Interim Condensed Consolidated Financial Information and Review Report

International Financial Advisors – KSC (Closed) and Subsidiaries

Kuwait

30 June 2012 (Unaudited)

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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 2012 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 2012 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 2012 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

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 2012 (Unaudited) KD	Three months ended 30 June 2011 (Unaudited) KD	Six months ended 30 June 2012 (Unaudited) KD	Six months ended 30 June 2011 (Unaudited) KD
Revenue					
Interest and similar income		**39,173**	140,699	**209,816**	396,421
Management fees and commission income		**124,310**	649,611	**373,111**	812,364
Dividend income		**280,411**	11,121	**678,613**	1,156,775
Net income from hoteliers and related services		**-**	802,254	**1,155,008**	2,316,067
Net (loss)/gain from investments at fair value through profit or loss	5	**(836,330)**	213,413	**(49,873)**	(1,455,828)
Gain on sale of asset classified as held for sale	10	**-**	-	**749,694**	-
Net loss from investment properties		**-**	(905,308)	**-**	(905,308)
Gain on sale of properties under development	6	**-**	868,947	**191,679**	6,404,450
Loss on sale of shares in associated company	13	**(1,189,362)**	-	**(2,386,742)**	-
Share of profit/(loss) from associated companies	13	**78,333**	(1,198,634)	**(1,066,683)**	(796,389)
Gain/(loss) on sale of available for sale investments		**93,642**	(1,046,155)	**71,589**	141,321
Income on default of customers to the terms in the sale contracts of the sold residential units	14	**-**	905,336	**839,932**	3,971,627
Foreign currency exchange (loss)/gain		**(107,683)**	408,034	**(133,605)**	492,171
Other income		**15,326**	3,368,898	**732,090**	3,032,074
Total (loss)/income		**(1,502,180)**	4,218,216	**1,364,629**	15,565,745
Expenses and other charges					
Interest and similar expense		**1,158,739**	4,176,664	**3,417,090**	6,780,398
Staff and related costs		**266,694**	1,612,602	**1,362,174**	3,403,408
Other operating expenses		**261,377**	1,948,912	**3,502,661**	4,140,157
Impairment of available for sale investments		**267,083**	619,873	**998,274**	657,536
Impairment of goodwill		**-**	332,982	**-**	332,982
Provision for contingent liabilities		**-**	-	**-**	581,987
Depreciation		**34,227**	605,637	**475,000**	1,175,323
Total expenses and other charges		**1,988,120**	9,296,670	**9,755,199**	17,071,791
Loss before contribution to KFAS, National Labour Support Tax, Zakat provision and taxation on overseas subsidiaries		**(3,490,300)**	(5,078,454)	**(8,390,570)**	(1,506,046)
Taxation on overseas subsidiaries		**-**	690,169	**158,981**	683,248
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		**(3,490,300)**	(4,421,859)	**(8,231,589)**	(999,694)
Attributable to :					
Owners of the parent company		**(4,235,655)**	(4,231,365)	**(9,001,123)**	(3,822,539)
Non-controlling interests		**745,355**	(190,494)	**769,534**	2,822,845
Loss for the period		**(3,490,300)**	(4,421,859)	**(8,231,589)**	(999,694)
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	7	**(6.32)**	(6.30)	**(13.43)**	(5.70)

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

Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD	**30 June 2012 (Unaudited) KD**	30 June 2011 (Unaudited) KD
Loss for the period	**(3,490,300)**	(4,421,859)	(8,231,589)	(999,694)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	**(18,233)**	(208,257)	656,301	(1,366,675)
Available for sale investments:				
- Net change in fair value during the period	**(2,337,658)**	376,695	477,493	(871,333)
- Transferred to interim condensed consolidated statement of income on sale	**-**	(775,585)	-	(793,916)
- Transferred to interim condensed consolidated statement of income on impairment	**267,084**	619,873	998,275	657,536
- Share of other comprehensive income/(loss) of associated companies	**277,394**	(1,154,732)	1,766,289	15,778
Total other comprehensive (loss)/income	**(1,774,947)**	(1,142,006)	3,898,358	(2,358,610)
Total comprehensive loss for the period	**(5,265,247)**	(5,563,865)	(4,333,231)	(3,358,304)
Attributable to:				
Owners of the parent company	**(6,010,602)**	(5,373,371)	(5,102,765)	(6,181,149)
Non-controlling interests	**745,355**	(190,494)	769,534	2,822,845
	(5,265,247)	(5,563,865)	(4,333,231)	(3,358,304)

