Annual Report 2009

Kuwait
United Arab Emirates
Lebanon

United Kingdom
Portugal
France
The Netherlands

South Africa
Namibia
Tanzania
Seychelles

Thailand

United States of America

للفنادق والمنتجعات
HOTELS & RESORTS
www.ifahotelsresorts.com

للفنادق والمنتجعات

HOTELS & RESORTS

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

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
Fairmont Zanzibar
Kempinski Namibia
Zilwa, Private Island Estate, Seychelles

Europe
YOTEL, UK & The Netherlands
Pine Cliffs Resort, Portugal

Asia (Thailand)
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

North America
Hotel in New York city

IFA Yacht Ownership Club
IFA Dubai
IFA Cannes
IFA Phuket

46 Projects

20 Hotels

Over 13,750 Keys

13 Countries

4 Continents

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
James A. M. Wilson – Member of the Board

للفنادق والمنتجعات
HOTELS & RESORTS

Message from the Chairman and Vice Chairman

Dear Shareholders, Last year was no doubt a challenging year for many companies around the world. Given the global situation, we are very happy with the results we achieved.

IFA Hotels & Resorts recorded year end profits of KD 30.85 million (US$ 108 million), which is 77.75 fils per share (27 cents per share), with revenues totalling KD 52.8 million (US$ 184.67 million). Shareholders' equity increased to KD 101.4 million (US$ 354.6 million), an increase of 50% compared to the same period last year. The company's total assets also increased to KD 338.26 million compared to KD 277.88 million for 2008.

Our diversification and commitment to developing superior and differentiated international projects is the key to our continued success. We focused on maintaining lucrative businesses in our existing markets across the Middle East, Europe, Africa and Asia, concentrating heavily on delivering quality products to our customers. We believe there are still many opportunities for us as a company to explore in order to continue growing in the coming years.

2009 was also a year of global recognition for IFA Hotels & Resorts as we had the honour of receiving many prestigious international awards. IFA Hotels & Resorts was voted *"Leading Middle Eastern Overseas Developer"* at the 2008 World Travel Awards ceremony held in Dubai. Soon after, YOTEL received the *"Business Accommodation of the Year"* award during the Business Travel World Awards 2009 in London. Our colleagues in South Africa also received many awards with the latest *"Top Business Award for Tourism"* award going to our Zimbali Coastal Resort development for its continued tourism related development efforts.

The Middle East

Our main focus in the Middle East this year was on completing and delivering our projects, ensuring superior quality and customer satisfaction.

YOTEL, a hotel company in which IFA Hotels & Resorts is the majority shareholder, announced the introduction of two YOTELs in Abu Dhabi, in collaboration with Abu Dhabi National Hotels. One hotel is planned to open in Abu Dhabi International Airport and the second in the capital's city centre.

Towards the start of 2009, we opened our first restaurant and leisure facilities in Dubai with Gusto restaurant and the Al Shalal Beach Club, both located in The Palm Residence on Palm Jumeirah. Gusto, a Mediterranean inspired restaurant, and the Al Shalal Beach Club are both managed by our Fairmont Palm Jumeirah hotel, which is set to open next year.

Shortly after, we initiated a new leasing programme in our Golden Mile, Palm Jumeirah project to residents in Dubai, who started moving into their homes towards the end of the year when we started handing over the

Financial Year Results Ending June 30, 2009

Total Profits (KD)
30.85 Million

Earning Per Share (Fils)
77.75

	2008	2009
Currency	KD	KD
Total Revenue (Million)	55.59	52.8
Shareholders' Equity (Million)	67.47	101.38
Net Profit (Million)	37.46	30.85
Earning Per Share (Fils)	92.2	77.75
Total Assets (Million)	277.88	338.26

Golden Mile residences to owners. In the same neighbourhood and across from the Golden Mile is our Fairmont Residences, Palm Jumeirah project where we recently completed all the main building work, marking an important milestone for this five star development, and getting us one step closer to client handover.

Africa & the Indian Ocean

The African and Indian Ocean region saw many significant developments taking place throughout the year.

