

Interim Condensed Consolidated Financial Information and Review Report
**International Financial Advisors – KSC (Closed) and Subsidiaries
Kuwait**

31 March 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 31 March 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960 or of the articles of association of the Company, as amended, have occurred during the three-month period ended 31 March 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 three-month period ended 31 March 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
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Rödl Middle East
Burgan – International Accountants

Interim condensed consolidated statement of income

	Notes	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
Income			
Interest and similar income		170,643	255,722
Management fees and commission income		248,801	162,753
Dividend income		398,202	1,145,654
Net income from hoteliers and related services		1,155,008	1,513,813
Net gain/(loss) from investments at fair value through profit or loss	5	786,457	(1,669,241)
Gain on sale of asset classified as held for sale	10	749,694	-
Gain on sale of properties under development	6	191,679	5,535,503
Loss on sale of investments in associated company	13	(1,197,380)	-
Share of (loss)/profit from associated companies	13	(1,145,016)	402,245
(Loss)/gain on sale of available for sale investments		(22,053)	1,187,476
Income on default of customers to the terms in the sale contracts of the sold residential units	14	839,932	3,066,291
Foreign currency exchange (loss)/gain		(25,922)	84,137
Other income/(loss)		716,764	(336,824)
Total income		2,866,809	11,347,529
Expenses and other charges			
Interest and similar expenses		2,258,351	2,603,734
Staff and related costs		1,095,480	1,790,806
Other operating expenses		3,158,230	2,191,245
Impairment in value of available for sale investments		731,191	37,663
Provision for contingent liabilities		83,054	581,987
Depreciation		440,773	569,686
Total expenses and other charges		7,767,079	7,775,121
(Loss)/profit before KFAS, National Labour Support Tax, Zakat provision and taxation on overseas subsidiaries		(4,900,270)	3,572,408
Taxation on overseas subsidiaries		158,981	(6,921)
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		-	(29,456)
Zakat provision		-	(32,533)
National Labour Support Tax		-	(81,333)
(Loss)/profit for the period		(4,741,289)	3,422,165
Attributable to :			
Owners of the parent company		(4,765,468)	408,826
Non-controlling interests		24,179	3,013,339
(Loss)/profit for the period		(4,741,289)	3,422,165
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company (Fils)	7	(7.09)	0.61

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
(Loss)/profit for the period	(4,741,289)	3,422,165
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	638,068	(1,158,418)
Available for sale investments:		
- Net change in fair value during the period	2,815,151	(1,248,028)
- Transferred to interim condensed consolidated statement of income on sale	-	(18,331)
- Transferred to interim condensed consolidated statement of income on impairment in value	731,191	37,663
- Share of other comprehensive income of associates	1,488,895	1,170,510
Total other comprehensive income/(loss)	5,673,305	(1,216,604)
Total comprehensive income for the period	932,016	2,205,561
Attributable to:		
Owners of the parent company	907,837	(807,778)
Non-controlling interests	24,179	3,013,339
	932,016	2,205,561

