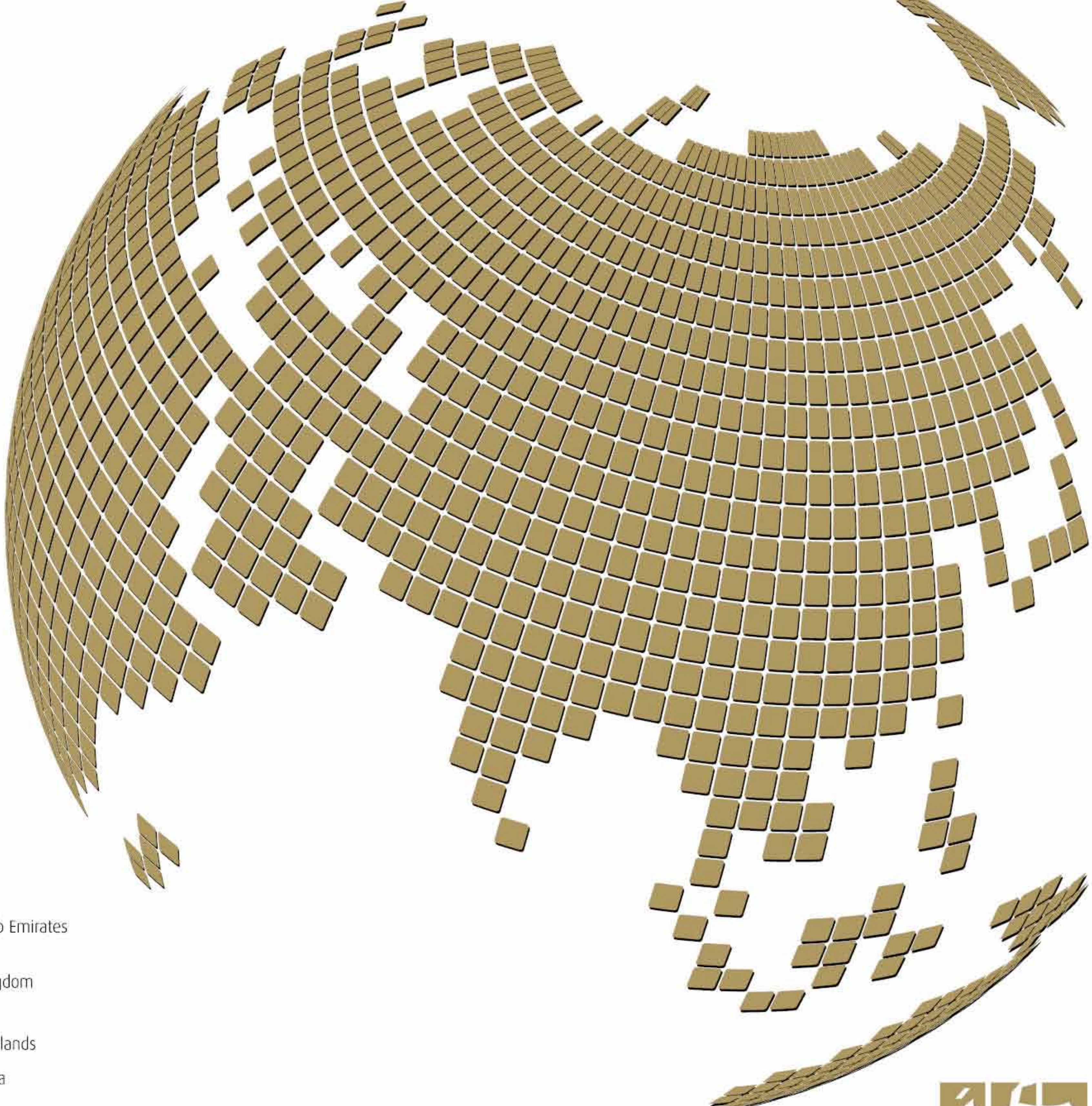
Annual Report 2011



Kuwait
United Arab Emirates
Lebanon

United Kingdom
Portugal
France
The Netherlands

South Africa
Tanzania
Seychelles

Thailand

United States of America

للفنادق والمنتجعات
HOTELS & RESORTS

www.ifahotelsresorts.com

Contents

H. H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
The Emir of the State of Kuwait

H. H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
The Crown Prince of the State of Kuwait

IFA Hotels & Resorts a leading international developer of mixed-use resorts

Projects:

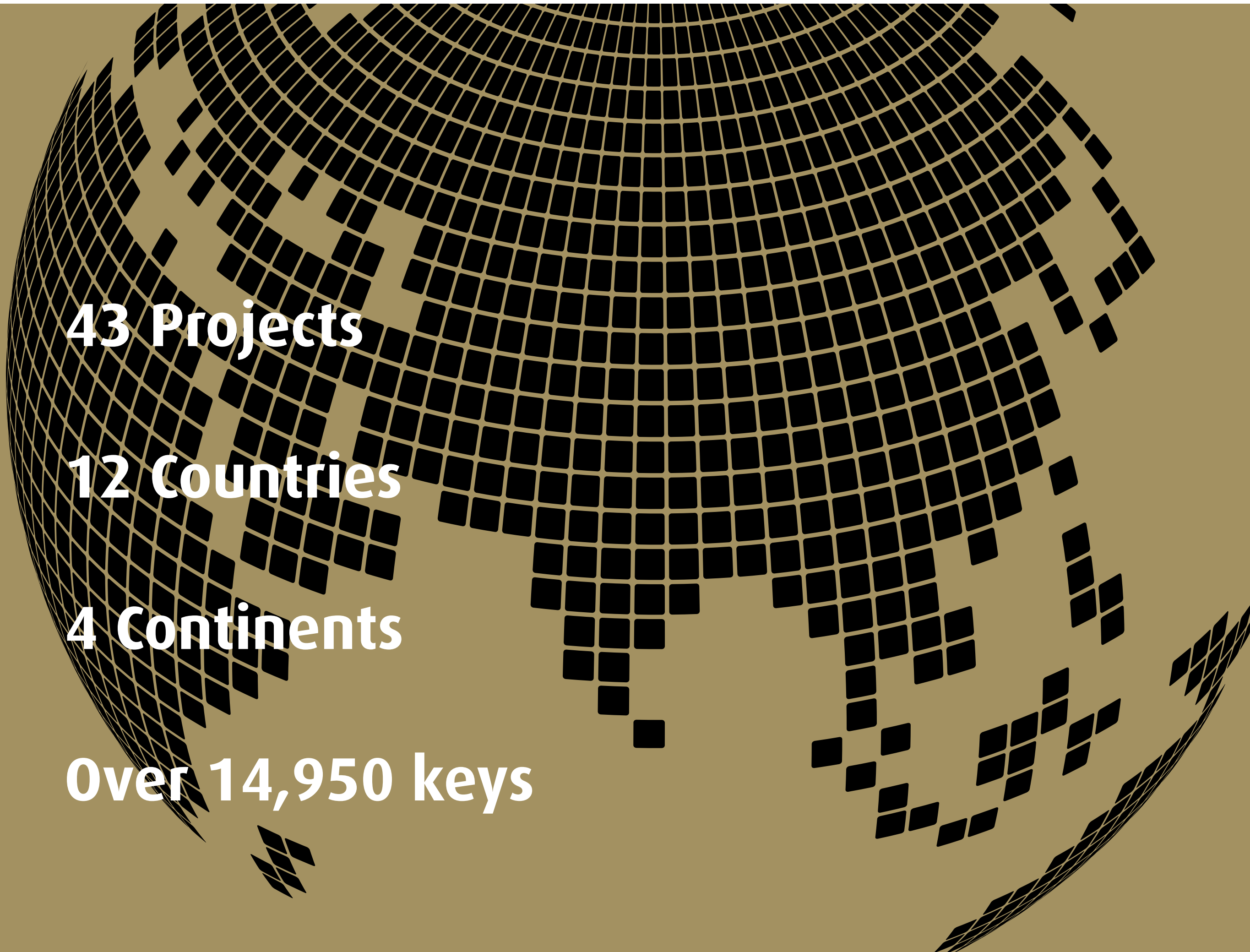
Middle East
Kingdom of Sheba, Palm Jumeirah, Dubai
Residences, Palm Jumeirah, Dubai
Fairmont The Palm, Dubai
Fairmont Heritage Place, The Palm, Dubai
Golden Mile, Palm Jumeirah, Dubai
The Palm Residence, Dubai
Laguna Tower, Dubai
Mövenpick Hotel & Residence Jumeirah Lakes Towers
Alabadiyah Hills, Lebanon
Four Seasons Hotel Beirut, Lebanon

Africa & Indian Ocean
Zimbali Coastal Resort, South Africa
Fairmont Zimbali Lodge, South Africa
Fairmont Zimbali Resort, South Africa
Fairmont Heritage Place, Zimbali, South Africa
Zimbali Lakes Resort, South Africa
Zimbali Office Estate, South Africa
Boschendal Estate, South Africa
Legend Golf & Safari Resort, South Africa
Zanzibar Beach Hotel
Miyuni, Zanzibar
Zilwa, Private Island Estate, Seychelles

Asia (Thailand)
Unixx South Pattaya
The River, Bangkok
The Lofts Yennakart, Bangkok
The Lakes, Bangkok
The Lofts Sathorn, Bangkok
The Legend Saladaeng, Bangkok
185 Rajadamri, Bangkok
Northpoint, Pattaya
Northshore, Pattaya
The Lofts Southshore, Pattaya
The Edge, Pattaya
The Heights, Phuket
Kata Gardens, Phuket
Amalfi, Phuket

Europe & North America
Pine Cliffs Resort, Portugal
YOTEL Schiphol, The Netherlands
YOTEL Heathrow, UK
YOTEL Gatwick, UK
YOTEL New York, USA

IFA Yacht Ownership Club
IFA Dubai
IFA Cannes
IFA Singapore



43 Projects

12 Countries

4 Continents

Over 14,950 keys

Board Members

Ibrahim Saleh Al-Therban – Chairman
Talal Jassim Al-Bahar – Vice Chairman and CEO
Abdulwahab Ahmad Al-Nakib – Member of the Board
Abeyya Ahmed Al-Qatami – Member of the Board
Werner Burger – Member of the Board
Emad Al Essa – Member of the Board

للفنادق والمنتجعات
HOTELS & RESORTS

Message from the Chairman and Vice Chairman & CEO

Dear Shareholders, this year's annual report reflects a change in IFA Hotels & Resorts' (IFA HR) fiscal year-end from 30 June to the calendar year-end 31 December. This decision was made to bring IFA HR's reporting period in line with its parent company, International Financial Advisors.

In an annual comparison of the previous fiscal year that would have ended June 30 2011, IFA HR showed a net profit of KD4.7million (US$16.9million) compared to a loss of KD20million (US$71.8million) in June 2010.

However, the additional six months included in this report encompass a loss for the company which took place in the quarter that ended 30 September 2011, mainly due to the sale of non-core assets. This has reduced our profitability to KD1,480,980 (US$5,330,142) as of 31 December 2011.

Across its portfolio, IFA HR faced a number of challenges in 2011. The world-wide lack of liquidity made refinancing particularly difficult on a corporate level but also trickled down to our clients who bought fewer second and third homes due to aggressive mortgage terms.

In a number of our regions the geo-political climate presented significant challenges, be it the impact of the Arab Spring on investor confidence or the fall-out of the Euro-Zone Crisis. While YOTEL may well have been sheltered from the effects of a depressed European economy, our African hotels saw its impact result in low operating conditions across the portfolio.

In Dubai, signs of stabilisation strengthened throughout the year with demand coming from first-time home buyers and rentals increasing as fewer projects started construction and delivery slowed down. We are also seeing significant recovery in our competitive set for Fairmont The Palm with beach hotels in Dubai seeing double-digit increases in RevPAR at various times throughout the year.

Despite the devastating floods and disruptive political climate in Thailand this year, Raimon Land PCL (RL) achieved its highest ever sales volume in only nine months of trading. The results re-affirm the company's decision to shift its focus from foreign markets to domestic ones and introduce a lower/mid-market brand strategy.

A more detailed geographic overview of the company's highlights within this reporting period follows.

The Middle East

The most significant news for the company in the last 18 months was the securing in December 2010 of US$115million in financing for the 381-room Fairmont The Palm project in Dubai. The financing, which was secured by IFA HI and structured and arranged by Standard Chartered Bank out of Hong Kong, was the first new foreign-bank debt for a Dubai hotel development since the 2009 financial crisis. The signing of the deal made it evident that there is renewed confidence in the region and the industry; it also provided confirmation of ongoing confidence in IFA Hotels & Resorts and its projects on the Palm Jumeirah. Fairmont The Palm is set to open later this year.