During November 2008, we consolidated our portfolio with joint investment partner Kingdom Hotel Investments by taking majority ownership in two projects – Fairmont Palm Jumeirah in Dubai and the Fairmont Zanzibar hotel. In return, we transferred our minority interests in five hotels in Kenya to Kingdom Hotel Investments.

Message from the Chairman and Vice Chairman (Continued)

In South Africa, we successfully launched two projects in Zimbali - the Zimbali Lakes Resort and the Zimbali Office Estate. The US$ 685 million Zimbali Lakes Resort development comprises 2.73 million square metres and is designed to feature over 1,000 residences with shopping and retail areas, restaurants, entertainment facilities, offices and hotels; this addition to the greater Zimbali area is set to extend the development lifespan of Zimbali for a further 15 years. The Zimbali Office Estate will be a high end AAA grade office estate, the first of its kind in the area.

The team in Zimbali have also been working very hard on completing and preparing for the opening of the new mixed-use Fairmont Zimbali Resort, which will open its doors to owners and guests during the start of the year. The resort is also home to Africa's first branded Private Residence Club, Fairmont Heritage Place Zimbali.

More recently, we further strengthened our interests in South Africa by acquiring an additional 5.25% in Boschendal Limited, increasing our ownership to 37.33%. This move aligns with our strategy to continue delivering new premier resort and residential projects in the area.

Europe

We further capitalised on the "affordably luxury" hotel sector in Europe by opening our first YOTEL in The Netherlands during September 2008.

Internationally described as being "the iPod of the hotel industry", YOTEL delivers luxury at great prices and is easily accessible to all travellers. The third YOTEL property was opened in Amsterdam's Schiphol airport; the other two YOTELs are located in the UK (Gatwick and Heathrow airports), with all three properties enjoying high occupancy levels.

Asia

As we stand today, all our investments in Asia are in Thailand through our shareholding in Raimon Land, the leader in premier real estate development in Thailand.

Our residential projects are all on track and currently being completed in Bangkok, Pattaya and Phuket. We recently handed over The Heights Phuket residences to owners and excellent progress is being made on the construction of both Northpoint Pattaya and The River projects.

We also expanded our IFA Yacht Ownership Club operations last year by adding a home port in Phuket, adding value and additional lifestyle experiences to our customers in Thailand.

The Year Ahead

The year ahead is critical as we will open and hand over many residences and resorts in Dubai, Lebanon, Thailand and South Africa. We will also be introducing new investment and lifestyle products within our operating markets.

Asia will be a key market, one in which we see great potential. At the start of this financial year, we acquired an additional 14.92% stake in Raimon Land, increasing our ownership in the company to 41.07%. The Thai portfolio adds great value to our international portfolio; we will continue to support Raimon Land and work towards transforming it into more of an Asian real estate developer.

This year, we will focus most of our energy on the operational side of our business, in collaboration with all our investment and hotel partners.

We look forward to the coming year and would like to take the opportunity to thank all our investors, shareholders, customers, partners and employees for all their hard work and cooperation.