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Assets				
Cash and cash equivalents	8	6,135,526	7,721,094	13,595,757
Investments at fair value through profit or loss	5	19,257,713	19,428,740	27,229,073
Receivables and other debit balances		23,186,194	24,802,425	52,104,812
Loans receivable		5,266,534	4,575,878	8,137,706
Due from related parties	22	5,429,626	5,416,036	11,163,296
Trading properties	9	5,932,053	5,683,758	9,868,442
Asset classified as held for sale	10	10,273,464	-	-
Available for sale investments	11	45,056,137	41,926,305	56,764,303
Investment properties	12	32,389,378	32,233,502	24,657,879
Investment in associated companies	13	48,326,494	60,491,843	64,899,317
Goodwill		48,684,318	48,679,192	49,027,141
Properties under development	14	149,430,928	147,065,367	139,523,027
Capital work in progress	15	110,799,268	103,680,584	81,758,062
Property, plant and equipment		39,014,078	38,206,303	38,441,105
Total assets		549,181,711	539,911,027	577,169,920
Liabilities and equity				
Liabilities				
Payables and other credit balances	16	73,956,313	83,268,171	95,697,044
Due to related parties	22	17,095,436	4,087,874	16,568,628
Term loan from a related party	22	11,663,637	11,663,637	1,720,000
Borrowings	17	191,754,317	187,167,736	183,917,038
Advances received from customers		131,304,469	131,670,784	134,235,112
Total liabilities		425,774,172	417,858,202	432,137,822
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)	(32,978,000)
Statutory and voluntary reserves		61,649,505	61,649,505	61,649,505
Cumulative changes in fair value		9,129,386	4,094,149	(1,222,296)
Foreign currency translation reserve		(3,859,314)	(4,497,382)	(1,983,158)
(Accumulated losses)/retained earnings		(11,487,087)	(6,721,619)	14,522,842
Total equity attributable to the owners of the parent company		106,508,584	105,600,747	123,961,954
Non-controlling interests		16,898,955	16,452,078	21,070,144
Total equity		123,407,539	122,052,825	145,032,098
Total liabilities and equity		549,181,711	539,911,027	577,169,920
Fiduciary accounts		88,999,851	78,763,582	70,224,612

Talal Jassim Al-Bahar
Chairman

Saleh Saleh Al-Selmi
Vice Chairman & CEO

The notes set out on pages 9 to 18 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								Non-controlling interests KD	Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub – total KD		
Balance as at 1 January 2011 (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	-	-	-	-	-	-	(4,765,468)	(4,765,468)	24,179	(4,741,289)
Other comprehensive income	-	-	-	-	5,035,237	638,068	-	5,673,305	-	5,673,305
Total comprehensive income/(loss) for the period	-	-	-	-	5,035,237	638,068	(4,765,468)	907,837	24,179	932,016
Change in non-controlling interests	-	-	-	-	-	-	-	-	422,698	422,698
Balance as at 31 March 2012 (Unaudited)	72,000,000	11,973,061	(32,896,967)	61,649,505	9,129,386	(3,859,314)	(11,487,087)	106,508,584	16,898,955	123,407,539

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company								Non-controlling interests KD	Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub – total KD		
Balance as at 1 January 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
Profit for the period	-	-	-	-	-	-	408,826	408,826	3,013,339	3,422,165
Other comprehensive loss	-	-	-	-	(58,186)	(1,158,418)	-	(1,216,604)	-	(1,216,604)
Total comprehensive (loss)/ income for the period	-	-	-	-	(58,186)	(1,158,418)	408,826	(807,778)	3,013,339	2,205,561
Purchase of treasury shares	-	-	(633,584)	-	-	-	-	(633,584)	-	(633,584)
Sale of treasury shares	-	-	473,875	-	-	-	-	473,875	-	473,875
Loss on sale of treasury shares	-	-	-	-	-	-	(9,149)	(9,149)	-	(9,149)
Arising on partial disposal of shares in a subsidiary	-	-	-	-	-	-	(14,117)	(14,117)	-	(14,117)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(915,220)	(915,220)
Balance as at 31 March 2011 (Unaudited)	72,000,000	11,973,061	(32,978,000)	61,649,505	(1,222,296)	(1,983,158)	14,522,842	123,961,954	21,070,144	145,032,098

