1 July 2009
IFRIC 17 Distribution of non cash assets to owners	1 July 2009
IFRIC 18 Transfers of Assets from Customers	1 July 2009

Amendment to IFRS 2 Share-based Payment (effective from 1 January 2010)

In June 2009, the IASB issued amendments to IFRS 2 *Share-based Payment* that clarify the accounting for group cash-settled share-based payment transactions. The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. In these arrangements, the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers. The adoption of this interpretation did not have any effect on the group's interim condensed consolidated financial information for the period.

IFRS 3 Business Combinations (Revised) (effective from 1 July 2009)

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and has been applied prospectively in accordance with the transitional provisions. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and did not have any effect on the group's interim condensed consolidated financial information for the period.

IAS 27 Consolidated and Separate Financial Statements (Revised) (effective from 1 July 2009)

The revised standard introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the group's interest in subsidiaries. These changes have been applied prospectively in accordance with the transitional provisions and did not have any effect on the group's interim condensed consolidated financial information for the period.

IAS 28 Investments in Associates (Revised) (effective from 1 July 2009)

The revised standard introduces changes to the accounting requirements for the loss of significant influence of an associate and for changes in the group's interest in associates. These changes have been applied prospectively in accordance with the transitional provisions and did not have any effect on the group's interim condensed consolidated financial information for the period.

IAS 31 Interests in Joint Ventures (effective from 1 July 2009)

The revisions introduce changes to the accounting requirements for the loss of joint control. This revision is not relevant to the operations of the group.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective from 1 July 2009)

The amendment to the standard clarifies two issues relating to hedge accounting i.e. 1) identifying inflations as a hedge risk or portion, and 2) hedging with options. This revision is not relevant to the operations of the group.

2 Significant accounting policies (continued)

Adoption of revised and new standards and interpretations (continued)

IFRIC 17 Distribution of Non-Cash Assets to Owners (effective from 1 July 2009)
The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The adoption of this interpretation did not have any effect on the group's interim condensed consolidated financial information for the period.

IFRIC 18 Transfer of Assets from Customers (effective from 1 July 2009)
IFRIC 18 clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. This interpretation is not relevant to the operations of the group.

The IASB issued *Improvements for International Financial Reporting Standards 2009* to the following standards which have been adopted by the group that largely clarify the required accounting treatment where previous practice had varied some of which are substantive but have not resulted in any significant changes in the group's accounting policies.

Standard	***Effective for annual periods beginning***
IFRS 2 Share Based Payment	I July 2009
IFRS 3 Business combinations (Revised 2009)	I January 2010
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	I July 2009 and 1 January 2010
IAS 1 Presentation of Financial Statements	I January 2010
IAS 7 Statement of Cash Flows	I January 2010
IAS 17 Leases	I January 2010
IAS 36 Impairment of Assets	I January 2010
IAS 38 Intangible Assets	I July 2009
IAS 39 Financial Instruments: Recognition and Measurement	I January 2010

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:

Standard or Interpretation	***Effective for annual periods beginning***
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
IAS 24 Related Party Disclosures	1 January 2011
IAS 32 Financial Instruments: Presentation	1 February 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

IFRS 9 Financial Instruments (effective from 1 January 2013 earlier application is permitted)
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.

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.

2 Significant accounting policies (continued)

Adoption of revised and new standards and interpretations (continued)

IAS 24 Related Party Disclosures

The amendments to the standard revises the definition of related party as well as modified exemptions for state-controlled entities. The adoption of this amendment is not expected to have a significant impact on the group's interim condensed consolidated financial information.

IAS 32 Financial Instruments: Presentation

The amendment to the standard clarifies classification right issues in foreign currency. The adoption of this amendment is not expected to have a significant impact on the group's interim condensed consolidated financial information.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability. The Interpretation is reaquired to be applied retrospectively. However, management does not expect to have any significant effect on the interim condensed consolidated financial information on the date of initial application of the interpretation.

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 2009.

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.