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

Interim condensed consolidated statement of financial position

	Notes	**30 June 2012 (Unaudited) KD**	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Assets				
Cash and cash equivalents	8	**6,114,242**	7,721,094	12,077,013
Investments at fair value through profit or loss	5	**17,735,834**	19,428,740	23,836,627
Receivables and other debit balances		**23,076,429**	24,802,425	43,101,163
Loans receivable		**4,484,991**	4,575,878	5,900,741
Due from related parties	22	**5,579,954**	5,416,036	6,262,177
Trading properties	9	**5,932,053**	5,683,758	9,213,011
Asset classified as held for sale	10	**10,273,464**	-	-
Available for sale investments	11	**42,700,329**	41,926,305	48,490,528
Investment properties	12	**32,404,178**	32,233,502	16,071,423
Investment in associated companies	13	**47,192,914**	60,491,843	66,951,515
Goodwill		**48,684,318**	48,679,192	48,693,126
Properties under development	14	**149,430,928**	147,065,367	140,430,726
Capital work in progress	15	**110,799,268**	103,680,584	85,525,446
Property, plant and equipment		**38,980,957**	38,206,303	42,098,989
Total assets		**543,389,859**	539,911,027	548,652,485
Liabilities and equity				
Liabilities				
Payables and other credit balances	16	**74,424,213**	83,268,171	79,933,885
Due to related parties	22	**17,604,070**	4,087,874	11,376,167
Term loan from a related party	22	**11,663,637**	11,663,637	1,720,000
Borrowings	17	**191,057,663**	187,167,736	183,577,966
Advances received from customers		**131,304,469**	131,670,784	133,019,142
Total liabilities		**426,054,052**	417,858,202	409,627,160
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	18	**(32,896,967)**	(32,896,967)	(32,801,541)
Statutory and voluntary reserves		**61,649,505**	61,649,505	61,649,505
Cumulative changes in fair value		**7,336,206**	4,094,149	(2,156,045)
Foreign currency translation reserve		**(3,841,081)**	(4,497,382)	(2,191,415)
(Accumulated losses)/retained earnings		**(16,449,651)**	(6,721,619)	10,191,558
Total equity attributable to the owners of the parent company		**99,771,073**	105,600,747	118,665,123
Non-controlling interests		**17,564,734**	16,452,078	20,360,202
Total equity		**117,335,807**	122,052,825	139,025,325
Total liabilities and equity		**543,389,859**	539,911,027	548,652,485
Fiduciary accounts		**74,351,373**	78,763,582	52,048,285

Saleh Saleh Al-Selmi
Chairman & CEO

Talal Jassim Al-Bahar
Vice Chairman

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

	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	Accumulated losses KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2012 (Audited)	72,000,000	11,973,061	(32,896,967)	61,649,505	4,094,149	(4,497,382)	(6,721,619)	105,600,747	16,452,078	122,052,825
(Loss)/profit for the period	-	-	-	-	-	-	(9,001,123)	(9,001,123)	769,534	(8,231,589)
Other comprehensive income	-	-	-	-	3,242,057	656,301	-	3,898,358	-	3,898,358
Total comprehensive income/(loss) for the period	-	-	-	-	3,242,057	656,301	(9,001,123)	(5,102,765)	769,534	(4,333,231)
Loss arising on part disposal of a subsidiary	-	-	-	-	-	-	(726,909)	(726,909)	-	(726,909)
Change in non-controlling interests	-	-	-	-	-	-	-	-	343,122	343,122
Balance as at 30 June 2012 (Unaudited)	**72,000,000**	**11,973,061**	**(32,896,967)**	**61,649,505**	**7,336,206**	**(3,841,081)**	**(16,449,651)**	**99,771,073**	**17,564,734**	**117,335,807**

