Interim condensed consolidated financial information and review report

International Financial Advisors – KSC (Closed) and Subsidiaries

Kuwait

30 September 2011 (Unaudited)

Contents

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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 September 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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 nine-month period ended 30 September 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 nine-month period ended 30 September 2011 of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.

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Kuwait
12 December 2011

Interim condensed consolidated statement of income

	Notes	Three months ended 30 Sept. 2011 (Unaudited) KD	Three months ended 30 Sept. 2010 (Unaudited) KD	Nine months ended 30 Sept. 2011 (Unaudited) KD	Nine months ended 30 Sept. 2010 (Unaudited) KD
Revenue					
Interest and similar income		32,070	476,931	428,491	1,802,007
Management fees and commission income		57,819	437,398	870,183	999,759
Dividends income		10,702	24,207	1,167,477	866,770
Net income from hoteliers and related services		1,042,334	1,076,322	3,358,401	3,140,344
Net (loss)/gain from investments at fair value through profit or loss	5	(835,053)	1,138,060	(2,290,881)	476,865
Net (loss)/gain from investment properties		(205,649)	1,488	(1,110,957)	(185,773)
Gain on sale of properties under development	6	489,588	3,840,029	6,894,038	3,862,523
Share of (loss)/profit from associated companies		(665,332)	153,409	(1,461,721)	(2,338,733)
(Loss)/gain on sale of available for sale investments	12	(401,653)	33,311	(260,332)	(3,287,356)
(Loss)/Income on default of customers to the terms in the sale contracts of the sold residential units	15	(257,584)	4,040,780	3,714,043	4,040,780
Foreign currency exchange (loss)/gain		(416,568)	450,109	75,603	721,797
Other income	7	1,038,752	297,169	4,070,826	975,536
Total (loss)/income		(110,574)	11,969,213	15,455,171	11,074,519
Expenses and other charges					
Interest and similar expenses		2,332,665	3,551,153	9,113,063	8,578,340
Staff costs and related expenses		1,503,662	2,635,333	4,907,070	6,145,177
Other operating expenses		1,867,139	2,563,274	6,007,296	9,035,453
Impairment loss in value of available for sale investments		5,919,875	1,147,664	6,577,411	2,254,671
Impairment in value of goodwill		-	-	332,982	-
Provision for amounts due from related parties		-	7,329,407	-	7,329,407
Provision for contingent liabilities	17	-	-	581,987	-
Depreciation		534,255	598,006	1,709,578	1,891,815
Total expenses and other charges		12,157,596	17,824,837	29,229,387	35,234,863
Loss before contribution to KFAS, National Labour Support Tax, Zakat provision and taxation on overseas subsidiaries		(12,268,170)	(5,855,624)	(13,774,216)	(24,160,344)
Taxation on overseas subsidiaries		160,693	167,720	843,941	124,235
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		31,705	-	(4,630)	-
Zakat provision		35,016	-	(5,144)	-
National Labour Support Tax		87,539	-	(12,862)	-
Loss for the period		(11,953,217)	(5,687,904)	(12,952,911)	(24,036,109)
Attributable to :					
Owners of the parent company		(10,289,285)	(3,289,744)	(14,111,824)	(14,977,818)
Non-controlling interests		(1,663,932)	(2,398,160)	1,158,913	(9,058,291)
Loss for the period		(11,953,217)	(5,687,904)	(12,952,911)	(24,036,109)
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	8	(15.31)	(5.08)	(21.02)	(22.89)