5 Investments at fair value through profit or loss

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	**11,129,826**	15,609,286	19,983,827
Unquoted securities	**1,631,524**	1,620,575	2,805,203
	12,761,350	17,229,861	22,789,030
Foreign			
Quoted securities	**4,884,205**	762,185	1,036,174
Unquoted securities	**-**	-	40,897
	4,884,205	762,185	1,077,071
	17,645,555	17,992,046	23,866,101

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 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	**30 June 2010 (Unaudited) KD**	30 June 2009 (Unaudited) KD
Realised gain/(loss)	**282,195**	752,498	**628,859**	(420,228)
Unrealised (loss)/gain	**(1,397,052)**	2,602,318	**(1,290,054)**	1,614,172
	(1,114,857)	3,354,816	**(661,195)**	1,193,944

6 (Loss) /gain on sale of properties under development

(Loss)/gain on sale of properties under development represents the difference between the revenue and related cost of properties under development which have been originally incurred by the group to purchase and then fully developed and sold to customers.

	Three months ended		Six months ended	
	30 June 2010 (Unaudited) KD	30 June 2009 (Unaudited) KD	**30 June 2010 (Unaudited) KD**	30 June 2009 (Unaudited) KD
Sales revenue	**11,219,572**	1,384,167	**11,558,462**	10,465,159
Cost of sales	**(11,354,114)**	(895,748)	**(11,535,968)**	(4,968,769)
	(134,542)	488,419	**22,494**	5,496,390

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		Six months ended	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent company (KD)	**(8,315,735)**	2,217,021	**(11,688,074)**	(3,643,548)
Weighted average number of issued shares (excluding treasury shares) (share)	**654,712,730**	659,276,974	**654,431,879**	660,363,761
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company (Fils)	**(12.70)**	3.36	**(17.86)**	(5.52)

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 Available for sale investments

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Quoted securities	**9,390,357**	24,905,061	20,807,145
Unquoted securities	**49,053,037**	57,093,104	57,983,340
	58,443,394	81,998,165	78,790,485

Unquoted securities include investments stated at cost amounting to KD26,421,691 as there are no other reliable sources to determine their fair values (31 December 2009: KD38,512,092 and 30 June 2009: KD40,397,585). 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 KD18,429,560 (30 June 2009: KD28,999,683) from which a net loss has resulted of amount KD3,320,667 (30 June 2009: net loss of amount KD671,443).

10 Trading properties

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Residential flats in Dubai – UAE	**4,110,166**	6,160,130	4,717,436

Trading properties represents completed but unsold residential units of Souq Residence (FZE) – Golden Mile Project and Trunk Residence (FZE) in Dubai.

During the period, trading properties with book value of KD5,153,985 (31 December 2009: KD Nil and 30 June 2009: KD Nil) have been transferred to properties under development.

11 Investment properties

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Kuwait	**9,133,500**	9,133,500	12,930,000
Lebanon	**2,765,577**	2,742,176	2,759,617
Jordan	**404,544**	351,050	351,050
United Arab Emirates	**2,759,713**	3,224,208	9,956,960
Egypt	**354,966**	354,966	354,966
South Africa	**199,851**	204,350	193,132
	15,618,151	16,010,250	26,545,725

12 Investment in associated companies

The details of associates are as follows:

Name of the associate	Principal activities	Date of acquisition	Place of incorporation	%	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	**32.08**	**740,626**	465,053	466,808
Raimon Land Public Company Limited – Quoted	Property construction and development	Dec-06	Thailand	**41.08**	**13,466,012**	13,902,520	7,933,550
Purple Plum Properties Limited	Property development	Dec-06	South Africa	**26.57**	**1**	1	1
Zamzam Religious Toursim 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**	**2,970,713**	3,585,457	4,243,285
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	**28.64**	**29,596,279**	31,557,950	33,015,339
					46,823,631	49,560,981	45,708,983

The group's loss during the period from the results of the activities of the associated companies mentioned above has amounted to KD2,492,142 (30 June 2009: KD1,114,542).

13 Properties under development

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Properties in Dubai – UAE	**130,048,445**	122,007,874	99,940,086
Properties in South Africa	**20,075,129**	37,466,663	33,326,658
Properties in Lebanon	**16,211,338**	14,436,650	13,418,843
	166,334,912	173,911,187	146,685,587

During the period, properties under development of book value KD15,901,706 (31 December 2009: KD Nil and 30 June 2009: KD Nil) have been transferred to property, plant and equipment after the completion of its execution.