Interim condensed consolidated statement of changes in equity (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	Foreign currency translation reserve KD	Retained earnings KD	Sub – total KD	Non-controlling interests KD	Total KD
Balance as at 1 January 2011 (Audited)	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
(Loss)/profit for the period	-	-	-	-	-	-	(3,822,539)	(3,822,539)	2,822,845	(999,694)
Other comprehensive loss	-	-	-	-	(991,935)	(1,366,675)	-	(2,358,610)	-	(2,358,610)
Total comprehensive (loss)/income for the period	-	-	-	-	(991,935)	(1,366,675)	(3,822,539)	(6,181,149)	2,822,845	(3,358,304)
Purchase of treasury shares	-	-	(2,576,274)	-	-	-	-	(2,576,274)	-	(2,576,274)
Sale of treasury shares	-	-	2,593,024	-	-	-	-	2,593,024	-	2,593,024
Loss on sale of treasury shares	-	-	-	-	-	-	(103,838)	(103,838)	-	(103,838)
Loss arising on part disposal of a subsidiary	-	-	-	-	-	-	(19,347)	(19,347)	-	(19,347)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,434,668)	(1,434,668)
Balance as at 30 June 2011 (Unaudited)	72,000,000	11,973,061	(32,801,541)	61,649,505	(2,156,045)	(2,191,415)	10,191,558	118,665,123	20,360,202	139,025,325

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

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2012 (Unaudited) KD	Six months ended 30 June 2011 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period attributable to the owners of the parent company		**(9,001,123)**	(3,822,539)
Adjustments:			
Gain on sale of available for sale investments		**(71,589)**	(141,321)
Net loss from investment properties		**-**	905,308
Gain on sale of properties under development		**(191,679)**	(6,404,450)
Gain on sale of asset classified as held for sale		**(749,694)**	-
Impairment of available for sale investments		**998,274**	657,536
Impairment of goodwill		**-**	332,982
Dividend income		**(678,613)**	(1,156,775)
Interest and similar income		**(209,816)**	(396,421)
Interest and similar expenses		**3,417,090**	6,780,398
Provisions for contingent liabilities and others		**86,878**	776,205
Depreciation		**475,000**	1,175,323
Loss on sale of shares in associated company		**2,386,742**	-
Share of loss from associated companies		**1,066,683**	796,389
Foreign currency exchange loss/(gain)		**133,605**	(492,171)
		(2,338,242)	(989,536)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**1,692,906**	(3,467,745)
Receivables and other debit balances		**1,725,996**	11,654,289
Loans receivable		**12,496**	2,200,199
Due from related parties		**(163,917)**	8,927,312
Trading properties		**(248,295)**	476,188
Payables and other credit balances		**(8,843,959)**	(7,368,524)
Due to related parties		**13,516,195**	(1,553,478)
Advances received from customers		**(366,315)**	(687,732)
Cash from operating activities		**4,986,865**	9,190,973
Dividend income received		**678,613**	1,156,775
Interest and similar income received		**209,816**	396,421
Interest and similar expenses paid		**(3,417,090)**	(6,780,398)
Net cash from operating activities		**2,458,204**	3,963,771
INVESTING ACTIVITIES			
Proceeds from sale of shares in associated company		**2,403,283**	-
Proceeds from sale of shares in a consolidated subsidiary company		**57,379**	97,845
Proceeds from sale of asset classified as held for sale		**2,602,814**	-
Net change in investment in associated companies		**(4,692,849)**	(5,777,018)
Net movement in properties under development		**(1,981,756)**	(12,668,140)
Net additions to capital work in progress		**(7,250,847)**	(6,022,926)
Net change in property, plant and equipment		**(1,249,653)**	(3,820,998)
Proceeds from sale of available for sale investments		**1,692,538**	8,396,183
Net change in investment properties		**(14,800)**	1,878,927
Purchase of available for sale investments		**(151,189)**	(240,533)
Net cash used in investing activities		**(8,585,080)**	(18,156,660)
FINANCING ACTIVITIES			
Loans obtained from banks		**12,059,159**	34,281,224
Repayment of loans		**(9,522,584)**	(29,697,216)
Change in non-controlling interests		**328,368**	1,270,985
Purchase of treasury shares		**-**	(2,576,274)
Proceeds from sale of treasury shares		**-**	2,489,186
Net movement on foreign currency translation reserve		**1,655,081**	(2,664,485)
Net cash from financing activities		**4,520,024**	3,103,420
Net decrease in cash and cash equivalents		**(1,606,852)**	(11,089,469)
Cash and cash equivalents at beginning of the period	8	**7,721,094**	23,166,482
Cash and cash equivalents at end of the period	8	**6,114,242**	12,077,013

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

Notes to the interim condensed consolidated financial information

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 2012 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 audited consolidated financial statements of the group for the year ended 31 December 2011 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 2012. For further information, refer to the audited consolidated financial statements and its related notes for the year ended 31 December 2011.