The notes set out on pages 9 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Three months ended 31 March 2012 (Unaudited) KD	Three months ended 31 March 2011 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period attributable to owners of the parent company	(4,765,468)	408,826
Adjustments:		
(Loss)/gain on sale of available for sale investments	22,053	(1,187,476)
Gain on sale of properties under development	(191,679)	(5,535,503)
Gain on sale of asset classified as held for sale	(749,694)	-
Impairment in value of available for sale investments	731,191	37,663
Dividend income	(398,202)	(1,145,654)
Interest and similar income	(170,643)	(255,722)
Interest and similar expenses	2,258,351	2,603,734
Provision for contingent liabilities	83,054	581,987
Depreciation	440,773	569,686
Loss on sale of investments in associated company	1,197,380	-
Share of loss/(profit) from associated companies	1,145,016	(402,245)
Foreign currency exchange loss /(gain)	25,922	(84,137)
	(371,946)	(4,408,841)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	171,027	(6,030,985)
Receivables and other debit balances	1,616,231	1,645,572
Loans receivable	(765,220)	(36,766)
Due from related parties	(13,590)	(2,395,401)
Trading properties	(248,295)	(179,243)
Payables and other credit balances	(9,311,858)	8,394,635
Due to related parties	13,007,562	3,200,176
Advances received from customers	(366,315)	(870,159)
Cash from /(used in) operations	3,717,596	(681,012)
Dividend income received	398,202	1,145,654
Interest income received	170,643	255,722
Interest expenses paid	(2,258,351)	(2,603,734)
Net cash from/(used in) operating activities	2,028,090	(1,883,370)
INVESTING ACTIVITIES		
Proceeds from sale of investments in associated company	1,275,882	-
Proceeds from sale of shares in a subsidiary	-	67,227
Proceeds from sale of asset classified as held for sale	2,602,814	-
Net change in investment in associated companies	(3,587,999)	446,991
Net movement in properties under development	(1,981,756)	(11,531,580)
Net additions on capital work in progress	(7,250,847)	(2,255,542)
Net change in property, plant and equipment	(1,248,547)	442,523
Proceeds from sale of available for sale investments	1,330,197	2,884,547
Net additions on investment properties	-	(727,613)
Purchase of available for sale investments	(178,036)	(102,306)
Net cash used in investing activities	(9,038,292)	(10,775,753)
FINANCING ACTIVITIES		
Loans obtained from banks	12,059,159	5,144,537
Repayment of loans	(8,890,458)	(1,344,739)
Change in non-controlling interests	446,877	2,016,772
Purchase of treasury shares	-	(633,584)
Proceeds from sale of treasury shares	-	464,724
Net movement on foreign currency translation reserve	1,809,056	(2,559,312)
Net cash from financing activities	5,424,634	3,088,398
Net decrease in cash and cash equivalents	(1,585,568)	(9,570,725)
Cash and cash equivalents at beginning of the period	7,721,094	23,166,482
Cash and cash equivalents at end of the period	6,135,526	13,595,757

The notes set out on pages 9 to 18 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 three-month period ended 31 March 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 three-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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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:

- Potentially reclassifiable to consolidated statement of income in a subsequent period, and
- 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 as at 31 March 2012 or 31 December 2011:

Name of subsidiary	Activity	Effective ownership percentage %
IFA Hotels and Resorts – KSC (Closed) and Subsidiaries	Hotel operations	57.34
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

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Held for trading:			
Local			
Quoted securities and managed funds	14,245,764	13,759,158	16,436,128
Unquoted securities	881,592	881,592	852,061
	15,127,356	14,640,750	17,288,189
Foreign			
Quoted securities	4,130,357	4,787,990	9,940,884
	19,257,713	19,428,740	27,229,073

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

	Three months ended	
	31 March 2012 (Unaudited) KD	31 March 2011 (Unaudited) KD
Realised gain	139,026	167,072
Unrealised gain/(loss)	647,431	(1,836,313)
	786,457	(1,669,241)

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	
	31 March 2012 (Unaudited) KD	31 March 2011 (Unaudited) KD
Sales revenue	293,100	25,310,574
Cost of sales	(101,421)	(19,775,071)
	191,679	5,535,503

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 outstanding shares during the period after deducting treasury shares as follows:

	Three months ended	
	31 March 2012 (Unaudited)	31 March 2011 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent company (KD)	(4,765,468)	408,826
Weighted average number of outstanding shares (excluding treasury shares) (share)	672,430,752	670,163,196
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company (Fils)	(7.09)	0.61

8 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term deposits and balances due to banks. Short term deposits mature within three months from the date of placement and carry interest at the prevailing commercial rates.