Also on the Palm Jumeirah, the company successfully handed over 562 luxury homes in The Residences (North and South), Palm Jumeirah. These two stunning buildings, adjacent to the Fairmont The Palm hotel, are located on the western trunk of the iconic island and offer the best of Palm Jumeirah living.

In 2011, IFA HI marked the creation of IFA Properties Residential Services, a dedicated service provider to IFA HR's residential units on the Palm Jumeirah. IFA Properties Residential Services incorporates a wide variety of homeowner services from concierge and à la carte services to building and commercial services, further highlighting IFA HI's asset management capabilities.

In nearby Beirut, IFA HR readies itself to hand over the 45 villas that comprise the first phase of its Alabadiyah Hills development. Ninety-nine percent of the works were complete as of December 2011 including the sub-division of the site.

Situated in one of the Middle East's most sought-after vacation destinations, overlooking the city of Beirut and the Mediterranean Sea, the second phase of the development – Kempinski Residences Alabadiyah Hills – will initially comprise 66 luxury apartments. The development is set within an idyllic mountainside resort between Bhamdoun and Aley, just 30 minutes from Rafik Hariri International Airport.

In late 2010, a celebration was held to officially open the Four Seasons Hotel Beirut. The IFA Group is a major shareholder in the sail-capped tower, which is located on the corniche in central Beirut directly opposite the Solidere marina facilities. The hotel offers 230 guest rooms including 60 spacious suites with large windows and private terraces that offer panoramas of the Mediterranean Sea and its stunningly rugged coastline.

Message from the Chairman and Vice Chairman & CEO (Continued)

Africa & the Indian Ocean

In Africa, IFA HR's product portfolio within the world-renown Zimbali Coastal Resort achieved significant growth in a very difficult market, proving that a quality product in a luxurious location will always retain its value.

Products sold include freehold land, residential re-sales, hotel condominiums, private residence club ownership through Fairmont Heritage Place Zimbali, Zimbali Vacation Club memberships and numerous property rentals.

One of the most significant contributors to these sales was the April launch of the Zimbali Vacation Club. The first ever 30-year vacation membership at Zimbali Coastal Resort, Zimbali Vacation Club offers right of use for either fixed or floating weeks at Zimbali Lodge. Each unit offers the privacy of a private retreat with the convenience, services and amenities of a five-star hotel. Studio, one- and two-bedroom units are available to suit individual vacation preferences and family requirements.

The new Zimbali Lakes Resort, a joint venture with Tongaat Hulett, will provide a natural extension to the Zimbali family. First time land sales in the family orientated, pet-friendly resort are already in high demand. Freehold land sales are also progressing well. The resort will be developed around an 18-hole Gary Player Signature Championship Golf Course that is well underway. Eleven of the holes have already taken shape with fairways, bunkers, tee boxes and greens all clearly defined.

North America

June 2011 marked the culmination of IFA HR's first project in North America – the 669-room US$315million YOTEL in Times Square West, New York City.

The financing and acquisition of the project was secured via a consortium that included Kuwait Real Estate Company and United Investments Portugal and was led by the team at IFA Hotel Investments. The US$240million financing for the project was led by Atrium Holding Company, a private investment vehicle based in the United States, with co-funding by investment firm Centerbridge Partners, L.P.

The acquisition of the property from Related Company, the overall project developer, happened simultaneously with the financing, bringing the total value of the transaction to US$315million. The deal, which followed Fosterlane Management Company's purchase of the former Morgan Stanley headquarters in May 2011, marked one of the year's major contracts linking GCC-based investors to the Big Apple.

Financial Year Results Ending December 31, 2011

Total Profits (KD) 236,281

Earning Per Share (Fils) 3.43

Currency	2010 KD	2011 KD
Total Revenue	20.07	43.03
Shareholders' Equity	50.79	48.48
Net Profit/(Loss) KD	(20.39 million)	236,281
Earning Per Share	(45.20)	3.43
Total Assets	400.9	389.78

Part of Related Company's 1.2 million square foot, 60-storey LEED-Silver complex, YOTEL New York – which has the benefit of an enviable address at West 42nd Street and 10th Avenue in Times Square – welcomed its first guests on 3 June 2011 and was the city's largest hotel opening of the year.

For IFA HR, the opening of YOTEL New York marks a major milestone in its investment in the YOTEL brand. As the first site outside of an airport and the largest YOTEL by far, its design will act as a blueprint for future city centre locations.

Europe

In Europe, YOTEL is moving from strength to strength with average daily rates on par with the competition. Occupancy at Heathrow, Gatwick and Schiphol is flourishing at more than twice the competitive set resulting in RevPAR of between 140 to 240%. Conceptualized to drive occupancy within a footprint roughly half the size of a standard room, YOTEL's revenue per square metre is an impressive five times that of the competition.

Elsewhere in Europe signs of recovery were apparent this year with the Sheraton Algarve, part of the Pine Cliffs Resort in Portugal, improving turnover by 3.6% and GOP by 61% compared to the same period in 2010. Meanwhile, Pine Cliffs Residence saw a double-digit increase in turnover and GOP at 12.4% and 16.2% respectively, while the resort also saw substantial growth in real estate sales compared to 2010.

Asia

With further good news, IFA HR's investments in Thailand through its shareholding in Bangkok-listed real estate developer Raimon Land saw a return to profitability in 2010 with a consolidated net profit after tax of THB98million (US$3.2million).

In 2011, despite challenges created by unprecedented floods in Thailand, sales across all RL projects improved, totalling THB5billion (US$160million) for the year, up 20% compared to 2010. This brought RL's secured sales backlog on current projects to THB17.4billion (US$552million) of which approximately two thirds relate to sales at The River project in Bangkok that will be completed and transferred to clients in 2012 (under the new Thai accounting rules, real estate companies are limited to reporting sales on transfer).

Holding further promise for a positive 2012 is another THB13.8 billion (US$438million) in inventory for sale across several new projects. These include 185 Rajadamri, a THB9.6 billion (US$305million) luxury condominium project due for

Message from the Chairman and Vice Chairman & CEO (Continued)

completion in Bangkok in 2013; Zire Wongamat and Unixx South Pattaya, two resort condominium projects in Pattaya due for completion in 2014 with sales value of THB2.8 billion (US$88million) and THB2.95billion (US$93.5million) respectively. Rounding up the company's new projects is the Vue, a boutique fusion mall adjacent to The River, its prestigious development along the Chao Phraya that will be ready for handover next year.

Overall, RL will recognize over THB31billion (US$1billion) in revenues over the next three years.

Global Expansion

Despite its challenges, 2011 saw a number of major achievements for the company and we look forward to a great deal more in 2012, including the opening of two of our major hotel projects in Dubai: Fairmont The Palm and Mövenpick Hotel & Residence Jumeirah Lakes Towers.

In 2012, we expect to further our aggressive expansion plans for YOTEL, which is currently the major driving force behind IFA HR's growth strategy. Specifically, plans for YOTEL's expansion encompass both airport and city centre locations in major travel hubs across North America and Europe, as well as in the airports of Asia's gateway cities of Hong Kong, Singapore and Bangkok to name a few.

YOTEL's development focus will be clustered with an eye on cities with no available greenfield sites. Cities with a high concentration of company headquarters and/or airports with significant national flight movements or strong leisure demand are also being explored.

A Positive Year Ahead

As well as the work of IFA Hotels & Resorts' development team, this report also encompasses the activity and several achievements of IFA Hotel Investments (IFA HI) – the operational asset management arm of IFA HR.

As a subsidiary, its work, although acknowledged and identified in this introduction, is assimilated without differentiation into IFA HR's fiscal reporting. We'd like to take this opportunity to thank both the IFA HR and IFA HI teams for their exceptionally hard work and dedication this year and their resulting successes.

As we move into 2012, we look forward to further strengthening our business relationships, both with our dedicated team of employees and our astute investment partners. Together, with our best efforts put forth, we

hope to see the company increase our profitability in the coming year.