14 Capital work in progress

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE	**78,368,220**	63,640,639	58,750,718

15 Payables and other credit balances

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Interest payable	**5,577,306**	5,055,154	3,811,811
Accounts payable	**26,110,278**	18,814,701	26,566,910
Dividends payable	**1,367,678**	1,372,485	1,534,199
Liability towards purchase of lands	**10,579,877**	11,292,936	12,745,242
Accrued expenses	**167,007**	205,649	207,997
Kuwait Foundation for the Advancement of Sciences (KFAS)	**2,377,357**	2,377,357	2,332,977
National Labour Support Tax (NLST)	**7,417,960**	7,417,960	7,294,679
Zakat provision	**557,315**	557,315	508,004
Provision for end of service indemnity and leave	**1,706,760**	1,594,921	1,395,306
Provision for contingent liabilities	**6,876,475**	6,876,475	6,876,475
Deferred income	**414,975**	2,358,905	2,029,226
Retentions payable	**9,611,884**	9,420,930	8,441,133
Accrued construction costs	**15,362,210**	13,512,909	15,723,550
Other payables	**2,500,050**	3,331,543	3,071,742
	90,627,132	84,189,240	92,539,251

16 Borrowings

	30 June 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Loans in KD	**32,880,307**	26,187,262	26,000,000
Loans in USD	**73,023,779**	70,027,112	69,112,239
Loans in AED	**42,686,921**	41,062,272	33,576,960
Loans in EURO	**15,058,262**	23,491,475	24,063,773
Loans in Rand	**21,307,525**	19,778,605	15,782,656
Loans in GBP	**491,179**	564,744	611,349
	185,447,973	181,111,470	169,146,977

The loans above are due for repayment as at 30 June 2010 as follows:

	30 June 2010 (Unaudited) KD
Within one year	**77,644,283**
After more than one year	**107,803,690**
	185,447,973

17 Treasury shares

	30 June 2010 (Unaudited)	31 Dec. 2009 (Audited)	30 June 2009 (Unaudited)
Number of shares (thousand share)	**65,249**	65,737	68,517
Percentage of issued shares	**9.06%**	9.13%	9.52%
Market value (KD '000)	**3,230**	5,850	10,689

18 Capital commitments

Capital expenditure commitments

At 30 June 2010, 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 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipments and capital work in progress	**33,500,000**	39,500,000	48,739,917
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**68,900,000**	90,800,000	111,798,504
	102,400,000	130,300,000	160,538,421

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.

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.

19 Segmental analysis

The group has adopted IFRS 8 Operating Segments with effect from 1 January 2010. According to this standard, reported segment profits are based on management's internal financial reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and then it is reconciled to the group's profit or loss. In contrast, the predecessor standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical). The adoption of IFRS 8 has resulted in a change in the identification of the group's reportable segments. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

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

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

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

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

The 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 2010 KD '000	30 June 2009 KD '000	**30 June 2010 KD '000**	30 June 2009 KD '000	**30 June 2010 KD '000**	30 June 2009 KD '000	**30 June 2010 KD '000**	30 June 2009 KD '000	**30 June 2010 KD '000**	30 June 2009 KD '000
Interim condensed consolidated statement of income										
Segment revenues/(expenses)	**562**	775	**(4,123)**	2,999	**710**	7,823	**849**	(2,308)	**(2,002)**	9,289
Segment profit/(loss)	**562**	775	**(4,123)**	2,999	**710**	7,823	**849**	(2,308)	**(2,002)**	9,289
Unallocated expenses									**(3,026)**	(10,517)
Non-controlling interests									**(6,660)**	(2,416)
Loss for the period									**(11,688)**	(3,644)

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 Dividends

The shareholders' general assembly held on 17 May 2010 approved the consolidated financial statements for the year ended at 31 December 2009. The general assembly also approved the directors' proposal not to distribute any dividend of the year then ended.

On 21 May 2009, the shareholders' general assembly approved the consolidated financial statements for the year ended 31 December 2008 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 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 2010 (Unaudited) KD	31 Dec. 2009 (Audited) KD	30 June 2009 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Amounts due from related parties	**40,718,245**	33,693,018	31,785,243
Amounts due to related parties	**(12,435,046)**	(13,054,540)	(12,331,378)
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:			
Gain on sale of available for sale investment	**4,179,256**	-	-
Interest expenses	**43,565**	115,381	60,694
Interest income	**100,868**	88,688	-
Key management compensation of the group			
Short-term employee benefits	**314,146**	638,653	126,000

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.

22 Investment in subsidiaries

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries as at 30 June 2010:

Name of subsidiary	**Activity**	**Effective ownership percentage %**
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	Hotel operations	58.56
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

23 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 2009.

24 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.