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2011 (Unaudited) KD	30 Sept. 2010 (Unaudited) KD	**30 Sept. 2011 (Unaudited) KD**	30 Sept. 2010 (Unaudited) KD
Loss for the period	**(11,953,217)**	(5,687,904)	**(12,952,911)**	(24,036,109)
Other comprehensive (loss)/income:				
Exchange differences arising on translation of foreign operations	**(2,323,083)**	(263,260)	**(3,689,758)**	(369,857)
Available for sale investments:				
- Net change in fair value during the period	**(1,370,938)**	(2,763,794)	**(2,242,271)**	(8,326,585)
- Transferred to interim condensed consolidated statement of income on sale	**-**	(5,539)	**(793,916)**	(1,120,223)
- Transferred to interim condensed consolidated statement of income on impairment loss in value	**5,919,875**	1,147,664	**6,577,411**	2,254,671
- Share of other comprehensive income/(loss) from associated companies	**489,044**	400,656	**504,822**	(244,134)
Total other comprehensive loss	**2,714,898**	(1,484,273)	**356,288**	(7,806,128)
Total comprehensive loss for the period	**(9,238,319)**	(7,172,177)	**(12,596,623)**	(31,842,237)
Attributable to:				
Owners of the parent company	**(7,574,387)**	(4,774,017)	**(13,755,536)**	(22,783,946)
Non-controlling interests	**(1,663,932)**	(2,398,160)	**1,158,913**	(9,058,291)
	(9,238,319)	(7,172,177)	**(12,596,623)**	(31,842,237)

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Assets				
Cash and cash equivalents		**9,086,475**	23,166,482	18,209,920
Investments at fair value through profit or loss	5	**23,008,952**	21,198,088	26,553,607
Receivables and other debit balances	10	**41,309,808**	53,750,384	54,773,087
Loans receivable		**5,142,164**	8,100,940	9,069,796
Due from related parties	23	**8,028,805**	8,767,895	9,378,658
Trading properties	11	**6,658,319**	9,689,199	11,789,322
Available for sale investments	12	**44,488,520**	58,454,917	55,828,530
Investment properties	13	**15,211,654**	23,930,266	15,535,591
Investment in associated companies	14	**65,044,591**	64,944,063	64,868,444
Goodwill		**48,681,552**	49,031,197	49,027,600
Properties under development	15	**142,162,700**	147,766,517	144,659,803
Capital work in progress	16	**92,531,360**	79,502,520	79,324,068
Property, plant and equipment		**38,940,100**	39,453,314	41,114,166
Total assets		540,295,000	587,755,782	580,132,592
Liabilities and equity				
Liabilities				
Payables and other credit balances	17	**80,683,964**	86,720,422	84,879,418
Due to related parties	23	**13,924,362**	13,368,452	13,894,329
Term loan from a related party	23	**1,720,000**	1,720,000	1,720,000
Borrowings	18	**182,869,034**	181,606,331	171,384,159
Advances received from customers		**132,974,705**	160,415,845	167,229,883
Total liabilities		412,172,065	443,831,050	439,107,789
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)	(35,812,136)
Statutory and voluntary reserves		**61,649,505**	61,649,505	61,649,505
Cumulative changes in fair value		**2,881,936**	(1,164,110)	(2,881,460)
Foreign currency translation reserve		**(4,514,498)**	(824,740)	(1,810,210)
Retained earnings		**(82,394)**	14,137,282	17,602,638
Total equity attributable to the owners of the parent company		111,106,069	124,952,707	122,721,398
Non-controlling interests		17,016,866	18,972,025	18,303,405
Total equity		128,122,935	143,924,732	141,024,803
Total liabilities and equity		540,295,000	587,755,782	580,132,592
Fiduciary accounts		53,321,262	85,337,234	85,824,764

Talal Jassim Al-Bahar
Chairman

Saleh Saleh Al-Selmi
Vice Chairman & CEO

The notes set out on pages 9 to 21 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 2011	72,000,000	11,973,061	(32,818,291)	61,649,505	(1,164,110)	(824,740)	14,137,282	124,952,707	18,972,025	143,924,732
(Loss)/profit for the period	-	-	-	-	-	-	(14,111,824)	(14,111,824)	1,158,913	(12,952,911)
Other comprehensive loss	-	-	-	-	4,046,046	(3,689,758)	-	356,288	-	356,288
Total comprehensive (loss)/income for the period	-	-	-	-	4,046,046	(3,689,758)	(14,111,824)	(13,755,536)	1,158,913	(12,596,623)
Purchase of treasury shares	-	-	(2,596,061)	-	-	-	-	(2,596,061)	-	(2,596,061)
Sale of treasury shares	-	-	2,612,811	-	-	-	-	2,612,811	-	2,612,811
Loss on sale of treasury shares	-	-	-	-	-	-	(99,355)	(99,355)	-	(99,355)
Loss arising on part disposal of a subsidiary	-	-	-	-	-	-	(8,497)	(8,497)	-	(8,497)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(3,114,072)	(3,114,072)
Balance as at 30 September 2011	**72,000,000**	**11,973,061**	**(32,801,541)**	**61,649,505**	**2,881,936**	**(4,514,498)**	**(82,394)**	**111,106,069**	**17,016,866**	**128,122,935**