Sincerely,

Ibrahim Saleh Al-Therban
Chairman

Talal Jassim Al-Bahar
Vice Chairman & CEO

IFA Hotels & Resorts Middle East

Fairmont The Palm, Dubai

Kuwait
United Arab Emirates
Lebanon

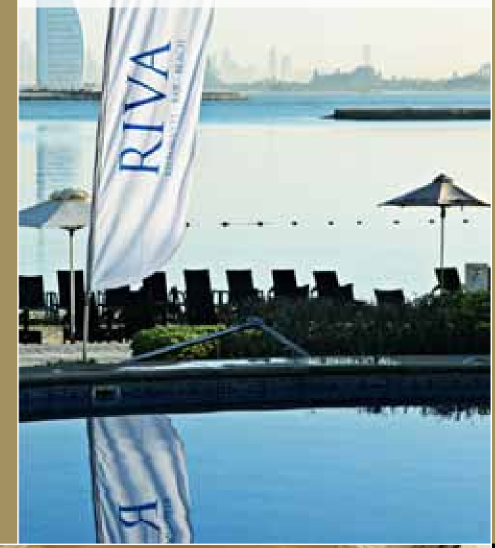
Kingdom of Sheba, Dubai

Alabadiyah Hills, Lebanon

The Residences, Palm Jumeirah, Dubai

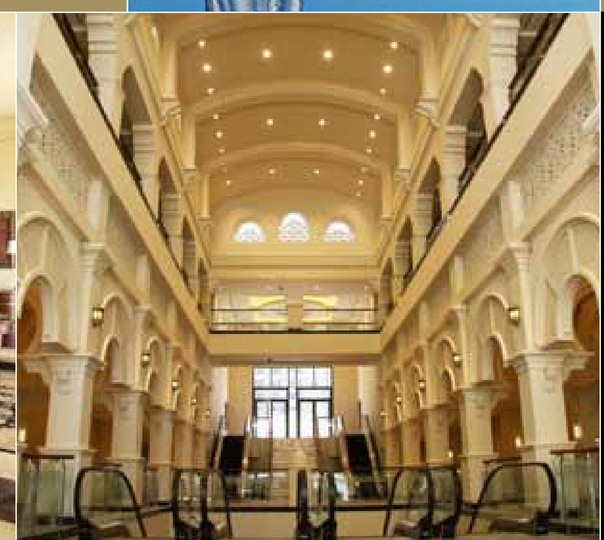
Laguna Tower Lofts, Dubai

Riva Beach, Palm Jumeirah, Dubai



Golden Mile, Palm Jumeirah, Dubai

Four Seasons Hotel Beirut, Lebanon



Golden Mile Retail, Palm Jumeirah, Dubai

IFA Hotels & Resorts Africa

Fairmont Zimbali Lodge, South Africa

Fairmont Zimbali Resort, South Africa

Fairmont Zimbali Resort, South Africa

South Africa

Fairmont Zimbali Condominium

Farimont Heritage Place, Zimbali

Legend Golf & Safari Resort, South Africa

Zimbali Vacation Club, South Africa

IFA Hotels & Resorts Asia

Unixx South Pattaya, Thailand

Thailand

The River, Bangkok, Thailand

The Vue, Thailand

185 Rajadamri, Bangkok, Thailand

Northpoint Pattaya, Thailand

185 Rajadamri, Bangkok, Thailand

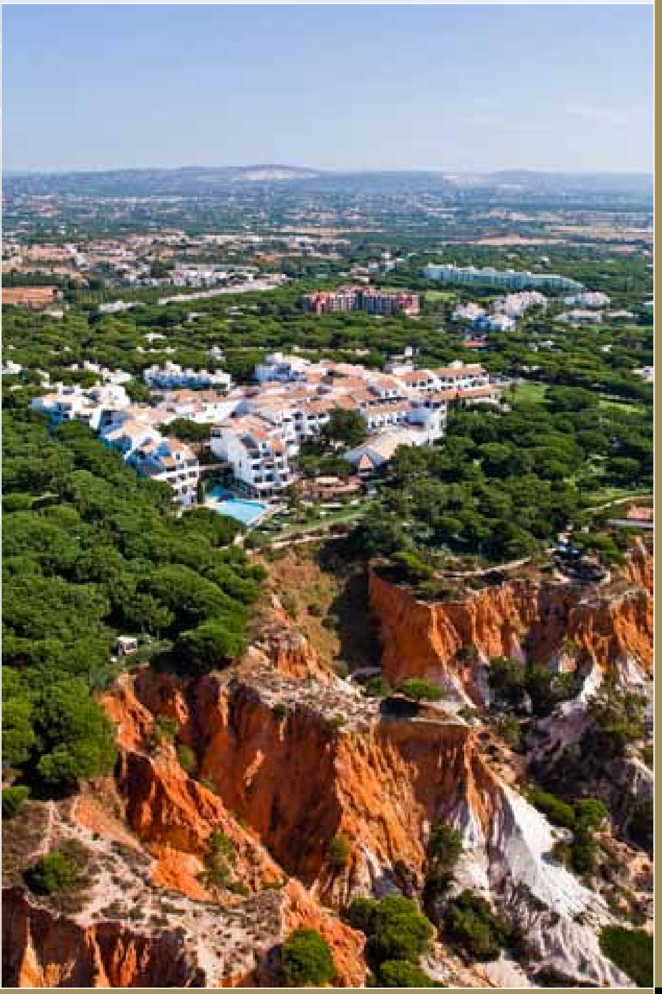
YOTEL, New York, USA

YOTEL New York, USA

YOTEL New York, USA

YOTEL Yobot, New York, USA

Pine Cliffs, Portugal



YOTEL, UK & Netherlands

Pine Cliffs, Portugal

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
IFA HOTELS & RESORTS–KSC (CLOSED) AND SUBSIDIARIES

KUWAIT 31 DECEMBER 2011

Contents

INDEPENDENT AUDITORS' REPORT

To the shareholders of IFA Hotels & Resorts – KSC (Closed)
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IFA Hotels & Resorts (A Kuwaiti Closed Shareholding Company) and its Subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2011 and the related consolidated statements of income, statement of comprehensive income, statement of changes in equity and cash flows for the period from 1 July 2010 to 31 December 2011, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of IFA Hotels & Resorts - KSC (Closed) and its Subsidiaries as of 31 December 2011, and their financial performance and cash flows for the period from 1 July 2010 to 31 December 2011 in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the parent company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, and by the parent company's articles of association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law, or of the parent company's articles of association, as amended, have occurred during the period ended 31 December 2011 that might have had a material effect on the business of the Group or the financial position of the Company.

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)
of Rödl Middle East
Burgan – International Accountants

Kuwait
29 March 2012

CONSOLIDATED STATEMENT OF INCOME

	Note	For the period from 1 July 2010 to 31 Dec. 2011 KD	Year ended 30 June 2010 KD
Revenue	8	**43,034,352**	20,072,663
Cost of revenue		**(22,963,457)**	(14,871,179)
Net income		**20,070,895**	5,201,484
Net income from ticket sale and related services		**192,652**	204,009
Fees and commission income		**638,770**	12,068
Changes in fair value of investment properties	17	**5,093,484**	(240,755)
Loss on disposal of investment properties	17	**(354,938)**	(39,032)
Realised gain/(loss) from disposal of available for sale investments	20b	**719,667**	(4,233,819)
Share of results of associates	19	**(303,191)**	(550,476)
Impairment in value of associates	19	**(4,172,464)**	-
Impairment in value of available for sale investments	20a	**(600,139)**	-
Impairment in value of receivable and other assets	21c	**(720,907)**	(878,667)
Interest income	9	**1,365,961**	2,352,638
Other income	10	**9,977,262**	973,589
		31,907,052	2,801,039
Expenses and other charges			
Staff costs		**7,326,541**	5,292,241
Real estate sales and marketing expenses		**1,079,945**	3,563,690
Other operating expenses and charges	11	**9,434,911**	7,492,472
Depreciation	15	**3,427,076**	1,648,198
Finance costs	12	**11,570,102**	5,133,797
Total expenses and other charges		**32,838,575**	23,130,398
Loss before taxation, KFAS, NLST and Zakat		**(931,523)**	(20,329,359)
Tax income/(expense) relating to overseas subsidiaries	13	**1,238,266**	(56,978)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(13,963)**	-
Provision for National Labour Support Tax (NLST)		**(40,485)**	-
Provision for Zakat		**(16,014)**	-
Profit/(loss) for the period/year		**236,281**	(20,386,337)
Attributable to:			
Owners of the Parent Company		**1,480,980**	(19,522,763)
Non-controlling interests		**(1,244,699)**	(863,574)
		236,281	(20,386,337)
Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company	14	**3.43 Fils**	(45.20) Fils

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the period from 1 July 2010 to 31 Dec. 2011 KD	Year ended 30 June 2010 KD
Profit/(loss) for the period/year	**236,281**	(20,386,337)
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	**(3,441,404)**	1,506,255
Available for sale investments		
- Net changes in fair value arising during the period/year	**(510,016)**	(343,594)
- Transferred to consolidated statement of income on impairment	**600,139**	
- Transferred to consolidated statement of income on sale	**(225,307)**	-
Total other comprehensive income for the period/year	**(3,576,588)**	1,162,661
Total comprehensive income for the period/year	**(3,340,307)**	(19,223,676)
Attributable to:		
Owners of the Parent Company	**(2,043,462)**	(18,513,826)
Non-controlling interests	**(1,296,845)**	(709,850)
	(3,340,307)	(19,223,676)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec. 2011 KD	30 June 2010 KD
Assets			
Non-current assets			
Goodwill		234,088	242,898
Property, plant and equipment	15	31,382,895	33,055,320
Capital work in progress	16	103,680,584	80,064,439
Investment properties	17	27,170,955	1,407,892
Properties under development	22	95,976,538	80,040,392
Investment in associates	19	14,019,884	32,720,755
Available for sale investments	20	6,106,494	9,744,724
Total non-current assets		278,571,438	237,276,420
Current assets			
Accounts receivable and other assets	21	35,680,569	73,270,651
Properties under development	22	51,088,831	60,080,518
Trading properties	23	5,683,759	10,219,029
Cash and cash equivalents	24	6,633,809	20,005,376
		99,086,968	163,575,574
Asset classified as held for sale	18	12,126,583	-
Total current assets		111,213,551	163,575,574
Total assets		389,784,989	400,851,994
Equity and Liabilities			
Equity			
Equity attributable to the owners of the parent company			
Share capital	25	45,388,200	45,388,200
Treasury shares	26	(16,138,303)	(16,152,628)
Statutory reserve	27	13,592,240	13,437,096
Voluntary reserve	27	10,366,158	10,211,014
Cumulative changes in fair value		-	135,184
Foreign currency translation reserve		(7,691,202)	(4,301,944)
Retained earnings		2,964,647	2,069,107
Total equity attributable to the owners of the parent company		48,481,740	50,786,029
Non-controlling interests		(471,984)	3,333,784
Total equity		48,009,756	54,119,813
Non-current liabilities			
Instalment payments due on purchase of properties	28	2,310,255	-
Redeemable preference shares	29	2,903,158	-
Term loans	30	62,606,363	25,140,048
Advances received from customers	33	108,301,350	117,901,482
Other financial liabilities	31	9,185,355	8,318,481
Total non-current liabilities		185,306,481	151,360,011
Current liabilities			
Due to related parties	37	41,876,964	43,882,673
Accounts payable and other liabilities	32	58,556,815	66,253,915
Term loans	30	32,665,537	43,536,891
Advances received from customers	33	23,369,436	41,698,691
Total current liabilities		156,468,752	195,372,170
Total liabilities		341,775,233	346,732,181
Total equity and liabilities		389,784,989	400,851,994

Ibrahim S. Al-Therban
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent company									
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve 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 30 June 2010	45,388,200	(16,152,628)	13,437,096	10,211,014	135,184	(4,301,944)	2,069,107	50,786,029	3,333,784	54,119,813
Disposals of treasury shares	-	14,325	-	-	-	-	-	14,325	-	14,325
Loss on disposal of treasury shares	-	-	-	-	-	-	(5,836)	(5,836)	-	(5,836)
Transfer to reserve	-	-	155,144	155,144	-	-	(310,288)	-	-	-
Acquisition of non-controlling interests (see note 30)	-	-	-	-	-	-	(269,316)	(269,316)	(2,508,923)	(2,778,239)
Transaction with owners	-	14,325	155,144	155,144	-	-	(585,440)	(260,827)	(2,508,923)	(2,769,750)
Profit/(loss) for the period	-	-	-	-	-	-	1,480,980	1,480,980	(1,244,699)	236,281
Total other comprehensive income for the period	-	-	-	-	(135,184)	(3,389,258)	-	(3,524,442)	(52,146)	(3,576,588)
Total comprehensive income for the period	-	-	-	-	(135,184)	(3,389,258)	1,480,980	(2,043,462)	(1,296,845)	(3,340,307)
Balance as at 31 December 2011	45,388,200	(16,138,303)	13,592,240	10,366,158	-	(7,691,202)	2,964,647	48,481,740	(471,984)	48,009,756
Balance as at 30 June 2009 - as previously reported	41,262,000	(14,344,392)	13,437,096	10,211,014	478,778	(3,409,365)	53,742,516	101,377,647	4,643,542	106,021,189
IFRIC 15 restatement	-	-	-	-	-	(2,245,110)	(28,024,446)	(30,269,556)	(599,908)	(30,869,464)
Balance as at 30 June 2009 - as restated	41,262,000	(14,344,392)	13,437,096	10,211,014	478,778	(5,654,475)	25,718,070	71,108,091	4,043,634	75,151,725
Bonus shares issued (refer note 33)	4,126,200	-	-	-	-	-	(4,126,200)	-	-	-
Purchase of treasury shares	-	(1,808,236)	-	-	-	-	-	(1,808,236)	-	(1,808,236)
Transaction with owners	4,126,200	(1,808,236)	-	-	-	-	(4,126,200)	(1,808,236)	-	(1,808,236)
Loss for the year	-	-	-	-	-	-	(19,522,763)	(19,522,763)	(863,574)	(20,386,337)
Total other comprehensive income for the year	-	-	-	-	(343,594)	1,352,531	-	1,008,937	153,724	1,162,661
Total comprehensive income for the year	-	-	-	-	(343,594)	1,352,531	(19,522,763)	(18,513,826)	(709,850)	(19,223,676)
Balance as at 30 June 2010	45,388,200	(16,152,628)	13,437,096	10,211,014	135,184	(4,301,944)	2,069,107	50,786,029	3,333,784	54,119,813

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the period from 1 July 2010 to 31 Dec. 2011 KD	Year ended 30 June 2010 KD
OPERATING ACTIVITIES			
Loss before taxation, KFAS, NLST and Zakat		**(931,523)**	(20,329,359)
Adjustments:			
Realised gain/(loss) from sale of available for sale investments		**(719,667)**	4,233,819
Share of results of associates		**303,191**	550,476
Changes in fair value of investment properties		**(5,093,484)**	240,755
Loss on disposal of investment properties		**354,938**	39,033
Interest income		**(1,365,961)**	(2,352,638)
Depreciation		**3,427,076**	1,648,198
Finance costs		**11,570,102**	5,133,797
Impairment in value of available for sale investments		**600,139**	-
Impairment in value of associates		**4,172,464**	-
Impairment in value of receivable of other assets		**720,907**	878,667
		13,038,182	(9,957,252)
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**21,114,155**	12,758,505
Properties under development		**(18,835,532)**	(41,108,802)
Trading properties		**4,535,270**	(720,043)
Accounts payable and other liabilities		**4,330,344**	(6,241,779)
Due to related parties		**7,937,928**	6,722,935
Advances received from customers		**(27,929,387)**	36,176,573
Net cash from/(used in) operating activities		**4,190,960**	(2,368,863)
INVESTING ACTIVITIES			
Changes in pledged deposits		**937,964**	(937,964)
Investments in associates		**(327,793)**	(8,417,857)
Net disposal/(additions) of property, plant and equipment		**1,786,705**	(215,759)
Proceeds on disposals of investment properties		**542,500**	205,279
Proceeds from sale of available for sale investments		**5,421,792**	5,219,101
Purchase of available for sale investments		**(540,194)**	(2,087,368)
Additions to capital work in progress		**(27,179,709)**	(7,774,338)
Interest income received		**1,365,961**	2,352,638
Net cash used in investing activities		**(17,992,774)**	(11,656,268)
FINANCING ACTIVITIES			
Disposal/(purchase) of treasury shares		**8,489**	(1,808,236)
Increase in other non-current financial liabilities		**866,874**	2,283,550
Increase in term loans		**9,752,695**	15,945,341
Instalment payment due on purchase of property		**2,310,255**	-
Dividends paid		**-**	(9,557)
Finance costs paid		**(11,570,102)**	(5,133,797)
Net cash from financing activities		**1,368,211**	11,277,301
Net decrease in cash and cash equivalents		**(12,433,603)**	(2,748,830)
Cash and cash equivalents at beginning of the period/year	24	**19,067,412**	21,816,242
Cash and cash equivalents at end of the period/year	24	**6,633,809**	19,067,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011

1 Incorporation and Activities

IFA Hotels & Resorts was established as a limited liability company on 19 July 1995, under the name "Offset Consulting and Project Management Company – WLL – Najwa Ahmed Abdelaziz Al-Qatami and Partners". On 14 May 2005, the company's name and legal status was changed to IFA Hotels & Resorts – Kuwaiti Closed Shareholding Company.