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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

Adoption of new IASB Standards and amendments during the period
The group has adopted the following amended IFRS during the period:

IFRS 7 Financial Instruments: Disclosures- amendment
The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments allows 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 required additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

IASB Standards issued but not yet effective
At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant amendments will be adopted in the group's accounting policies for the first period beginning at or after the effective date of the new standard, amendment and interpretation that are expected to be relevant to the group's financial statements and as provided below, and there are also some interpretations and standards that have been issued but are not expected to have a material effect on the group's financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 28 Investments in Associates	1 January 2013
- Revised as IAS 28 Investments – Associates and Joint Venture	
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 12 Disclosure of Interest in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

IAS 1 Presentation of Financial Statements
The amendment to IAS 1 requires entities to group other comprehensive income items presented in the consolidated statement of comprehensive income based on those:
a) Potentially reclassifiable to consolidated statement of income in a subsequent period, and
b) That will not be reclassified to consolidated statement of income subsequently.

The group will change the current presentation of the consolidated statement of comprehensive income when the amendment becomes effective.

IAS 28 Investments in Associates – Revised as IAS 28 Investments in Associates and Joint Ventures
As a result of the consequential amendments, IAS 28 brings investments in joint ventures into its scope. However, the equity accounting methodology under IAS 28 remains unchanged.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by, with the replacement standard to be effective for annual periods beginning 1 January 2015. 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.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aims to provide transparency about the risks a company is exposed to through its interests in structured entities.

IFRS 13 Fair Value Measurement
IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The adoption of this standard is not expected to have a significant impact on the financial position and performance 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 2011.

Notes to the interim condensed consolidated financial information (continued)

4 Subsidiary companies

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries and for the periods ended there to:

Name of subsidiary	Period ended	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	31 March 2012	Hotel operations	57.62
Seven Seas Resorts Company – KSC (Closed)	31 March 2012	Hotels and resorts	48.30
Gulf Real Estate Company – WLL	30 June 2012	Real estate investments	46.32
IFA Aviation Company – KSC (Closed) and Subsidiary	30 June 2012	Aviation services	74.80
Dana Real Estate Company – SAL	30 June 2012	Real estate investments	90.00
Radeem Real Estate Company – SAL	30 June 2012	Real estate investments	99.70

5 Investments at fair value through profit or loss

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	**12,471,973**	13,759,158	15,095,829
Unquoted securities	**1,363,555**	881,592	1,024,858
	13,835,528	14,640,750	16,120,687
Foreign			
Quoted securities	**3,900,306**	4,787,990	7,715,940
	17,735,834	19,428,740	23,836,627

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

	Three months ended		Six months ended	
	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD	**30 June 2012 (Unaudited) KD**	30 June 2011 (Unaudited) KD
Realised (loss)/gain	**(408,353)**	967,475	**(269,327)**	1,134,547
Unrealised (loss)/gain	**(427,977)**	(754,062)	**219,454**	(2,590,375)
	(836,330)	213,413	**(49,873)**	(1,455,828)

Notes to the interim condensed consolidated financial information (continued)

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 the properties and then fully develop and sell it to customers, and it is as follows:

	Three months ended		Six months ended	
	30 June 2012 (Unaudited) KD	30 June 2011 (Unaudited) KD	**30 June 2012 (Unaudited) KD**	30 June 2011 (Unaudited) KD
Sales revenue	**-**	1,398,396	**293,100**	26,708,970
Cost of sales	**-**	(529,449)	**(101,421)**	(20,304,520)
	-	868,947	**191,679**	6,404,450

7 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 2012 (Unaudited)	30 June 2011 (Unaudited)	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	**(4,235,655)**	(4,231,365)	**(9,001,123)**	(3,822,539)
Weighted average number of outstanding shares (excluding treasury shares) (share)	**670,350,752**	671,747,236	**670,350,752**	670,959,592
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	**(6.32)**	(6.30)	**(13.43)**	(5.70)