9 Trading properties

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Residential apartments in Dubai – UAE	312,988	313,444	3,817,395
Properties in South Africa	5,619,065	5,370,314	6,051,047
	5,932,053	5,683,758	9,868,442

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 41.08% holding in Raimon Land Public Company Limited in one of the subsidiary companies of the group. 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 carrying amount will be recovered principally through the sale transaction rather than through continuous use.

Accordingly, during the current period 6.07% of this investment has been sold and a net 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

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Quoted securities	5,736,079	3,637,289	12,226,751
Unquoted securities	39,320,058	38,289,016	44,537,552
	45,056,137	41,926,305	56,764,303

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 31 March 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

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Kuwait	-	-	8,463,500
Lebanon	2,591,569	2,606,538	2,616,431
Jordan	1,013,182	1,013,182	404,544
United Arab Emirates	19,072,526	19,098,718	2,916,995
Egypt	354,966	354,966	354,966
Portugal	9,167,816	8,982,064	9,689,360
South Africa	189,319	178,034	212,083
	32,389,378	32,233,502	24,657,879

Notes to the interim condensed consolidated financial information (continued)

13 Investment in associated companies

The details of the associated companies are as follows:

Name of the associate	Principal activities	Date of acquisition	Country of incorporation	%	Net shareholders' equity as of		
					31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Boschendal Limited (Pty)	Real estate	Apr-06	South Africa	37.33	2,852,073	2,587,950	6,305,565
Raimon Land Public Company Limited – Quoted (see note 10)	Property construction and development	Dec-06	Thailand	41.08	-	12,126,583	13,859,265
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	11,867,904	11,291,733	14,404,242
International Finance Company – KSC (Closed) – Quoted	Financing	July-08	Kuwait	20.03	33,556,517	34,435,577	30,280,244
					48,326,494	60,491,843	64,899,317

The group's share during the period from the results of the activities of the above mentioned associated companies amounted to losses of KD1,145,016 (31 March 2011: profit of KD402,245). During the period, the group also sold a percentage of 0.12% from the shares of International Finance Company – KSC (Closed) from which a loss of amount KD1,197,380 has resulted.

14 Properties under development

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Properties in Dubai – UAE	120,302,992	118,660,999	111,431,572
Properties in South Africa	9,416,384	8,918,321	9,855,930
Properties in Lebanon	19,711,552	19,486,047	18,235,525
	149,430,928	147,065,367	139,523,027

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 (31 March 2011: AED40,032,414 equivalent to KD3,066,291).

15 Capital work in progress

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Hotels, residential flats and commercial properties under construction in Dubai – UAE and South Africa	110,799,268	103,680,584	81,758,062

Notes to the interim condensed consolidated financial information (continued)

16 Payables and other credit balances

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Accrued interest payable	4,044,328	5,261,025	4,146,531
Accounts payable	18,003,044	23,342,667	22,908,905
Accrued dividend payable	522,580	525,111	1,363,849
Liability towards purchase of lands	6,906,393	8,071,579	8,050,237
Accrued expenses	10,251	10,251	36,128
Kuwait Foundation for the Advancement of Sciences (KFAS)	2,391,320	2,391,770	2,422,953
National Labour Support Tax (NLST)	7,458,445	7,457,996	7,544,124
Zakat provision	573,329	573,329	607,781
Provision for end of service indemnity and leave	1,736,493	2,095,382	2,074,348
Provision for contingent liabilities	73,966	73,966	7,458,462
Redeemable preference shares	2,919,726	1,721,630	2,770,893
Deferred income	2,028,154	11,272,699	5,921,146
Retentions payable	11,617,807	7,455,059	9,904,582
Accrued construction costs	5,430,374	2,903,158	9,012,710
Refundable deposit on cancellation and resale of units	2,874,488	2,666,883	2,053,838
Other payables	7,365,615	7,445,666	9,420,557
	73,956,313	83,268,171	95,697,044