IFA Hotels & Resorts – KSC (Closed) "the Parent Company" and its subsidiaries are collectively referred to as the "Group" in the consolidated financial statements. Details of its subsidiaries are set out in note 7.

The Parent Company is principally engaged in the following:

- Developing, managing and marketing hotels and resorts.
- Purchasing, selling and development of real estate and land on behalf of the company within or outside the State of Kuwait. In addition, managing trust holdings, as well as trading private residential plots, in a manner that is not in violation of the laws relevant to these activities and their respective provision.
- Holding, purchasing, and selling shares and bonds of real estate companies based both in Kuwait and outside Kuwait, solely for the company's benefit and purposes.
- Providing and presenting studies and consultations on all types of real estate issues, subject to the relevant conditions required of these services.
- Performing maintenance services relating to buildings and real estate owned by the company including all types of maintenance work and the implementation of civil, mechanical, electrical, elevator and air conditioning related works whose purpose it is to preserve these buildings and to ensure their well-being.
- Organizing private real estate exhibitions to promote the real estate company's projects, in accordance with the ministry's regulations.
- Preparing real estate auctions.
- Holding and managing commercial and residential complexes.
- Utilization of excess cash in the company's possession by investing in financial and real estate portfolios which are managed by specialized and professional parties.
- Direct participation in the establishment of building foundations for residential, commercial, maintenance, touristic, urban, and athletic buildings and projects using the "Build-Operate-Transfer" (BOT) method and using BOT to manage the real estate location either for the company's, or other parties, benefit.
- The company is also permitted to subscribe and have interests in any activities of parties that are performing similar activities or that otherwise will help the company realize its objectives within or outside Kuwait. The company is permitted to participate in construction, to cooperate in joint ventures, or to purchase these parties either fully or partially.

The Parent Company is a subsidiary of International Financial Advisers (IFA) – KSC (Closed), a company listed on the Kuwait and Dubai, UAE stock exchanges.

The address of the Parent Company's registered office is PO Box 4694, Safat 13047, State of Kuwait.

The Parent Company's shares are listed on the Kuwait Stock Exchange.

The board of directors of the Parent Company approved these consolidated financial statements for issuance on 29 March 2012. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

At the Annual General Meeting held on 21 November 2010 the shareholders approved to change the Parent Company's financial year from 30 June to 31 December. Accordingly, the Parent Company's statutory financial period is for an eighteen-month period from 1 July 2010 to 31 December 2011. Hence, these consolidated financial statements are for the period of 18 months from 1 July 2010 till 31 December 2011. Consequently comparative information has been presented for the year ended 30 June 2010.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for financial assets at fair value through income statement, financial assets available for sale and investment properties that have been measured at fair value.

The Group has elected to present the "statement of comprehensive income" in two statements: the "statement of income" and a "statement of comprehensive income".

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD").

3 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Ministerial Order No. 18 of 1990.

4 Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in previous years.

4.1 Adoption of new and revised International Financial Reporting Standards

During the period, the Group adopted the following new standards, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2010. Certain other amendments to standards have been made and certain new standards and interpretations have been issued but they are not expected to have a material impact on the Group's financial statements.

4 Changes in accounting policies (continued)

Standard or Interpretation	Effective for annual periods beginning
Annual Improvements 2010	1 July 2010 and 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.

4.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, 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 pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standard	Effective for annual periods beginning
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 12 Income Taxes – amendment	1 January 2012
IAS 24 Related Party Disclosures – amendment	1 January 2011
IAS 27 Consolidated and Separate Financial Statements	1 January 2013
– Revised as IAS 27 Separate Financial Statements	
IAS 28 Investments in Associates	1 January 2013
– Revised as IAS 28 Investments in Associates and Joint Ventures	
IFRS 7 Financial Instruments: Disclosures – amendment	1 July 2011
IFRS 9 Financial Instruments	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

4.2.1 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 re-classifiable 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; however, it will not affect the measurement or recognition of such items.

4.2.2 IAS 12 Income Taxes – amendments

The amendment to IAS 12 provides a practical solution to the issues arising in measurement of deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will, normally be, through sale. As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value.

4.2.3 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 of this amendment is not expected to have significant impact on the Group's financial position or performance.

4.2.4 IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, IAS 27 now deals only with separate financial statements.

4.2.5 IAS 28 Investments in Associates – Revised as IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 10 and IFRS 12, IAS 28 brings investments in joint ventures into its scope. However, the equity accounting methodology under IAS 28 remains unchanged.

4 Changes in accounting policies (continued)

4.2.6 IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of 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.

4.2.7 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

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.

Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

4.2.8 Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management has yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

4.2.8.1 IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

4.2.8.2 IFRS 11 Joint Arrangements

IFRS 11 supersedes IAS 31 Interests in Joint Ventures (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

4.2.8.3 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments including subsidiaries, joint arrangements, associates and unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

4.2.9 IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items are to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. The Group's management have yet to assess the impact of this new standard.

5 Summary of significant accounting policies

The significant accounting policies and measurement bases adopted in the preparation of the consolidated financial statements are summarised below:

5.1 Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

5 Summary of significant accounting policies (continued)

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensives income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within other comprehensive income.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

5.3 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 5.15 for a description of impairment testing procedures.

5.4 Investment in associates

An associate is a company over which the Group has significant influence usually evidenced by holding of 20% to 50% of the voting power of the investee company. The consolidated financial statements include the Group's share of the associates' results using the equity method of accounting.

Under the equity method, investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee. The Group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date the influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate, arising from changes in the associates' equity that have not been recognised in the associate's statement of income. The Group's share of those changes is recognised directly in other comprehensive income. The financial statements of the associates are prepared either to the reporting date of the Parent Company or to a date not earlier than three months of the Parent Company's reporting date, using consistent accounting policies.

In case of a different reporting date of an associate, which is not more than three months from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements.

Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

5 Summary of significant accounting policies (continued)

5.4 Investment in associates (continued)

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal are recognised in profit or loss.

5.5 Jointly controlled entities

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognizes the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognize its share of profits or losses from the joint venture that results from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transactions is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets, or an impairment loss.

Upon loss of joint control and provided the former joint control entity does not become a subsidiary or associate, the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss or joint control and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

5.6 Segment reporting

The Group has four operating segments: property development, hoteliering, investments and others. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.7 Revenue recognition

Revenue arises from the sale of properties, rendering of services and investing and real estate activities. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. The following specific recognition criteria should also be met before revenue is recognised;

5.7.1 Revenue from hotel operations and other related services

Revenue from hotel operations and related services is recognised when services are rendered.

5.7.2 Revenue from sale of properties

Revenue on sale of condominiums is recognised when risk and reward related to property has been transferred to the customer. Risk and reward are transferred when legal notice is served to the customer to take possession of the property or on actual hand over to the customer.

5.7.3 Dividend income

Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.7.4 Fees and commission income

Fees and commission income is recognised when earned.

5.7.5 Interest and similar income

Interest income and expenses are reported on an accrual basis using the effective interest method.

5.7.6 Cost of sale of properties

Cost of sale of properties includes the cost of land and development costs. Development costs include the cost of infrastructure and construction. The cost of sales in respect of sale of condominiums is recognised on the basis of per-square-feet average cost of construction. Per-square-feet average cost of construction is derived from total saleable area and total construction cost.

5.8 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5 Summary of significant accounting policies (continued)

5.10 Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write-off the cost less the estimated residual value of property, plant and equipment on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Plant and Equipment	5-7 years
Motor vehicles	4-5 years
Furniture, fixtures and equipment	5-7 years
Yachts	10 years
Kitchen equipment and accessories	3-10 years

Lease hold property is depreciated over the period of the lease. No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for their intended use.

5.11 Capital work-in-progress

Capital work-in-progress includes land which is stated at cost less impairment in value, if any. The carrying value of land is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the value of land is written down to its recoverable amount. Capital work-in-progress also includes the cost of construction, design and architecture and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are capitalised.

5.12 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers where the market values are not readily available and are included in the consolidated statement of financial position. Where the market values are readily available, the fair value is ascertained based on the latest transaction deals in the open market. Changes in fair value are taken to the consolidated statement of income.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

5.13 Property under development

Property under development represents properties under development/construction for trade, which are stated lower of cost or net realisable value. Cost includes the cost of land, construction, design and architecture, advances paid for purchase of properties and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are accrued as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are accrued to property under development. Completion is defined as the earlier of the issuance of the certificate of practical completion, or when management considers the project to be completed. Net realisable value is estimated selling price in the ordinary cause of business less the estimated cost of completion and the estimated cost necessary to make a sale. Upon completion, unsold properties, if any, are transferred to trading properties. Property under development is stated after deducting cost of properties sold during the year.

5.14 Trading properties

Trading properties include purchase and development costs of completed unsold real estate properties. Development costs include planning, maintenance and service costs. Trading properties are recorded at the lower of cost and net realizable value.

Cost are those expenses incurred in bringing each property to its present condition. Net realisable value is based on estimated selling price less any further cost expected to be incurred.

5.15 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

5 Summary of significant accounting policies (continued)

5.15 Impairment testing of goodwill and non-financial assets (continued)

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.16 Financial instruments

5.16.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- Rights to receive cash flows from the assets have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

  (a) the Group has transferred substantially all the risks and rewards of the asset or

  (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

5.16.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at fair value through profit or loss (FVTPL)
- Available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented under a separate heading in the statement of income.

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for

5 Summary of significant accounting policies (continued)

5.16 Financial instruments (continued)

5.16.2 Classification and subsequent measurement of financial assets (continued)

impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is 5 then based on recent historical counterparty default rates for each identified group.

The Group categorises loans and receivables into following categories:

- ***Loans and advances***

Loans and advances are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

- ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- ***Receivables and other financial assets***

Trade receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Loans and receivables which are not categorised under any of the above are classified as "Other receivables/other financial assets".

- ***Financial assets at FVTPL***

Classification of investments as financial assets at FVTPL depends on how management monitor the performance of these investments. Investments at FVTPL are "held for trading" on initial recognition.

The Group classifies investments as trading if they are acquired principally for the purpose of selling or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions.

- ***AFS financial assets***

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Impairment charges are recognised in profit or loss. All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the fair value reserve within equity, except for impairment losses, and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognised in the consolidated statement of income.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

5.16.3 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include "redeemable preference shares", "instalment payment due on purchase of properties", "term loans", "due to related parties," other financial liabilities and "accounts payable and other liabilities".

The subsequent measurement of financial liabilities depends on their classification as follows:

The Group classifies all its financial liabilities as other than at fair value through profit or loss.

- ***Financial liabilities other than at fair value through profit or loss (FVTPL)***

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

- ***Term loans***

All term loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- ***Redeemable preference shares***

Redeemable preference shares are subsequently measured at amortised cost using the effective interest rate method.

5 Summary of significant accounting policies (continued)

5.16 Financial instruments (continued)

5.16.3 Classification and subsequent measurement of financial liabilities (continued)

- ***Accounts payables and other financial liabilities***

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as Trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "other financial liabilities".

5.16.4 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

5.16.5 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

5.16.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.16.7 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 38.

5.17 Advances received from customers

Advances received from customers represent money received from customers towards instalments for properties in accordance with the terms of the sale agreements. Advances received from customers are stated net of revenue recognised during the period.

5.18 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the commercial companies' law and the Parent Company's articles of association.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD
- Cumulative change in fair value reserve – comprises gains and losses relating to available for sale financial assets

Retained earnings include all current and prior period retained profits. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

5.19 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.20 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

5 Summary of significant accounting policies (continued)

5.20 Provisions, contingent assets and contingent liabilities (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5.21 Foreign currency translation

5.21.1 Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.21.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, “fair value through profit or loss” is reported as part of the fair value gain or loss in the consolidated statement of income and “available for sale” are reported as part of the cumulative change in fair value reserve within other comprehensive income.

5.21.3 Foreign operations

In the Group’s financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5.22 End of service indemnity

The Parent and its local subsidiaries provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees’ final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees’ contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees’ salaries. The Group’s obligations are limited to these contributions, which are expensed when due.