Sincerely,

Ibrahim Saleh Al-Therban
Chairman
IFA Hotels & Resorts

Talal Jassim Al-Bahar
Vice Chairman & CEO
IFA Hotels & Resorts

IFA Hotels & Resorts Middle East

Kuwait

United Arab Emirates

Lebanon

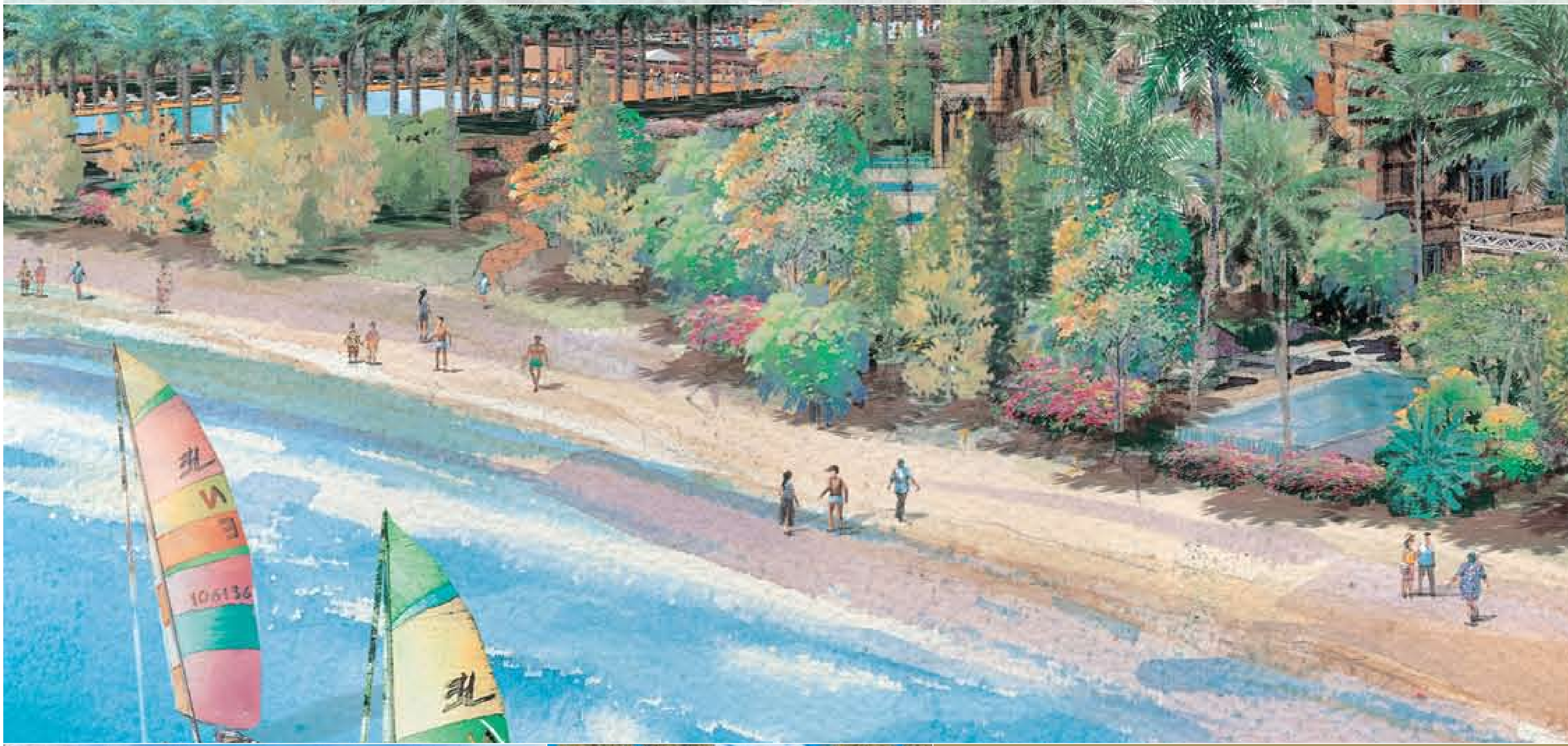
Fairmont Residences, Palm Jumeirah, Dubai