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

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Residential apartments in Dubai – UAE	**312,988**	313,444	3,043,121
Properties in South Africa	**5,619,065**	5,370,314	6,169,890
	5,932,053	5,683,758	9,213,011

Notes to the interim condensed consolidated financial information (continued)

9 Trading properties (continued)

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 Asset classified as held for sale

This represents the group's investment of percentage 41.08% in Raimon Land Public Company Limited through one of its subsidiary companies. This investment has been reclassified as non-current assets "held for sale" because the subsidiary company's management has decided to commit to a plan to sell this investment and therefore its current amount will be recovered through the sale transaction rather than through continuous work.

During the period, a percentage of 6.07% of this investment has been sold and a net sale gain amounting to KD749,694 has been recognised in the interim condensed consolidated statement of income as a result of that transaction.

In prior years, the investment was classified as investment in associates (Note 13).

11 Available for sale investments

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Quoted securities	**3,386,221**	3,637,289	4,268,002
Unquoted securities	**39,314,108**	38,289,016	44,222,526
	42,700,329	41,926,305	48,490,528

Unquoted securities include investments stated at cost amounting to KD14,833,280 as there are no other reliable sources to determine their fair values (31 December 2011: KD16,547,778 and 30 June 2011: KD22,204,537). Management is not aware of any circumstances that may have lead to the decline in the value of such investments.

12 Investment properties

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Lebanon	**2,606,369**	2,606,538	2,583,106
Jordan	**1,013,182**	1,013,182	404,544
United Arab Emirates	**19,072,526**	19,098,718	2,720,650
Egypt	**354,966**	354,966	354,966
Portugal	**9,167,816**	8,982,064	9,798,480
South Africa	**189,319**	178,034	209,677
	32,404,178	32,233,502	16,071,423

Notes to the interim condensed consolidated financial information (continued)

13 Investment in associated companies

The details of the associated companies are as follows:

					Net shareholders' equity as of		
Name of the associate	**Principal activities**	**Date of acquisition**	**Country of incorporation**	**%**	**30 June 2012 (Unaudited) KD**	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	**37.33**	**2,852,073**	2,587,950	5,825,465
Raimon Land Public Company Limited – reclassified (see note 10)	Property construction and development	Dec-06	Thailand	**41.08**	**-**	12,126,583	12,176,363
Purple Plum Properties Limited	Property development	Apr-06	South Africa	**37.33**	**-**	-	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**	**11,867,903**	11,291,733	13,454,714
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	**19.63**	**32,422,938**	34,435,577	35,444,972
					47,192,914	60,491,843	66,951,515

The group's share during the period from the results of the activities of the above mentioned associated companies amounted to losses of KD1,066,683 (30 June 2011: loss of KD796,389). During the period, the group also sold a percentage of 0.52% from the shares of International Finance Company – KSC (Closed) from which a loss of amount KD2,386,742 has resulted (Nil in 30 June 2011).

14 Properties under development

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Properties in Dubai – UAE	**120,302,992**	118,660,999	111,820,803
Properties in South Africa	**9,416,384**	8,918,321	9,906,189
Properties in Lebanon	**19,711,552**	19,486,047	18,703,734
	149,430,928	147,065,367	140,430,726

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 remaining payments which are 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 AED11,131,820 equivalent to KD839,932 included in the interim condensed consolidated statement of income for the period (amount of AED52,171,870 equivalent to KD3,971,627 in 30 June 2011).

15 Capital work in progress

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE and South Africa	**110,799,268**	103,680,584	85,525,446

Notes to the interim condensed consolidated financial information (continued)