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	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	-	-	-	-	-	-	(14,977,818)	(14,977,818)	(9,058,291)	(24,036,109)
Other comprehensive loss	-	-	-	-	(7,436,271)	(369,857)	-	(7,806,128)	-	(7,806,128)
Total comprehensive loss for the period	-	-	-	-	(7,436,271)	(369,857)	(14,977,818)	(22,783,946)	(9,058,291)	(31,842,237)
Purchase of treasury shares	-	-	(1,315,231)	-	-	-	-	(1,315,231)	-	(1,315,231)
Sale of treasury shares	-	-	1,549,026	-	-	-	-	1,549,026	-	1,549,026
Loss on sale of treasury shares	-	-	-	-	-	-	(190,778)	(190,778)	-	(190,778)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(932,207)	(932,207)
Balance as at 30 September 2010	72,000,000	11,973,061	(35,812,136)	61,649,505	(2,881,460)	(1,810,210)	17,602,638	122,721,398	18,303,405	141,024,803

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2011 (Unaudited) KD	Nine months ended 30 Sept. 2010 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period attributable to the owners of the parent company		(14,111,824)	(14,977,818)
Adjustments:			
Loss on sale of available for sale investments		260,332	3,287,356
Net loss from investment properties		1,110,957	185,773
Gain on sale of properties under development		(6,894,038)	(3,862,523)
Impairment loss in value of available for sale investments		6,577,411	2,254,671
Impairment in value of goodwill		332,982	-
Dividends income		(1,167,477)	(866,770)
Interest and similar income		(428,491)	(1,802,007)
Interest and similar expenses		9,113,063	8,578,340
Provision for amounts due from related parties		-	7,329,407
Provision for contingent liability		581,987	-
Provision for loan to associated companies		173,588	-
Depreciation		1,709,578	1,891,815
Share of loss from associated companies		1,461,721	2,338,733
Foreign currency exchange gain		(75,603)	(721,797)
		(1,355,814)	3,635,180
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		(1,510,275)	(9,477,983)
Receivables and other debit balances		12,440,576	(360,968)
Loans receivable		2,958,776	(1,327,912)
Due from related parties		5,813,698	1,966,991
Trading properties		3,030,880	603,073
Payables and other credit balances		(6,618,441)	691,687
Due to related parties		555,910	839,789
Advances received from customers		1,410,437	28,694,437
Cash from operating activities		16,725,747	25,264,294
Dividends income received		1,167,477	866,770
Interest and similar income received		428,491	1,802,007
Interest and similar expenses paid		(9,113,063)	(8,578,340)
Net cash from operating activities		9,208,652	19,354,731
INVESTING ACTIVITIES			
Proceeds from sale of shares in a consolidated subsidiary company		163,845	-
Net change on investment in associated companies		(1,735,836)	-
Net movement on properties under development		(16,353,721)	(21,951,878)
Net additions to capital work in progress		(13,028,840)	(14,048,443)
Net change in property, plant and equipment		(1,196,364)	(961,875)
Proceeds from sale of available for sale investments		11,261,854	22,449,602
Purchase of available for sale investments		(387,744)	(9,258,265)
Net change in investment properties		2,533,047	288,887
Net cash used in investing activities		(18,743,759)	(23,481,972)
FINANCING ACTIVITIES			
Bank loans obtained		38,912,988	17,012,658
Bank loans settled		(31,914,621)	(10,051,644)
Change in non-controlling interests		(2,127,501)	(9,990,498)
Purchase of treasury shares		(2,596,061)	(1,315,231)
Proceeds from sale of treasury shares		2,513,456	1,358,248
Net movement on foreign currency translation reserve		(9,333,161)	(2,619,118)
Net cash used in financing activities		(4,544,900)	(5,605,585)
Net decrease in cash and cash equivalents		(14,080,007)	(9,732,826)
Cash and cash equivalents at beginning of the period		23,166,482	27,942,746
Cash and cash equivalents at end of the period	9	9,086,475	18,209,920

The notes set out on pages 9 to 21 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

30 September 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 nine-month period ended 30 September 2011 was authorised for issue by the parent company's board of directors on 12 December 2011.