17 Borrowings

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Loans in KD	51,500,000	56,726,202	32,558,192
Loans in USD	42,125,420	42,643,813	68,346,249
Loans in AED	62,837,645	54,038,528	45,417,707
Loans in EURO	14,452,591	14,111,697	15,619,101
Loans in Rand	20,406,721	19,208,660	21,483,991
Loans in GBP	431,940	438,836	491,798
	191,754,317	187,167,736	183,917,038

The loans above are due for repayment as at as follows:

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Within one year	23,070,497	27,806,575	77,415,197
More than one year	168,683,820	159,361,161	106,501,841
	191,754,317	187,167,736	183,917,038

Notes to the interim condensed consolidated financial information (continued)

18 Treasury shares

	31 March 2012 (Unaudited)	31 Dec. 2011 (Audited)	31 March 2011 (Unaudited)
Number of shares (thousand share)	49,649	49,649	50,049
Percentage of issued shares	6.90%	6.90%	6.95%
Market value (KD '000)	2,582	1,961	2,127

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:

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Estimated and contracted commitments for property, plant & equipment and capital work in progress	1,652,700	10,821,000	31,494,000
Estimated and contracted capital expenditure for construction of properties under development and trading properties	41,700,000	43,530,000	49,174,000
	43,352,700	54,351,000	80,668,000

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

- sale of investment properties.
- advances from customers.
- share capital increase.
- advances provided by the shareholders, related entities and joint ventures.
- borrowings, if required.

The financing rates expected from the above sources are dependent on the nature of the source of financing and management estimates of the best financing sources available at the time they become due.

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. Conversely, the predecessor standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical). The adoption of IFRS 8 has resulted in a change in the identification of the group's reportable segments. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

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

Assets management

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

Treasury and investments

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

Real estate

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

The profits and losses generated by the group from business segments are summarised as follows:

	Assets management		Treasury and investments		Real Estate		Others		Total	
	31 March 2012 (Unaudited) KD '000	31 March 2011 (Unaudited) KD '000	31 March 2012 (Unaudited) KD '000	31 March 2011 (Unaudited) KD '000	31 March 2012 (Unaudited) KD '000	31 March 2011 (Unaudited) KD '000	31 March 2012 (Unaudited) KD '000	31 March 2011 (Unaudited) KD '000	31 March 2012 (Unaudited) KD '000	31 March 2011 (Unaudited) KD '000
Interim condensed consolidated statement of income										
Segment revenue/(expenses)	249	163	(259)	1,322	2,187	10,186	690	(323)	2,867	11,348
Segment profit/(loss)	249	163	(259)	1,322	2,187	10,186	690	(323)	2,867	11,348
Unallocated expenses									(7,656)	(13,952)
Non-controlling interests									24	3,013
(Loss)/profit for the period									(4,765)	409

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 annual general assembly for the year ended 31 December 2011 has not been held until the date of approval for this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2011 have not been approved. The interim condensed consolidated financial information for the three month period ended 31 March 2012 do not include any adjustments, which might have been required, in case the general assembly did not approve the consolidated financial statements for the year ended 31 December 2011. The parent company's board of directors proposed not to declare any dividend for the year ended 31 December 2011 (2010: Nil).

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:

	31 March 2012 (Unaudited) KD	31 Dec. 2011 (Audited) KD	31 March 2011 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties	5,429,626	5,416,036	11,163,296
Due to related parties	(17,095,436)	(4,087,874)	(16,568,628)
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	27,873	104,777	22,332
Interest income	5,529	49,392	25,018
Key management compensation of the group			
Short-term employee benefits	182,774	465,928	171,702

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 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 did not affect the net decrease in cash and cash equivalents for that period.