5.23 Taxation

5.23.1 National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

5.23.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation’s Board of Directors’ resolution, which states that income from Kuwaiti shareholding associates and subsidiaries, and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.23.3 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

5.23.4 Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries are incorporated.

Deferred taxation is provided in respect of all temporary differences. Deferred tax assets are recognised in respect of unutilised tax losses when it is probable that the loss will be used against future profits.

6 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

6.1.1 Classification of real estate property

Management decides on acquisition of a real estate property whether it should be classified as trading, under development, capital-work-in-progress or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost less impairment, cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the statement of income or other comprehensive income.

The Group classifies property as trading property if it is acquired/held principally for sale in the ordinary course of business.

The Group classifies property as properties under development if it is acquired, with the intention of development with a view to sale.

The Group classifies property as capital work-in-progress if the property is acquired with the intention of development for the purpose of it being used primarily as owner occupied property.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

6.1.2 Classification of financial instruments

Judgements are made in the classification of financial instruments based on management's intention at acquisition. Such judgement determines whether it is subsequently measured at cost, amortised cost or at fair value and if the changes in fair value of instruments are reported in the statement of income or other comprehensive income.

The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short-term profit making.

Classification of financial assets as fair value through income statement depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through statement of income.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments, the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale.

6.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of available for sale investments

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. During the period ended 31 December 2011 an impairment loss of KD600,139 (30 June 2010: KD Nil) has been recognised for available for sale investments.

6.2.2 Impairment of loans and receivables

The company's management reviews periodically items classified as loans and receivables to assess whether a provision for impairment should be recorded in the statement of income. In particular, considerable judgement by management is required in the estimation of amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. During the period ended 31 December 2011, an impairment provision of KD720,907 (30 June 2010: KD878,667) has been recognised for loans and receivables.

6.2.3 Percentage of completion

The Group recognises accrual for capital work in progress and properties under development based on the percentage of completion method. The percentage of work completion is determined by the independent lead consultant of the respective projects.

The percentage of completion method is applied on a cumulative basis in each accounting year to the current estimates of accrual for capital work-in-progress and property under development. Any change in estimate for determination of accruals for capital work-in-progress and property under development is recognised in the current statement of financial position.

6 Significant management judgements and estimation uncertainty (continued)

6.2.4 Estimation of impairment of property, plant and equipment and capital work-in-progress and their useful lives

The Group's management tests annually whether property plant and equipment and capital work-in-progress have suffered impairment in accordance with the accounting policies stated within note 5 above. The recoverable amounts of the assets are determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives of property plant and equipment and the related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

6.2.5 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

6.2.6 Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

6.2.7 Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.8 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of income. The Group engaged independent valuation specialists to determine fair value as of 31 December 2011 and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of the investment properties may vary from the actual, prices that would be achieved in an arm's length transaction at the reporting date.

7 Subsidiary companies and joint ventures

a) Subsidiary companies

The significant consolidated subsidiaries are as follows:

Consolidated subsidiaries	Country of incorporation	Principal activity	Incorporation/Acquisition date	Percentage ownership %	
				2011	2010
IFA Hotels & Resorts FZ – LLC	UAE	Property development	2003	100%	100%
IFA Hotels & Resorts – Jebel Ali Free Zone	UAE	Property development	2005	100%	100%
IFA Hotels & Resorts (SAL) Holdings	Lebanon	Property development	2003	51%	51%
IFA Zimbali Hotels & Resorts (Pty) Ltd.	South Africa	Property development	2003	100%	100%
IFA Hotels & Resorts Limited	South Africa	Hotelier and property developer	2003	85%	85%
IFA Hotels & Resorts 2 Limited	Cayman Island	Hotelier	2003	100%	100%
IFA Hotels & Resorts 3 Limited	Mauritius	Property development	2006	100%	100%
International Property Trading Holding Ltd.	British Virgin Islands	Property development	2007	100%	100%
Yotel Investments Limited	Jersey	Hotelier	2006	100%	100%
IFA Fairmont Zimbali Hotels & Resorts (Pty) Ltd.	South Africa	Hotelier	2006	100%	100%

b) Joint ventures

The following are a listing of the Group's interest in significant joint ventures which are included in the consolidated statement of financial position and consolidated statement of income on the proportional consolidation basis:

Name and details of the joint ventures	Country of registration/ incorporation	Interest %	
		2011	2010
Interest in Tongaat Hulett/IFA Hotels & Resorts Development (the principal activity of the joint venture is property development)	South Africa	50%	50%
Interest in Zimbali Estates (PTY) Ltd. (the principal activity of the joint venture is the sale of developed property)	South Africa	50%	50%
Interest in OLIFA Hotels & resorts (Namibia) (Pty) Ltd (the principal activity of the joint venture is hoteliering) (note 10 b)	South Africa	-	50%
Interest in Palm Golden Mile Joint Venture (the principal activity of the Joint Venture is design, development, construction, marketing, sale of apartment and rental of shopping centres and residential apartments)	UAE	50%	50%

7 Subsidiary companies and joint ventures (continued)

The following amount represents the Group's share of assets, liabilities, income, expenses and profit of the joint ventures:

	31 Dec. 2011 KD	30 June 2010 KD
Assets	**57,106,923**	66,283,404
Liabilities	**(32,368,982)**	(39,475,277)
Equity	**24,737,941**	26,808,127
Income	**2,499,091**	(2,843,396)
Direct cost and other expenses	**(4,025,165)**	(2,146,076)
(Loss)/Profit	**(1,526,074)**	(4,989,472)

8 Revenue

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months ended 30 June 2010 KD
Revenue from sale of properties*	**29,989,541**	14,832,812
Revenue from hotel operations	**10,007,186**	4,006,782
Revenue from beach club operations	**1,010,683**	590,232
Management fees	**777,058**	642,837
Rental income	**1,249,884**	-
	43,034,352	20,072,663

* This represents the revenue from trading properties and properties under development which have been originally purchased by the Group and then developed and sold to customers.

9 Interest income

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months ended 30 June 2010 KD
Interest income on bank balances and deposits	**133,231**	210,934
Interest income on late payment by customers	**533,044**	434,635
Interest income on shareholder loans to associates (refer note 19 and 37)	**147,545**	1,688,153
Interest income on others	**552,141**	18,916
	1,365,961	2,352,638

10 Other income

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months ended 30 June 2010 KD
Advances from customers written-back on default of sales contracts (a)	**10,240,246**	-
Profit from disposal of Joint Venture (b)	**620,046**	-
Discounts given to customers on early settlement of dues	**(526,992)**	-
Interest on delayed land payment	**(1,347,305)**	-
Others	**991,267**	973,589
	9,977,262	973,589

(a) The Government authorities in Dubai, UAE, has authorized the subsidiary, IFA Hotel & Resorts – FZE, [in accordance with the land department of Dubai Government regulation Law No. 9] to retain specified percentage of the sale price from advance payments received on the sale of certain residential units under development relating to the customers who have defaulted on settling the payments due in accordance with dully executed sale contracts.
The total amount written-back by the subsidiary company (IFA Hotels & Resorts – FZE) from these advances and for which the sale contracts were forfeited amounted to UAE Dirhams 135,307,817 equivalent to KD10,240,246 and this has been recognised as income in the consolidated statement of income for the period.

10 Other income (continued)

(b) During the period the Group disposed one of its joint venture's, Namibian Joint Venture (OLIFA), held by a South African subsidiary for a consideration of KD1,562,137 which resulted in a profit of KD620,046. The assets and liabilities of the joint venture as of the date of disposals were as follows:

	KD
Group's share of assets disposed	**332,425**
Loan from a subsidiary to the joint venture	**1,787,189**
	2,119,614
Group's share of liabilities disposed	**(1,177,523)**
Group's share of net assets disposed	**942,091**
Sales consideration	**1,562,137**
Profit on disposal	**620,046**

Out of the total consideration on disposal of the joint venture an amount of KD 322,842 is receivable as of the reporting date and carries interest at Namibian prime lending rate. The amount is included in accounts receivable and other assets in the consolidated statement of financial position (note 21).

11 Other operating expenses and charges

Other operating expenses and charges include the following:

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months ended 30 June 2010 KD
Travel expenses	**303,289**	199,606
Office expenses	**1,085,790**	1,325,542
Administration and management fee	**391,365**	91,963
Loss from foreign currency exchange differences	**319,725**	295,923
Commissions paid	**637,012**	3,625,509
Rent	**1,437,175**	538,115
Professional fees	**1,023,224**	939,774
Legal expenses	**162,608**	16,856
Advertising	**1,036,011**	380,603
Utilities	**378,106**	13,175

12 Net (loss) or gain on financial assets and finance costs

a. Net (loss) or gain on financial assets

Net (loss) or gain on financial assets, analysed by category, is as follows:

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months ended 30 June 2010 KD
Loans and receivables		
- Cash and cash equivalents	**133,231**	210,934
- Accounts receivable and other assets and shareholder loans to associates	**1,232,730**	2,141,704
- Impairment in value of receivable and other assets	**(720,907)**	(878,667)
- Impairment on loans to associates	**(4,172,464)**	-
Available for sale investments		
- Recognised directly in other comprehensive income	**(135,184)**	(343,594)
- Recycled from other comprehensive income to consolidated statement of income		
• On impairment	**(600,139)**	-
• On sale	**225,307**	-
- Recognised directly in consolidated statement of income	**494,360**	(4,233,819)
	(3,543,066)	(3,103,442)
Net loss recognised in the consolidated statement of income	**(3,407,882)**	(2,759,848)
Net loss recognised in the consolidated statement of comprehensive income	**(135,184)**	(343,594)
	(3,543,066)	(3,103,442)

b. Finance costs

Finance costs relate mainly to term loans and due from related parties which are financial liabilities stated at amortised cost.

13 Tax income/(expense) relating to overseas subsidiaries

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months ended 30 June 2010 KD
Current tax:		
Current year (charge)/reversal	**(77,364)**	45,270
Deferred tax credit:		
Current year (credit)/debit	**1,315,630**	(102,248)
	1,238,266	(56,978)

14 Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company

Basic and diluted earnings/(loss) per share is computed by dividing the profit/(loss) for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months ended 30 June 2010 KD
Profit/(loss) for the year attributable to the owners of the Parent Company (KD)	**1,480,980**	(19,522,763)
Weighted average number of shares outstanding during the period/year (excluding treasury shares)	**431,338,189**	431,882,433
Basic and diluted earnings/(loss) per share	**3.43 Fils**	(45.20) Fils

15 Property, plant and equipment

	Land KD	Buildings on freehold land KD	Buildings on leasehold land KD	Plant and equipment KD	Furniture, fixtures and office equipment KD	Kitchen equipment & accessories KD	Motor vehicles KD	Yacht KD	Total KD
Period ended 31 December 2011									
Opening net book amount	924,543	18,383,533	8,369,509	251,994	4,020,924	144,885	119,716	840,216	33,055,320
Additions	-	251,709	9,075	4,730	514,879	37,030	26,497	-	843,920
Transfers from properties under development (note 22)	51,958	4,939,833	-	-	629,247	-	-	-	5,621,038
Disposals	-	(2,397,204)	-	(2,190)	(171,712)	-	(59,519)	-	(2,630,625)
Foreign exchange adjustment	(99,637)	(1,543,601)	(14,549)	(12,872)	(400,811)	(5,967)	(2,245)	-	(2,079,682)
Depreciation for the year	-	(940,685)	(842,507)	(88,139)	(1,152,374)	(137,744)	(37,268)	(228,359)	(3,427,076)
Closing net book value	**876,864**	**18,693,585**	**7,521,528**	**153,523**	**3,440,153**	**38,204**	**47,181**	**611,857**	**31,382,895**
At 31 December 2011									
Cost	876,864	20,000,188	9,168,605	466,942	5,822,691	299,150	227,278	1,386,107	38,247,825
Accumulated depreciation	-	(1,306,603)	(1,647,077)	(313,419)	(2,382,538)	(260,946)	(180,097)	(774,250)	(6,864,930)
Net book value	**876,864**	**18,693,585**	**7,521,528**	**153,523**	**3,440,153**	**38,204**	**47,181**	**611,857**	**31,382,895**
Year ended 30 June 2010									
Opening net book amount	176,812	6,260,893	9,286,485	279,537	1,375,888	216,706	131,129	968,826	18,696,276
Additions	-	55,553	13,542	30,222	163,187	14,900	27,670	-	305,074
Transfers from properties under development (note 22)	739,834	12,172,587	-	-	3,047,669	-	-	-	15,960,090
Disposals	-	(18,027)	-	-	(218)	-	(4,075)	-	(22,320)
Foreign exchange adjustment	7,897	216,049	(418,554)	(4,275)	25,620	2,295	2,361	-	(168,607)
Depreciation for the year	-	(303,522)	(501,964)	(53,490)	(524,227)	(89,016)	(37,369)	(128,610)	(1,638,198)
Write-off	-	-	-	-	(66,995)	-	-	-	(66,995)
Closing net book value	924,543	18,363,533	8,369,509	251,994	4,020,924	144,885	119,716	840,216	33,055,320
At 30 June 2010									
Cost	924,543	18,849,628	9,268,952	495,105	5,608,879	273,507	275,417	1,386,107	37,082,138
Accumulated depreciation	-	(466,095)	(899,443)	(243,111)	(1,587,955)	(128,622)	(155,701)	(545,891)	(4,026,818)
Net book value	924,543	18,383,533	8,369,509	251,994	4,020,924	144,885	119,716	840,216	33,055,320

15 Property, plant and equipment (continued)

15.1 Land and building with a carry value of KD 3,357,538 (30 June 2020: KD5,027,109) located in South Africa have been pledged as security for the term loan facility obtained by a South African subsidiary (note 30).