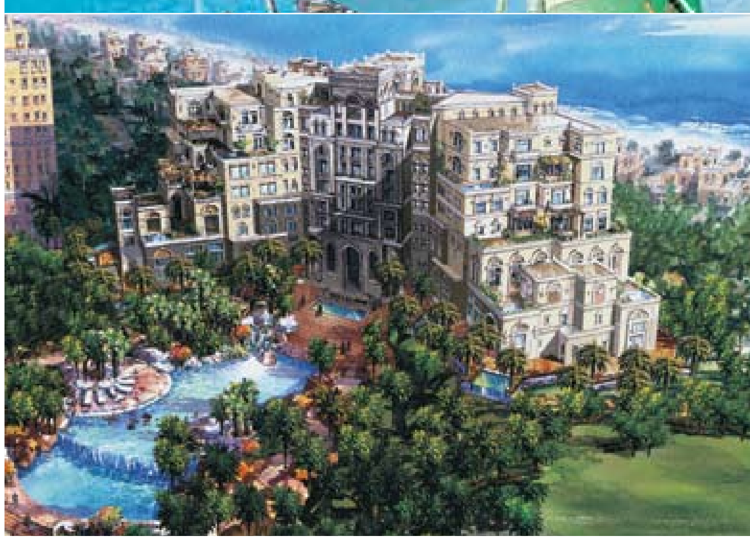
The Palm Residence, Dubai

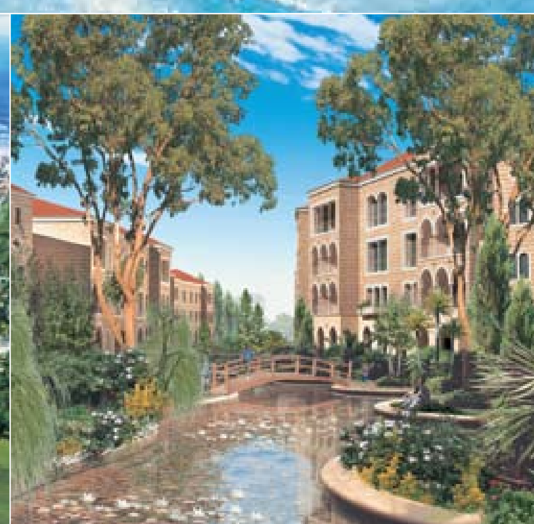

Golden Mile, Palm Jumeirah, Dubai


Gusto Restaurant, Dubai


Mövenpick Hotel & Residence Laguna Tower Dubai