2 Basis of presentation

This interim condensed consolidated financial information of the group for the nine-month period ended 30 September 2011 has been prepared in accordance with IAS 34, Interim Financial Reporting, except as noted below.

The annual consolidated financial statements for the year ended 31 December 2010 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision as described below.

The impairment provision for loans complies in all material respects with the specific provision requirements of the CBK and IFRS. In this respect, the CBK requires a general provisions of 1% on all loans receivable not subject to a specific provision.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010 except for the adoption of amendments to certain standards and interpretations as disclosed below.

2 Basis of preparation (continued)

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For more details please refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2010.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the parent company.

Adoption of amendments to standards and interpretations

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

Standard or Interpretation	*Effective for annual periods beginning*
Annual Improvements 2010	1 July 2010 and 1 January 2011
IAS 24 Related Party Disclosures – amendment	1 January 2011
IAS 34 Interim Financial Reporting – 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.

IAS 34 Interim Financial Reporting (Revised)

Improvement to IAS 34 introduces the concept of "Significant events and transactions" and has brought in additional disclosures for changes in business and economic circumstances, transfers between levels of the fair value hierarchy used and changes in the classification of financial assets resulting from change in the purpose or use of those assets. Adoption of this improvement did not have any material 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:

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Presentation of Financial Statements - amendment	1 January 2012
IAS 27 Consolidated and Separate Financial Statements - Revised as IAS 27 Separate Financial Statements	1 January 2013
IFRS 7 Financial Instruments: Disclosures - amendment	1 July 2011
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

2 Basis of presentation (continued)

Adoption of amendments to standards and interpretations (continued)

IAS 1 Presentation of Financial Statements
The amendment to IAS 1 requires entities to group other comprehensive income items presented in the interim condensed consolidated statement of comprehensive income based on those potentially reclassifiable to interim condensed consolidated statement of income in a subsequent period, and that will not be reclassified to statement of income subsequently. The group will change the current presentation of the interim condensed consolidated statement of comprehensive income when the amendment becomes effective

IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements
As a result of the consequential amendments to IAS 27 now deals with separate financial statements.

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
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.

IFRS 10 Consolidated Financial Statements
IFRS 10 supersedes IAS 27 consolidated and separate financial statements. It revised the definition of control together with accompanying guidance to identify an interest in subsidiary. However, the requirements and procedures of consolidation and the accounting for non-controlling interests and changes in control remain the same.

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 2010.

4 Subsidiary companies

The interim condensed consolidated financial information has incorporated the interim condensed financial information of the following subsidiaries as at 30 September 2011.

Name of subsidiary	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	Hotel operations	57.33
Seven Seas Resorts Company – KSC (Closed)	Hotels and resorts	48.30
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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	**13,795,013**	10,104,213	13,693,762
Unquoted securities	**1,538,260**	681,525	1,631,524
	15,333,273	10,785,738	15,325,286
Foreign			
Quoted securities	**7,675,679**	10,412,350	11,228,321
	23,008,952	21,198,088	26,553,607

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

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

	Three months ended		Nine months ended	
	30 Sept. 2011 (Unaudited) KD	30 Sept. 2010 (Unaudited) KD	30 Sept. 2011 (Unaudited) KD	30 Sept. 2010 (Unaudited) KD
Realised gain	**23,903**	358,501	**1,158,450**	987,360
Unrealised (loss)/gain	**(858,956)**	779,559	**(3,449,331)**	(510,495)
	(835,053)	1,138,060	**(2,290,881)**	476,865

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		Nine months ended	
	30 Sept. 2011 (Unaudited) KD	30 Sept. 2010 (Unaudited) KD	**30 Sept. 2011 (Unaudited) KD**	30 Sept. 2010 (Unaudited) KD
Sales revenue	**2,142,607**	18,584,245	**28,851,577**	30,142,707
Cost of sales	**(1,653,019)**	(14,744,216)	**(21,957,539)**	(26,280,184)
	489,588	3,840,029	**6,894,038**	3,862,523

7 Other income

Additions to property, plant and equipment includes an amount of AED40,884,268 equivalent to KD3,098,755 (30 September 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 period.