16 Capital work-in-progress

Capital work-in-progress represents mainly hotels under construction in the UAE, United Kingdom, South Africa and Europe.

The movement in capital work-in-progress is as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Carrying value at 1 July	**80,064,439**	60,482,114
Additions	**27,179,709**	7,774,338
Transfer from properties under development (note 22)	**-**	10,135,539
Transfer from trading properties	**-**	668,584
Written off	**(218,980)**	-
Foreign currency translation adjustment	**(3,344,584)**	1,003,864
Carrying value at 31 December/ 30 June	**103,680,584**	80,064,439

The above balance consists of the following:

	31 Dec. 2011 KD	30 June 2010 KD
Land cost		
- Fairmont The Palm, Dubai	**148,907**	165,651
- The Trunk, Palm Jumeirah	**6,543,941**	6,827,708
- Crescent, Palm Jumeirah (Kingdom of Sheba vacation club)	**1,155,127**	1,059,481
- Golden Mile, Palm Jumeirah	**3,446,309**	3,595,753
- Kingdom of Sheba Hotel	**6,318,547**	5,795,361
	17,612,831	17,443,954
Construction, piling and enabling work	**61,346,862**	48,594,022
Other construction related costs*	**24,720,891**	14,026,463
	103,680,584	80,064,439

* Other construction related cost include KD1,949,594 (30 June 2010: KD Nil) borrowing cost on the borrowing from a foreign bank by the UAE subsidiary (note 30j).

17 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Carrying value at 1 July	**1,407,892**	1,864,809
Transfer from other assets-payment towards acquisition of the property (note 21)	**13,166,224**	-
Additions during the year	**8,979,670**	-
Disposal during the year*	**(897,438)**	(244,311)
Change in fair value	**5,093,484**	(240,755)
Foreign currency translation adjustment	**(578,877)**	28,149
Carrying value at 31 December/ 30 June	**27,170,955**	1,407,892

* The loss on disposal of investment properties amounted to KD354,938 (30 June 2010; KD39,032).

The investment properties consist of the following:

Portugal – Pine Cliffs Resort	**8,982,064**	-
Land – Crescent Palm Jumeirah	**17,851,040**	1,208,040
Residential Apartment – Shoreline – Palm Jumeirah	**159,817**	-
Private freehold land in "IFA Zimbali Hotels and Resorts"– South Africa	**178,034**	199,852
	27,170,955	1,407,892

18 Asset classified as held for sale

This represents 41.08% holding in Raimon Land Public Company Limited. This investment has been classified as "held for sale" because the Parent 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 continuing use.

In prior years, the investment was classified as investments in associates (note 19). The fair market value of Raimon Land Public Limited's share is KD14,098,950 (30 June 2010: KD3,921,270).

19 Investments in associates

Details of associates are as follows:

Name and particulars of the company	Interest in equity 2011	Interest in equity 2010	31 Dec. 2011 KD	30 June 2010 KD
Boschendal (Pty) Ltd. (Registered in South Africa and its principal activity is property development)	**37.33%**	32.08%	**2,614,091**	5,728,908
Purple Plum Properties Limited (Registered in South Africa and its principal activity is property development)	**37.33%**	32.08%	**1**	1
Raimon Land Public Company Limited (Registered in Thailand and its principal activity is property development) (see note 18)	**-**	41.08%	**-**	13,466,012
Legend and IFA Developments (Pty) Ltd. (Registered in South Africa and its principal activity is property development and safari resorts accommodation and related service)	**50%**	50%	**11,405,792**	13,525,834
			14,019,884	32,720,755

The above is made-up as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Equity investments	**15**	14,206,653
Shareholders loans	**18,192,333**	18,514,102
Less: provision for impairment in value	**(4,172,464)**	-
	14,019,884	32,720,755
Aggregate share of associates' assets and liabilities:		
Assets	**47,351,742**	100,106,534
Liabilities	**(33,331,858)**	(67,385,779)
Equity	**14,019,884**	32,720,755
Aggregate share of associates' revenue and losses:		
Revenue	**1,435,627**	16,364,956
Losses	**(303,191)**	(550,476)

19 Investments in associates (continued)

Investment in Boschendal (Pty) Ltd. and Legend IFA Developments (Pty) Ltd., includes shareholder loans of KD14,019,869 (30 June 2010: KD18,514,102) of which KD4,527,647 (30 June 2010: KD4,690,624) is non-interest bearing. The loans are unsecured and are not repayable before 31 December 2012. The interest bearing loan carries interest at prime less 1% per annum.

The fair value of the associates could not be reliably measured since they are unquoted.

The Group's share of contingent liabilities related to associates amounted to KD Nil (30 June 2010: KD17,847,805).

During this period the Group has made impairment provisions of KD2,553,500 (2010: KD Nil) and KD1,618,964 (2010: KD Nil) for shareholders loan of Boschendal (Pty) Ltd and Legend IFA Development (Pty) Ltd. respectively.

The accumulated unrecognised losses which relates to Legend and IFA Development Limited amounted to KD512,844 (20 June 2010: KD164,095).

During the year the Group invested an amount of KD 327,793 to increase its interest in Boschendal (Pty) Ltd and Purple Plum properties limited from 32.08% to 37.33%.

20 Available for sale investments

	31 Dec. 2011 KD	30 June 2010 KD
Foreign investments – unquoted shares	**5,596,400**	8,485,656
Local investments – quoted shares	**400,094**	1,149,068
Local investments – unquoted shares	**110,000**	110,000
	6,106,494	9,744,724

a. During the period, the Group recognised an impairment loss of KD600,139 (2010: KD Nil) for local quoted shares as the market value of these shares declined significantly below their cost.

b. During the period the Group disposed certain local quoted shares and foreign unquoted shares with a total carrying value of KD4,702,125 resulting in a gain of KD719,667.

c. Foreign unquoted investments also include an investment amounting to KD Nil (2010: KD1,151,891) which has been pledged for credit facilities granted to a subsidiary of the investee company.

d. Foreign and local unquoted investments of KD5,706,400 (2010: KD8,595,656) are carried at cost less impairment in value if any, since their fair values cannot be reliably determined. Management is not aware of any circumstances that would indicate impairment in value of these investments.

21 Accounts receivable and other assets

	31 Dec. 2011 KD	30 June 2010 KD
Financial assets:		
Accounts receivable	**11,846,585**	15,040,266
Due from related parties (note 37)	**12,335,085**	22,513,720
Loan to related parties (a)	**277,939**	1,017,178
Due on disposed of available for sale investments (d)	**-**	7,060,866
Payment towards acquisition of investments	**1,256,622**	2,278,436
Other financial assets	**3,780,679**	2,763,908
	29,496,910	50,674,374
Non-financial assets:		
Advance to contractors	**2,356,404**	5,645,521
Payments towards acquisition of properties (b)	**-**	13,166,224
Advance payments to purchase property, plant and equipment	**-**	1,505,948
Differed Tax assets	**2,726,448**	1,827,866
Other non-financial assets	**1,100,807**	450,718
	6,183,659	22,596,277
	35,680,569	73,270,651

a. Loan to related parties represents short term unsecured loans provided by the UAE subsidiary for an unspecified term but repayable on demand. The loan carries effective rate of 8% per annum on the principal amount of loan.

b. This amount represents an advance payment to purchase land on the Palm Jumeirah, made by the UAE subsidiary company and a joint venture company to be formed with a UAE group (Nahkeel). This amount has been reclassified as part of the cost of investment properties in the current period (note 17).

c. During the period the Group recognised an impairment loss of KD720,907 (30 June 2010: KD878,667) against certain related party receivables and payments towards the acquisition of investments based on estimates made by management as per information available to them at the reporting date.

d. During this period the Group received the amount due on disposal of available for sale investment.

22 Properties under development

The movement in properties under development is as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Carrying value at 1 July	**140,120,910**	122,293,451
Additions during the period/year	**32,166,774**	52,301,871
Transfers to capital work in progress (note 16)	**-**	(10,135,539)
Transfer to property, plant and equipment (note 15)	**(5,621,038)**	(15,960,090)
Cost absorbed during the period/year	**(13,331,242)**	(11,193,069)
Foreign exchange adjustments	**(6,270,035)**	2,814,286
	147,065,369	140,120,910
Less: Non-current portion (a)	**(95,976,538)**	(80,040,392)
	51,088,831	60,080,518

a. Properties under development relates to the revenue projects which are offered for sale. Cost of projects expected to be completed after 12 months has been classified as non-current assets. In the opinion of the management, there has been no impairment in the carrying values of the property under development as at 31 December 2011 (30 June 2010: Nil).

The above balance consists of the following:

	31 Dec. 2011 KD	30 June 2010 KD
Land cost		
- The Trunk, Palm Jumeirah	**-**	2,350,827
- Jumeirah Lakes Towers, Dubai	**2,311,151**	2,317,408
- Kingdom of Sheba Heritage Place	**4,122,496**	4,224,021
- Balqis Residence	**23,450,430**	23,909,551
	29,884,077	32,801,807
Construction, piling and enabling works	**88,986,690**	82,411,603
Other construction related costs	**28,194,602**	24,907,500
	147,065,369	140,120,910

23 Trading properties

	31 Dec. 2011 KD	30 June 2010 KD
Residential flats in Dubai, UAE	**313,444**	4,110,166
Properties in South Africa	**5,370,315**	6,108,863
	5,683,759	10,219,029

Trading properties in Dubai represents completed but unsold units of Souq Residence FZE – Trunk Residence FZE. Trading properties in South Africa represents plots of lands purchased in South Africa for trading purposes and comprise land at cost and development expenditure attributable to unsold properties.

The trading properties in South Africa have been pledged as security for borrowing facilities of the Group (see note 30).

24 Cash and cash equivalents

	31 Dec. 2011 KD	30 June 2010 KD
Cash and bank balances	**6,054,289**	17,380,953
Term deposits – due within three months	**579,520**	2,624,423
	6,633,809	20,005,376
Less: Pledged term deposits	**-**	(937,964)
Cash and cash equivalents for the cash flow purpose	**6,633,809**	19,067,412

The term deposits carry effective interest rates ranging from 4% to 7% per annum (2010: 4% to 7.5% per annum).

Cash and bank balances include escrow account balances maintained by UAE subsidiary amounting to KD1,753,466 (30 June 2010: KD4,035,241) which are subject to Law No 8 of 2007 concerning guarantee accounts of real estate developments in the Emirate of Dubai.

Term deposits includes a short term deposit of KD482,923 (30 June 2010: KD610,628) placed with one of the joint venture's by a South Africa subsidiary.

25 Share capital

At 31 December 2011, the authorised, issued and paid-up capital of the Parent Company comprised 453,882,000 shares (2010: 453,882,000) shares of 100 fils each.