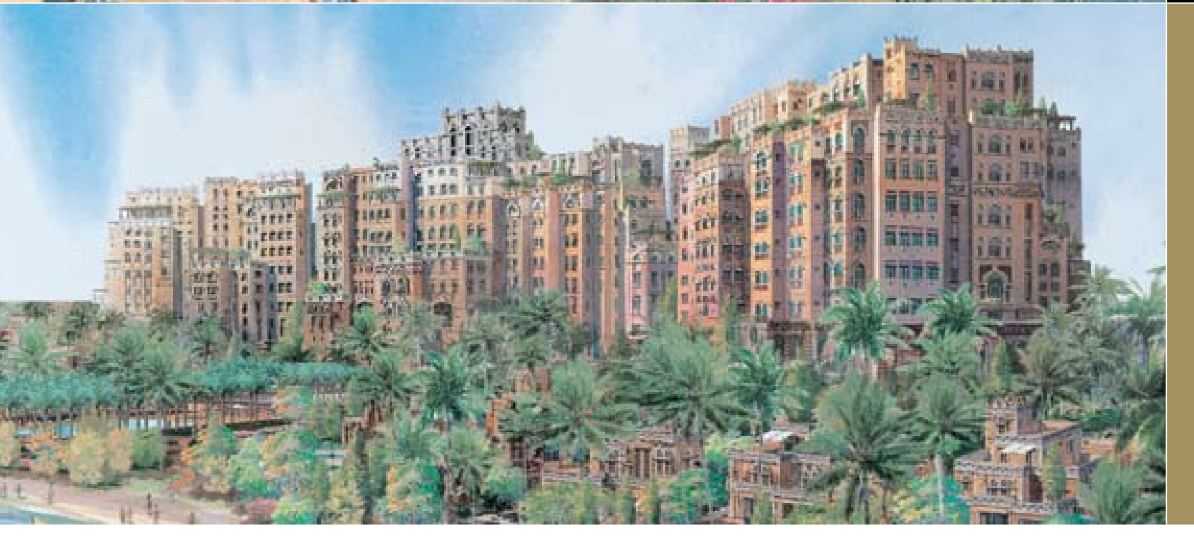
Kuwait
United Arab Emirates
Lebanon

Fairmont Heritage Place, Kingdom of Sheba, Dubai

Alabadiya Hills, Lebanon

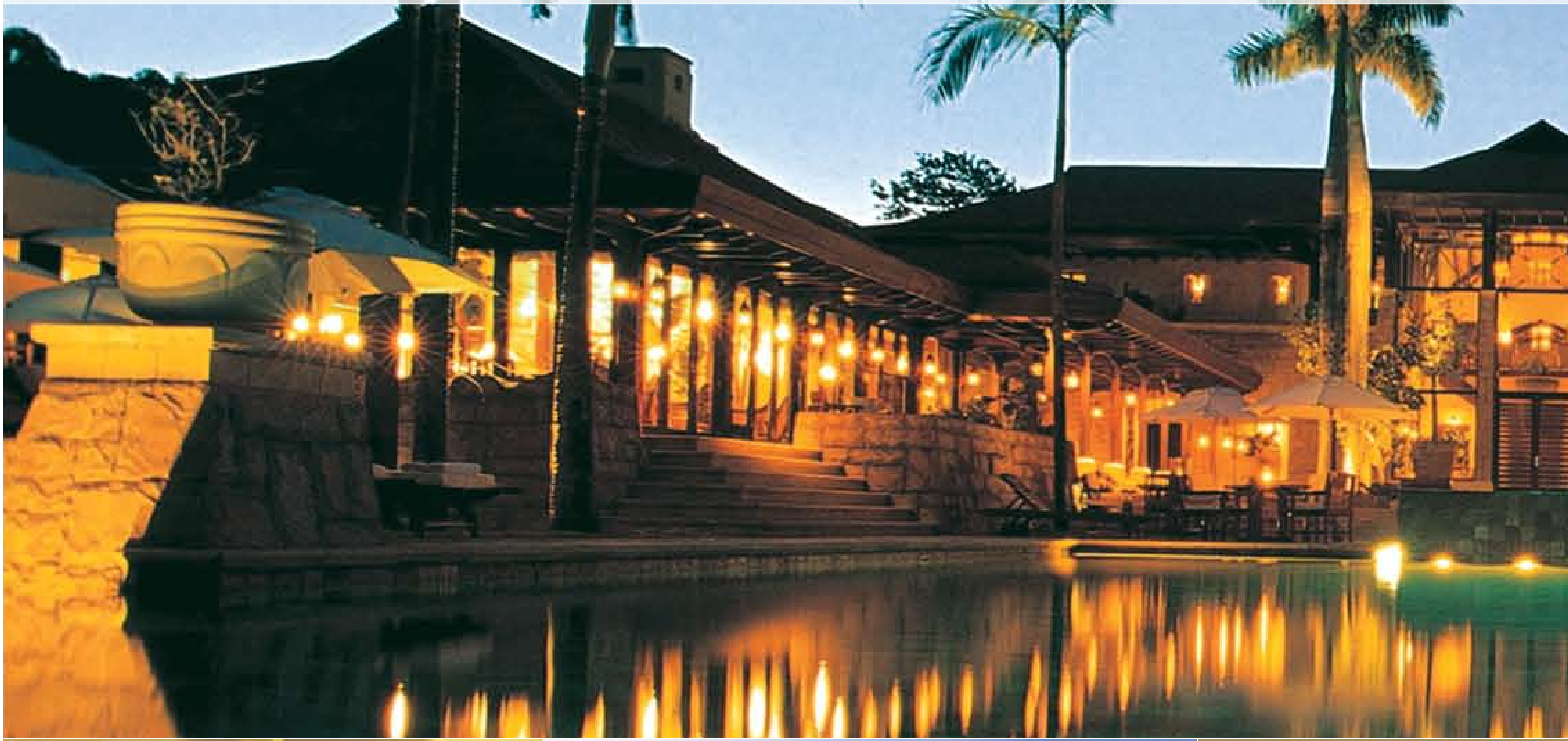
Balqis Residence, Kingdom of Sheba, Dubai