16 Payables and other credit balances

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Accrued interest payable	**4,528,992**	5,261,025	4,442,344
Accounts payable	**17,975,570**	23,342,667	22,034,784
Accrued dividend payable	**522,580**	525,111	1,357,517
Liability towards purchase of lands	**6,906,393**	8,071,579	7,975,540
Kuwait Foundation for the Advancement of Sciences (KFAS)	**2,391,320**	2,391,770	2,424,458
National Labour Support Tax (NLST)	**7,458,445**	7,457,996	7,548,267
Zakat provision	**573,329**	573,329	609,438
Provision for end of service indemnity and leave	**1,752,153**	2,095,382	2,125,112
Provision for contingent liabilities	**73,966**	73,966	73,966
Redeemable preference shares	**2,028,154**	1,721,630	2,827,471
Deferred income	**11,617,807**	11,272,699	2,028,330
Retentions payable	**5,430,374**	7,455,059	10,064,647
Accrued construction costs	**2,919,726**	2,903,158	6,819,200
Refundable deposit on cancellation and resale of units	**2,874,488**	2,666,883	1,798,428
Other payables	**7,370,916**	7,455,917	7,804,383
	74,424,213	83,268,171	79,933,885

17 Borrowings

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Loans in KD	**51,000,000**	56,726,202	57,226,202
Loans in USD	**42,317,084**	42,643,813	43,224,353
Loans in AED	**62,837,645**	54,038,528	45,828,924
Loans in EURO	**14,064,273**	14,111,697	15,744,253
Loans in Rand	**20,406,721**	19,208,660	21,080,290
Loans in GBP	**431,940**	438,836	473,944
	191,057,663	187,167,736	183,577,966

The loans above are due for repayment as follows:

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Within one year	**22,315,815**	27,806,575	48,681,495
More than one year	**168,741,848**	159,361,161	134,896,471
	191,057,663	187,167,736	183,577,966

Notes to the interim condensed consolidated financial information (continued)

18 Treasury shares

	30 June 2012 (Unaudited)	31 Dec. 2011 (Audited)	30 June 2011 (Unaudited)
Number of shares (thousand share)	**49,649**	49,649	47,569
Percentage of issued shares	**6.90%**	6.90%	6.61%
Market value (KD '000)	**1,738**	1,961	2,117

19 Capital commitments

Capital expenditure commitments
The group has commitments 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 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipment and capital work in progress	**1,652,700**	10,821,000	26,836,000
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**41,700,000**	43,530,000	45,535,000
	43,352,700	54,351,000	72,371,000

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.

Notes to the interim condensed consolidated financial information (continued)

20 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. 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 2012 (Unaudited) KD '000	30 June 2011 (Unaudited) KD '000	**30 June 2012 (Unaudited) KD '000**	30 June 2011 (Unaudited) KD '000	**30 June 2012 (Unaudited) KD '000**	30 June 2011 (Unaudited) KD '000	**30 June 2012 (Unaudited) KD '000**	30 June 2011 (Unaudited) KD '000	**30 June 2012 (Unaudited) KD '000**	30 June 2011 (Unaudited) KD '000
Interim condensed consolidated statement of income										
Segment revenue/(expenses)	**373**	812	**(1,794)**	(558)	**2,187**	11,939	**599**	3,372	**1,365**	15,565
Segment profit/(loss)	**373**	812	**(1,794)**	(558)	**2,187**	11,939	**599**	3,372	**1,365**	15,565
Unallocated expenses									**(11,136)**	(22,211)
Non-controlling interests									**770**	2,823
Loss for the period									**(9,001)**	(3,823)

Geographical segments

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

Notes to the interim condensed consolidated financial information (continued)

21 Annual general assembly

The general assembly of shareholders meeting held on 21 June 2012 approved the consolidated financial statements for the year ended 31 December 2011, and the directors' proposal not to distribute any dividends for the year ended at that date.

On 24 May 2011, the shareholders' general assembly approved the consolidated financial statements for the year ended 31 December 2010 and not to distribute any dividends for the year then ended.

22 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:

	30 June 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	30 June 2011 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	**5,579,954**	5,416,036	6,262,177
Due to related parties	**(17,604,070)**	(4,087,874)	(11,376,167)
Term loan from a related party	**(11,663,637)**	(11,663,637)	(1,720,000)
Transactions included in the interim condensed consolidated statement of income:			
Interest expenses	**55,747**	104,777	43,774
Interest income	**20,817**	49,392	144,184
Key management compensation of the group			
Short-term employee benefits	**221,043**	465,928	308,089

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.

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 2011.

24 Comparative information

Certain comparative information have been reclassified to conform with the presentation of the current period. Such reclassification did not affect the consolidated financial information related to net assets, equity, and operation results for the previous period. Also it did not affect the net decrease in cash and cash equivalents for that period.