26 Treasury shares

	31 Dec. 2011 KD	30 June 2010 KD
Number of shares	**22,532,882**	22,552,882
Percentage of issued shares	**4.96%**	4.97%
Market value (KD)	**10,703,119**	10,487,090
Cost (KD)	**16,138,303**	16,152,628

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

27 Statutory and voluntary reserves

As required by the Commercial Companies Law and the Parent Company's articles of association, 10% of the profit for the year before KFAS, NLST, Zakat provision and board of directors' remuneration but after taxation on overseas subsidiaries and non-controlling interests is transferred to the statutory reserve until the balance reaches 50% of the Parent Company's issued and paid-up capital. Any transfer to the statutory reserve thereafter is subject to approval from the general assembly. No transfer is required in a year when losses are made. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

In accordance with Parent Company's articles of association, a certain percentage of the Parent Company's profit before KFAS, NLST, Zakat provision and board of directors' remuneration but after taxation on overseas subsidiaries and non-controlling interests is transferred to the voluntary reserve at the direction of the board of director what is to be approved at the general assembly. For the period ended 31 December 2011 the board of directors propose to transfer 10% of the above mentioned profit to the voluntary reserve and this is subject to the approval of the general assembly. There are no restrictions on distribution of voluntary reserve.

28 Instalment payments due on purchase of properties

These instalments as at 31 December 2011 represent amounts payable on the purchase of land in the various projects in the UAE subsidiary (classified as capital work-in-progress and property under development). The maturity details of the instalments due are as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Amounts due within one year (note 33)	5,761,324	10,579,877
Amounts due after one year	2,310,255	-
Total amount due	8,071,579	10,579,877

29 Redeemable preference shares

During the period, IFA Hotels & Resort 1, a subsidiary of IFA Hotels & Resorts – FZE, bought back the entire shareholding held by FHR Gulf Management FZ – LLC (the "non-controlling interest"). In consideration, the subsidiary issued the following classes of preferred shares to the non-controlling interests.

a. 127,610.50 Series A Preferred Shares with a par value of USD 0.0001 (KD0.00002776). These shares have voting rights (in reference to Series A preferred shares) and are redeemable and non-convertible. The entitlement of each share is USD 39.1817 (KD10.8768). No dividend is payable on these shares. The term of these shares is five years, at which point any shares that have not been redeemed in accordance with the amended and restated Articles of Association of the subsidiary undertaking will be redeemed and re-issued as Series B Preferred Shares.

b. 127,610.50 Series B Preferred Shares with a par value of USD 0.0001 (KD0.00002776). These shares have voting rights (in reference to Series B preferred shares) and are cumulative, redeemable and non-convertible. The entitlement of each share is USD 39.1817 (KD10.8768). These shares carry fixed dividend of 6% per annum for the first five years and thereafter 10%. After the Series A Preferred Shares have been redeemed, Series B Preferred Shares will be redeemed promptly following each Refinancing Redemption Event – as defined in the amended and restated Articles of Association of the subsidiary undertaking.

c. Movement of the preference shares are as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Issue of preference shares	2,778,239	-
Dividend accrued (included under finance costs in the interim condensed consolidated statement of income)	124,919	-
	2,903,158	-

30 Term loans

	Effective interest rates %	31 Dec. 2011 KD	30 June 2010 KD
Term loan – UAE	5% to 12%	54,038,528	42,686,921
Term loan – South Africa	4% to 11.5%	21,615,535	24,177,832
Term loan – Jersey	4.5%	438,837	491,182
Term loan – Lebanon	7% to 9%	2,336,734	1,321,004
Term loan – Portugal	6.5%	6,898,629	-
Term loan – Kuwait	7%	9,943,637	-
		95,271,900	68,676,939
Less: Amount due within one year		(32,665,537)	(43,536,891)
Amount due after more than one year		62,606,363	25,140,048

30 Term loans (continued)

a. Term loans represent loans obtained by the subsidiaries in Dubai, South Africa, Jersey, Portugal and Lebanon to finance the projects in Dubai, the United Kingdom, Lebanon and purchase of properties/finance projects in South Africa and Portugal.

b. Loans obtained by South African Subsidiary include a loan of KD1,341,445 (2010: KD1,569,765) obtained by one of its joint ventures. The loan is secured by mortgage over Westbrook properties.

c. The loans obtained by the South African subsidiaries are secured by:

- The mortgage of property, plant and equipment with a carrying value of KD3,277,610 (30 June 2010: KD5,027,109);
- The mortgage of investment in Boschendal (Pty) Ltd. (associate company) and;
- The mortgage of certain trading properties with a carrying value of KD Nil (30 June 2010: KD6,108,899).

d. The loan obtained by the Lebanon subsidiaries is secured by Land Plot (classified as properties under development) amounting to KD4,001,040 (30 June 2010: KD4,174,992).

e. The loan obtained by the Portugal subsidiaries is secured by investment properties with a carrying value of KD8,982,064 (30 June 2010: KD Nil).

f. One of the loans obtained by the UAE subsidiaries amounting to KD14,811,068 (30 June 2010: KD26,088,584), is secured by plots on the Palm Jumeirah including additions from time to time, all fixtures, fitting and other appurtenant and is also secured against the collections deposited in the Escrow account opened in a foreign bank. The total facility obtained amounted to KD27,782,572 and as of 31 December 2011 an amount of KD12,971,504 has been repaid towards the principle amount.

   On February 6, 2012, the parties have entered into an agreement for an (AED173,750,000 (equivalent to KD13,142,450) credit facility which is equivalent to the remaining balance of the above facility on the same date. All utilization under this new facility should be used exclusively to settle the outstanding balance of the old credit facility. The security of the new facility agreement includes buildings with the carrying value of KD1,617,425 located at Al Shalal Beach Club on the Palm Jumeirah Island, UAE subsidiary by way of mortgage together with treasury shares and South Africa properties of the Parent Company.

g. The loan obtained by the UAE subsidiaries also includes its share of a financing facility obtained by the joint venture amounting to KD4,857,979 (30 June 2010: KD5,068,637) procured by the UAE joint venture by entering into a sale and lease-back agreement with a lending institution with respect to its constructing 63 residential apartments at The Golden Mile, Palm Jumeirah. Until such time the loans and finance cost are paid in full the lending institution will hold the title of the property by way of safe keeping (amana). Further, the ultimate Parent Company has also provided a corporate guarantee of AED64,225,000 (equivalent to KD4,875,979) to the lending institution.

h. The loan obtained by the UAE subsidiaries also includes a loan of KD12,168,660 (30 June 2010: KD11,529,700) from Drake and Skull International PJSC, obtained to fund working capital requirements for various projects. The total loan facility obtained amounted to KD15,128,000 (AED200 million) and is repayable after one year of each drawdown amount. During the period, a total of KD 2,959,340 (30 June 2010: KD Nil) has been repaid towards the principle amount.

i. The loan obtained by the UAE subsidiaries also includes a financing facility from Dubai Contracting Company LLC (DCC) on 2 December 2010. The facility will be utilized to settle outstanding amounts due to DCC under the constructions contract dated 4 June 2007. The loan is unsecured and subordinated by a loan facility obtained by a UAE subsidiary referred to in (j) below. The total loan facility amounted to KD5,557,000 and as of reporting date, the UAE subsidiary utilized KD4,523,618. The facility is due 18 months from the issue of the "Taking Over Certificate", which is expected in 2012 and the repayment in full of the loan facility secured from a foreign bank, which is due in 2013.

j. On 13 December 2010, a UAE subsidiary secured a KD31,952,750 (USD115,000,000) loan facility from a foreign bank, for the direct and indirect payments of construction contractors, any third party to whom project costs are owed, and a hotel operator in respect of pre-opening expenses and payments in respect of project costs. A subsidiary incorporated in the Cayman Islands, the Parent Company of the UAE subsidiary is a guarantor of the loans facility and, as of reporting date, the subsidiary has availed KD17,677,203 from the facility and repayments will commence on 30 April 2013.

k. Term loan Kuwait represents a short-term loan obtained from a related party which carries interest at 4.5% above the Central Bank of Kuwait discount rate per annum and is repayable within 6 months from the reporting date. The loan is secured by investment securities of the ultimate Parent Company with a carrying value of KD15,759,428.

31 Other financial liabilities

	31 Dec. 2011 KD	30 June 2010 KD
Retention payable	11,272,699	9,611,884
Amount due to Joint venturer	-	1,140,945
	11,272,699	10,752,829
Retention payable within one year (note 32)	(2,087,344)	(2,434,348)
	9,185,355	8,318,481

32 Accounts payable and other liabilities

	31 Dec. 2011 KD	30 June 2010 KD
Accounts payable	22,655,486	24,542,811
Accrued construction costs	7,455,059	15,362,214
Instalment payments due on purchase of properties – current portion (note 28)	5,761,324	10,579,877
Other accruals	4,971,291	4,818,356
Deferred tax	1,402,531	1,677,320
Deferred income	1,458,240	1,657,135
Dividend payable	525,111	530,881
Retention payable – current portion (note 31)	2,087,344	2,434,348
KFAS, NLST and Zakat payables	3,300,181	3,229,719
Refundable deposits due to customers in relation to forfeited sale contracts	2,666,883	-
Land transfer fee payable	1,624,612	-
Other payables	4,648,753	1,421,254
	58,556,815	66,253,915

33 Advances received from customers

These are advances received from customers against sale of residential properties under development in various projects mainly by subsidiary companies in Dubai, UAE and Lebanon. Advances that are related to the projects that are expected to be completed within next 12 months have been classified as current liabilities.

	31 Dec. 2011 KD	30 June 2010 KD
Balance at 1 July	159,600,173	123,423,600
Advances received during the year	19,988,495	45,443,683
Revenue/other income recognised during the year	(41,248,047)	(11,331,671)
Foreign exchange adjustment	(6,669,835)	2,064,561
Balance at 31 December/ 30 June	131,670,786	159,600,173
Less: Current portion	(23,369,436)	(41,698,691)
	108,301,350	117,901,482

34 Proposed distributions

The board of directors of the Parent Company propose not to distribute any dividend for the period ended 31 December 2011 (30 June 2010: Nil). This proposal is subject to the approval of the annual general assembly of shareholders.

35 Segmental information

The Group activities are concentrated in four main segments: property development, hoteliering, investments and others. The segments' results are reported to the higher management in the Group. In addition, the segments revenue and assets are reported based on the geographic locations which the Group operates in.

35 Segmental information (continued)

The following is the segments information, which conforms with the internal reporting presented to management.

	Eighteen months 31 Dec. 2011				
	Property development KD	**Hoteliering KD**	**Investments KD**	**Others KD**	**Total KD**
Segment revenue	38,355,490	11,017,869	3,674,462	1,822,688	54,870,509
Less:					
Net commission from ticketing & related services					(192,652)
Fees and commission income					(638,770)
Change in fair value of investment properties					(5,093,484)
Loss on disposal of investment properties					354,938
Realised gain from sale of available for sale investments					(719,667)
Share of results of associates					303,191
Impairment in value of associates					4,172,464
Impairment in value of receivable other assets					720,907
Impairment in value of available for sale investments					600,139
Interest income					(1,365,961)
Other income					(9,977,262)
Revenue as per consolidated statement of income					43,034,352
Segment profit/(loss) before taxation, KFAS, NLST, Zakat and BOD remuneration	10,146,051	(5,197,424)	(5,593,716)	(286,434)	(931,523)
NLST, Zakat and BOD remuneration					
Depreciation	1,630,653	1,565,094	218,251	13,078	3,427,076
Impairment in value of available for sale investments	-	-	(600,139)	-	(600,139)
Impairment in value of receivable and other assets	-	-	-	(720,907)	(720,907)
Impairment in value of associates	-	-	(4,172,464)	-	(4,172,464)
Segment assets	310,856,111	41,810,121	36,377,402	741,355	389,784,989
Segment liabilities	(265,266,808)	(30,708,257)	(45,619,144)	(181,024)	(341,775,233)

35 Segmental information (continued)

	Twelve months 30 June 2010				
	Property development KD	**Hoteliering KD**	**Investments KD**	**Others KD**	**Total KD**
Segment revenue	14,832,812	5,239,851	(3,547,442)	1,146,997	17,672,218
Less:					
Net commission from ticketing & related services					(204,009)
Fees and commission income					(12,068)
Change in fair value of investment properties					240,755
Loss on disposal of investment properties					39,032
Realised loss from sale of available for sale investments					4,233,819
Share of results of associates					550,476
Impairment in value of available for sale investments					878,667
Interest income					(2,352,638)
Other income					(973,589)
Revenue as per consolidated statement of income					20,072,663
Segment (loss)/profit before taxation, KFAS, NLST & Zakat	(6,343,069)	(8,847,365)	(5,149,878)	10,953	(20,329,359)
Depreciation	331,290	1,163,670	145,074	8,164	1,648,198
Impairment to value of receivable and other assets	-	-	(878,667)	-	(878,667)
Segment assets	322,722,958	27,352,458	49,807,464	969,114	400,851,994
Segment liabilities	(293,235,827)	(7,583,756)	(45,697,913)	(214,685)	(346,732,181)

Geographical segments:

The geographical analysis is as follows:

	Assets		Revenue	
	31 Dec. 2011	30 June 2010	**31 Dec. 2011**	30 June 2010
Kuwait	**16,107,033**	35,208,516	**(731,282)**	3,926,618
UAE and Asia	**302,210,274**	279,349,198	**42,371,229**	6,911,952
Africa	**55,465,042**	68,029,628	**8,896,766**	5,778,759
Others	**16,002,640**	18,264,652	**4,333,796**	1,054,889
	389,784,989	400,851,994	**54,870,509**	17,672,218

36 Capital commitments and contingencies

Capital expenditure commitments

At 31 December 2011, the Group was committed to invest in the additional anticipated funding required to build several real estate projects in Dubai, UAE, Lebanon and South Africa. The estimated funding commitments on these projects are as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Estimated and contracted commitments for property, plant and equipment and capital work-in-progress	**10,931,349**	43,815,729
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**43,419,697**	70,762,981
	54,351,046	114,578,710

The Group may finance the future expenditure commitments from the following sources:

a) sale of investment properties;

b) advances from customers;

c) raising additional share capital;

d) advances provided by shareholders, related entities, joint ventures; and

e) borrowings, if required.