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		Nine months ended	
	30 Sept. 2011 (Unaudited)	30 Sept. 2010 (Unaudited)	**30 Sept. 2011 (Unaudited)**	30 Sept. 2010 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	**(10,289,285)**	(3,289,744)	**(14,111,824)**	(14,977,818)
Weighted average number of outstanding shares (excluding treasury shares) (share)	**672,005,100**	647,596,287	**671,311,924**	654,481,023
Basic and diluted loss per share attributable to the owners of the parent company (Fils)	**(15.31)**	(5.08)	**(21.02)**	(22.89)

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

10 Receivables and other debit balances

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Receivables on forward contracts	**380,688**	718,813	800,731
Trade receivables	**9,127,989**	14,790,494	17,463,962
Advances and prepayments	**15,574,552**	18,367,577	19,222,971
Kuwait Clearing Company receivables	**151,831**	34,274	73,029
Staff receivables	**147,956**	112,970	164,051
Prepaid expenses	**483,642**	365,716	113,989
Advances to contractors	**3,137,746**	3,910,121	4,793,642
Other receivables	**12,305,404**	15,450,419	12,140,712
	41,309,808	53,750,384	54,773,087

11 Trading properties

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Residential apartments in Dubai – UAE	**1,262,164**	3,176,569	5,468,758
Properties in South Africa	**5,396,155**	6,512,630	6,320,564
	6,658,319	9,689,199	11,789,322

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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Quoted securities	**3,676,946**	12,354,317	9,924,627
Unquoted securities	**40,811,574**	46,100,600	45,903,903
	44,488,520	58,454,917	55,828,530

Unquoted securities include investments stated at cost amounting to KD 18,972,740 as there are no reliable sources to determine their fair values (31 December 2010: KD22,690,895 and 30 September 2010: KD 23,883,645). 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 KD 11,261,854 (30 September 2010: KD 22,449,602) from which a net loss has resulted amounting to KD 260,332 (30 September 2010: net loss of amount KD 3,287,356).

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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Kuwait	-	8,463,500	9,133,500
Lebanon	**2,585,507**	2,655,953	2,695,934
Jordan	**404,544**	404,544	404,544
United Arab Emirates	**2,374,736**	2,605,695	2,732,773
Egypt	**354,966**	354,966	354,966
Portugal	**9,308,928**	9,223,863	-
South Africa	**182,973**	221,745	213,874
	15,211,654	23,930,266	15,535,591

During the current period, the group sold its investment properties in Kuwait for a consideration of KD7,558,192 (30 September 2010: KD Nil) which resulted in a net loss of KD 905,308 (30 September 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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	**37.33**	**5,094,921**	6,342,388	6,229,218
Raimon Land Public Company Limited – Quoted	Property construction and development	Dec-06	Thailand	**41.08**	**12,318,458**	13,304,583	13,172,992
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**	**12,136,241**	14,903,758	14,291,895
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	**20.01**	**35,444,970**	30,343,333	31,124,338
					65,044,591	64,944,063	64,868,444

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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Properties in Dubai – UAE	**113,756,042**	118,256,017	113,783,103
Properties in South Africa	**9,245,793**	11,232,982	13,531,610
Properties in Lebanon	**19,160,865**	18,277,518	17,345,090
	142,162,700	147,766,517	144,659,803

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 49,002,245 equivalent to KD3,714,043 included in the interim condensed consolidated statement of income for the current period (30 September 2010: KD 4,040,780).