Expected financing rates from the above sources are dependent on the source of financing and management estimates of the best financing available at that time.

Contingencies

During the period, a master property developer (Nakheel) initiated legal proceedings for claim of KD7,564,000 (AED100 Million) against a joint venture formed by a UAE subsidiary with another party. The joint venture has lodged a counter claim of KD69,588,800 (AED920 Million), against sale of retail space in The Golden Mile, Palm Jumeirah. Since these litigations are in the initial stage, the probable outcome cannot be estimated at this stage.

37 Related party transactions

Related parties represent the ultimate Parent Company, associates, joint ventures, directors and key management personnel of the Group, and other related parties such as subsidiaries of the ultimate Parent Company (fellow subsidiaries), major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Significant transactions and balances with related parties included in the consolidated financial statements are as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Balances included in the consolidated statement of financial position:		
Amounts due from associate (note 21)	29,659	3,509,236
Amounts due from joint ventures (note 21)	1,287,647	1,967,139
Due from key management personnel (note 21)	58,140	761,677
Loans to related parties (see note 21)	277,939	1,017,178
Amounts due from other related parties (note 21)	10,959,639	16,275,668
Amounts due to joint ventures – non-current (note 31)	-	1,140,945
Amounts due to ultimate Parent Company	30,926,576	30,880,883
Amounts due to other related parties	10,950,388	13,001,790
Disposal of available for sale investments	3,249,109	1,326,390
Short-term deposit placed with joint venture (note 25)	482,923	610,628
Term loan (note 30)	9,943,637	-

	Eighteen months period ended 31 Dec. 2011 KD	Twelve Months Ended 30 June 2010 KD
Transactions included in the consolidated statement of income		
Interest income	302,593	1,688,153
Finance costs	820,216	879,864
Impairment in value of receivable and other assets	720,907	-
Commission income	144,304	48,608
Realised gain on disposal of available for sale investments	719,667	-
Compensation of key management personnel of the Group		
Short-term employee benefits	796,749	864,754

Related party balances outstanding at year end due to funds transfer are included under due from related parties and due to related parties.

37 Related party transactions (continued)

Amounts due from associates included loans which carried interest and have been settled during the period.

Amount due from joint ventures, key management personnel and other related parties is interest free and has no specific repayment dates.

Amount due to other related parties includes a short-term advance of KD548,137 (30 June 2010: KD10,151,937) which carries interest at 2% above the Central Bank of Kuwait discount rate per annum with no specific repayment dates. The remaining balance of KD10,402,251 (30 June 2010: KD2,849,853) is non-interest bearing and has no specific repayment terms. Further, the amount due to ultimate Parent Company is non-interest bearing and has no specific repayment dates.

38 Summary of financial assets and liabilities by category

38.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	31 Dec. 2011 KD	30 June 2010 KD
Financial assets:		
Available for sale investments	6,106,494	9,744,724
Loans to associates (note 19)	14,019,869	18,514,102
Accounts receivable and other assets (note 21)	29,496,910	50,674,374
Cash and cash equivalents	6,633,809	20,005,376
	56,257,082	98,938,576
Financial liabilities:		
Term loans	95,271,900	68,676,939
Instalment payment due on purchase of investment property	2,310,255	-
Redeemable preference shares	2,903,158	-
Other financial liabilities	9,185,355	8,318,481
Due to related parties	41,876,964	43,882,673
Accounts payable and other liabilities	58,556,815	66,253,915
	210,104,447	187,132,008

38 Summary of financial assets and liabilities by category (continued)

Fair value represents amounts at which an asset could be exchanged or a liability settled on an arm's length basis. In the opinion of the Group's management, except for certain available for sale investments which are carried at cost for reasons specified in note 20 to the financial statements, the carrying amounts of financial assets and liabilities as at 31 December 2011 and 30 June 2010 approximate their fair values.

38.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2011		**Level 1**	**Level 2**	**Level 3**	**Total Balance**
	Note	**KD**	**KD**	**KD**	**KD**
Assets at fair value					
Available for sale investments					
- Quoted shares	**a**	**400,094**	-	-	**400,094**
Total assets		**400,094**	-	-	**400,094**

30 June 2010		Level 1	Level 2	Level 3	Total Balance
	Note	KD	KD	KD	KD
Assets at fair value					
Available for sale investments					
- Quoted shares	a	1,149,068	-	-	1,149,068
Total assets		1,149,068	-	-	1,149,068

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are as follows:

a) Quoted shares

Quoted shares represent all listed equity securities which are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

39 Risk management objectives and policies

The Group's principal financial liabilities comprise "instalment due on purchase of properties", "redeemable preference shares", "term loans", "other non-current financial liabilities", "due to related parties and accounts payable and other liabilities". The main purpose of these financial liabilities is to raise finance for Group operations. The Group has various financial assets such as accounts receivable and other assets, cash and cash equivalents, loans to associates and investment securities which arise directly from operations.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company's board of directors sets out policies for reducing each of the risks discussed below.

The Group does not use derivative financial instruments.

The most significant financial risks to which the Group is exposed are described below.

39.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in the Middle East, South Africa & Indian Ocean region and European countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, UAE Dirhams, UK Pounds, Euro and South African Rand. The Group's statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 12 months) from longer-term cash flows. Foreign currency risk is managed on the basis of continuous assessment of the Group's open positions.

The Group had the following significant exposures denominated in foreign currencies at the reporting date, translated into Kuwaiti Dinars at the closing rates:

	31 Dec. 2011 Equivalent KD	30 June 2010 Equivalent KD
US Dollars	**1,112,261**	855,262
Euro	**557,706**	308,659

39 Risk management objectives and policies (continued)

If the Kuwaiti Dinar had strengthened/weakened against the foreign currencies assuming the sensitivities given below, then this would have the following impact on the profit/loss for the period/year:

	31 Dec. 2011		30 June 2010	
	Inc/(Dec)	**Profit for the period**	Inc/(Dec)	Profit for the period
	%	**KD**	%	KD
US Dollars	**0.06%**	**667**	0.90	7,697
	-0.06%	**(667)**	-0.90	(7,697)
Euro	**5.56%**	**31,016**	12.10	37,348
	-5.56%	**(31,016)**	-12.10	(37,348)

The above percentages have been determined based on the average exchange rates in the previous 18 months.

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its term deposits and borrowings which are both at fixed rate and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate term deposits and borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

The Group does not have any off balance sheet financial instrument which is used to manage the interest rate risk.

The following table illustrates the sensitivity of the profit/loss for the period/year to a possible change in interest rates of + 1% and – 1% (2010: + 1% and –1%) with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant.

	Increase in interest rates		Decrease in interest rates	
	30 Dec. 2011	30 June 2010	**30 Dec. 2011**	30 June 2010
	1 %	1 %	**1 %**	1 %
	KD	KD	**KD**	KD
Profit/(loss) for the period/year	**(1,021,832)**	(864,951)	**1,021,832**	864,951

39 Risk management objectives and policies (continued)

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait. Equity investments are classified as available for sale investments.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the other comprehensive income for the period/year ended 31 December/30 June would have been as follows:

A positive number below indicates an increase in other comprehensive income where the equity prices increase by 10%. All other variables are held constant.

	Other comprehensive income	
	31 Dec. 2011 KD	30 June 2010 KD
Available for sale investments	**40,009**	114,907
	40,009	114,907

For a 10% decrease in the equity prices there would be an equal and opposite impact on the other comprehensive income.

39.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an on-going basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2011 KD	30 June 2010 KD
Available for sale investments	**6,106,494**	9,744,724
Loans to associates (note 19)	**14,019,869**	18,514,102
Accounts receivable and other assets (note 21)	**29,496,910**	50,674,374
Cash and cash equivalents	**6,633,809**	20,005,376
	56,257,082	98,938,576

39.2 Credit risk (continued)

Except for certain available for sale investments, loans to associates and other assets referred to in note 20, 19 and 21 respectively, none of the above financial assets are past due nor impaired. The Group continuously monitors defaults of its customers and other counterparties, identified either individually or by group, and then incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

39 Risk management objectives and policies (continued)

39.3 Concentration of assets

The distribution of financial assets by geographic region for 2011 and 2010 are as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	UK & Europe KD	Total KD
At 31 December 2011					
Available for sale investments	**510,094**	**4,109,833**	**81,744**	**1,404,823**	**6,106,494**
Loans to associates (note 19)	**-**	**-**	**14,019,869**	**-**	**14,019,869**
Accounts receivable and other assets (note 21)	**8,038,961**	**19,698,672**	**1,052,398**	**706,879**	**29,496,910**
Cash and cash equivalents	**70,852**	**5,688,852**	**276,499**	**597,606**	**6,633,809**
	8,619,907	**29,497,357**	**15,430,510**	**2,709,308**	**56,257,082**
At 30 June 2010					
Available for sale investments	1,259,068	7,988,628	128,826	368,202	9,744,724
Loans to associates (note 19)	-	-	18,514,102	-	18,514,102
Accounts receivable and other asset (note 21)	14,649,833	30,699,190	5,313,039	12,312	50,674,374
Cash and cash equivalents	209,843	17,069,029	2,237,702	488,802	20,005,376
	16,118,744	55,756,847	26,193,669	869,316	98,938,576

39.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The contractual maturity of financial liabilities based on undiscounted cash flows is as follows:

	On demand KD	1-3 Months KD	3-12 Months KD	1-5 years KD	More than 5 years KD	Total KD
At 31 December 2011						
Financial liabilities						
Instalment payment due on purchase of properties	**-**	**-**	**-**	**2,310,255**	**-**	**2,310,255**
Redeemable preference shares	**-**	**-**	**-**	**2,903,158**	**-**	**2,903,158**
Term loans	**197,990**	**6,345,797**	**27,522,921**	**63,997,675**	**899,477**	**98,963,860**
Other financial liabilities	**-**	**-**	**-**	**9,185,355**	**-**	**9,185,355**
Due to related parties	**-**	**41,876,964**	**-**	**-**	**-**	**41,876,964**
Accounts payable and other liabilities	**-**	**58,556,815**	**-**	**-**	**-**	**58,556,815**
	197,990	**106,779,576**	**27,522,921**	**78,396,443**	**899,477**	**213,796,407**
At 30 June 2010						
Financial liabilities						
Term loans	-	29,550,335	23,730,094	24,518,752	7,199,028	84,998,209
Other financial liabilities	-	-	-	8,318,481	-	8,318,481
Due to related parties	-	43,882,673	-	-	-	43,882,673
Accounts payable and other liabilities	-	66,253,915	-	-	-	66,253,915
	-	139,686,923	23,730,094	32,837,233	7,199,028	203,453,278

40 Capital management objectives

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The capital of the Group consists of total equity. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back shares, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the return on equity and it is calculated as profit/(loss) for the year divided by total equity (excluding cumulative changes in fair value) as follows:

	31 Dec. 2011	30 June 2010
	KD	KD
Profit/(loss) attributable to the owners of the Parent Company	**1,480,980**	(19,522,763)
Equity attributable to the owners of the Parent Company (excluding cumulative changes in fair value)	**48,481,740**	50,650,845
Return on equity attributable to the owners of the Parent Company	**3.05%**	(38.54)%

41 Comparative amounts

Comparative amounts for the previous year have been reclassified to be consistent with the presentation for the current period and such re-classifications did not affect previously reported results, total assets or equity.