16 Capital work in progress

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE and South Afirca	**92,531,360**	79,502,520	79,324,068

17 Payables and other credit balances

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Interest payable	**5,233,621**	6,146,304	5,256,916
Accounts payable	**24,516,564**	24,601,615	24,753,605
Dividend payable	**526,962**	1,365,347	1,367,590
Liability towards purchase of lands	**8,021,425**	9,323,970	7,012,018
Accrued expenses	**10,251**	277,261	149,807
Kuwait Foundation for the Advancement of Sciences (KFAS)	**2,393,027**	2,390,077	2,396,673
National Labour Support Tax (NLST)	**7,461,489**	7,456,461	7,485,009
Zakat provision	**574,726**	572,716	584,135
Provision for end of service indemnity and leave	**2,040,865**	1,980,989	1,838,345
Provision for contingent liabilities (below)	**73,966**	6,876,475	6,876,475
Redeemable preference shares	**2,864,429**	2,806,154	2,834,068
Deferred income	**1,944,440**	2,088,557	387,851
Retentions payable	**10,509,540**	9,675,449	8,564,832
Accrued construction costs	**5,312,319**	1,714,996	9,690,071
Refundable deposit on cancellation and resale of units	**1,890,270**	2,909,468	-
Other payables	**7,310,070**	6,534,583	5,682,023
	80,683,964	86,720,422	84,879,418

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 September 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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Loans in KD	57,226,202	32,558,192	32,880,307
Loans in USD	43,168,859	69,416,931	69,879,828
Loans in AED	48,610,770	41,054,487	37,772,941
Loans in EURO	14,974,669	15,141,124	7,759,286
Loans in Rand	18,437,594	22,948,928	22,608,311
Loans in GBP	450,940	486,669	483,486
	182,869,034	181,606,331	171,384,159

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

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Within one year	42,440,052	84,911,327	59,843,939
More than one year	140,428,982	96,695,004	111,540,220
	182,869,034	181,606,331	171,384,159

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 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 Sept. 2011 (Unaudited)	31 Dec. 2010 (Audited)	30 Sept. 2010 (Unaudited)
Number of shares (thousand share)	47,569	47,849	65,169
Percentage of issued shares	6.61%	6.65%	9.05%
Market value (KD '000)	1,879	2,823	3,226

20 Capital commitments

Capital expenditure commitments

At 30 September 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:

20 Capital commitments (continued)

	30 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipment and capital work in progress	**20,429,000**	29,621,000	32,900,000
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**43,258,000**	59,200,000	65,400,000
	63,687,000	88,821,000	98,300,000

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 Sept. 2011 KD '000	30 Sept. 2010 KD '000	**30 Sept. 2011 KD '000**	30 Sept. 2010 KD '000	**30 Sept. 2011 KD '000**	30 Sept. 2010 KD '000	**30 Sept. 2011 KD '000**	30 Sept. 2010 KD '000	**30 Sept. 2011 KD '000**	30 Sept. 2010 KD '000
Interim condensed consolidated statement of income										
Segment revenues/(expenses)	**870**	1,000	**(2,417)**	(1,970)	**13,011**	10,515	**3,991**	1,530	**15,455**	11,075
Segment profit/(loss)	**870**	1,000	**(2,417)**	(1,970)	**13,011**	10,515	**3,991**	1,530	**15,455**	11,075
Unallocated expenses									**(30,726)**	(16,995)
Non-controlling interests									**1,159**	(9,058)
Loss for the period									**(14,112)**	(14,978)

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 Sept. 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 Sept. 2010 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	**8,028,805**	8,767,895	9,378,658
Due to related parties	**13,924,362**	13,368,452	13,894,329
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 on sale of available for sale investment	**(1,050,167)**	-	-
Gain from investment at fair value through profit or loss	**780,042**	-	-
(Loss)/gain on sale of investment properties	**(905,308)**	-	4,179,256
Interest expenses	**68,187**	74,119	65,242
Interest income	**134,661**	102,055	219,608
Key management compensation of the group			
Short-term employee benefits	**434,510**	964,196	371,526

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

During the current period, the group has reclassified its investment in an investment portfolio managed by others by including the portfolio's net value in the investment at fair value through profit or loss balances instead of the previous classification stated in the consolidated financial statements as at 31 December 2010 and 30 September 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 September 2010			
Cash and cash equivalents	36,444,866	(18,234,946)	18,209,920
Receivables and other debit balances	54,838,505	(65,418)	54,773,087
Payables and other credit balances	85,061,368	(181,950)	84,879,418
Borrowings	184,009,125	(12,624,966)	171,384,159
Net shown as managed portfolio included in investments at fair value through profit or loss		5,493,448	