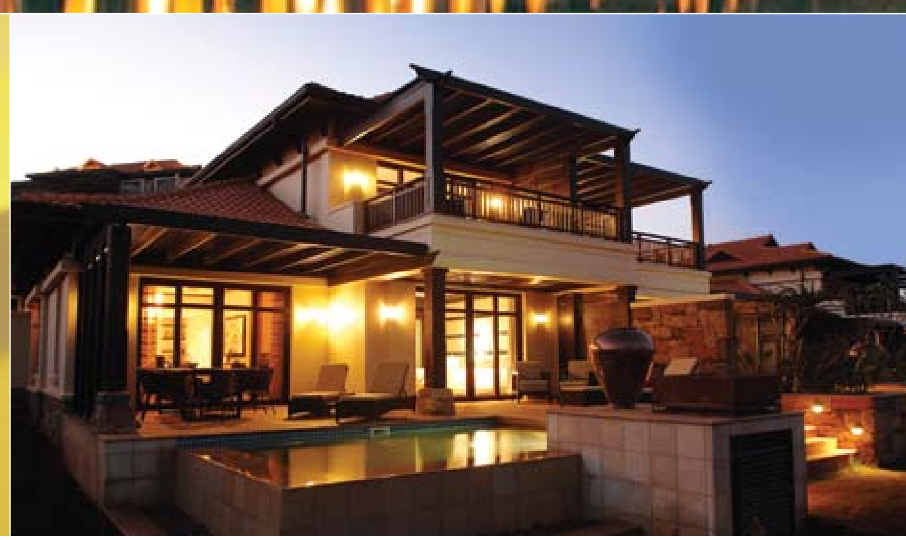
Four Seasons, Beirut



Balqis Residence, Kingdom of Sheba, Dubai

IFA Hotels & Resorts Africa & Indian Ocean





South Africa
Tanzania
Namibia
Seychelles

Fairmont Heritage Place, Zimbali, South Africa

Fairmont Zimbali Lodge, South Africa

Fairmont Zimbali Resort, South Africa

Zimbali Lakes Resort, South Africa

Legend Golf & Safari Resort, South Africa

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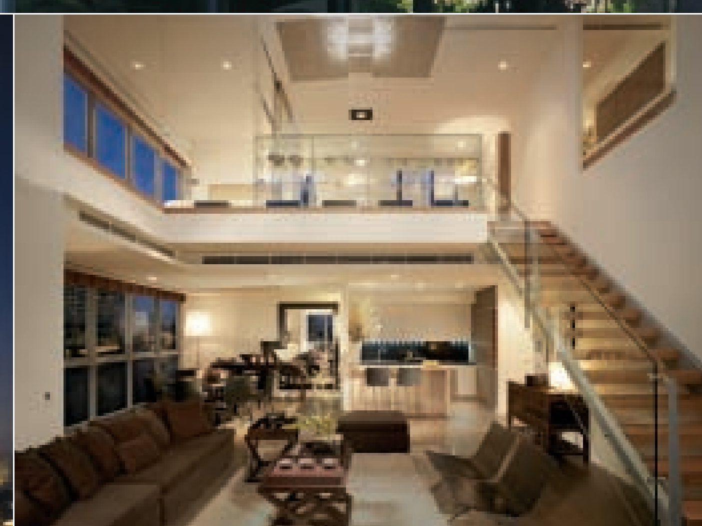
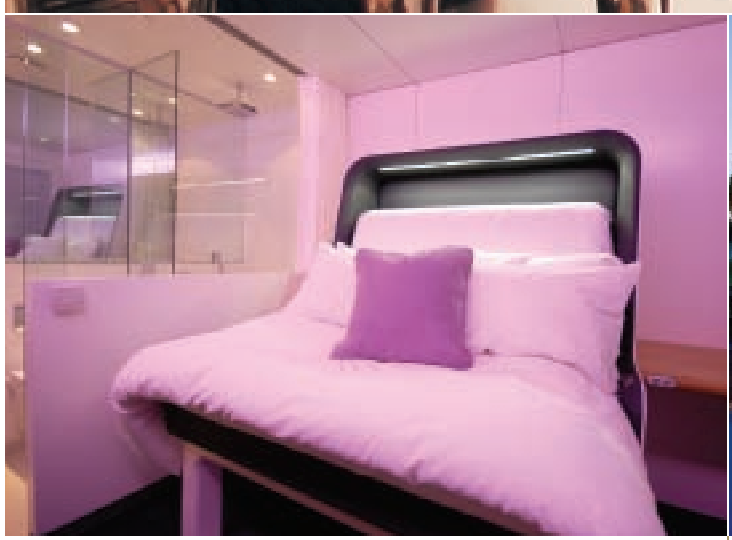


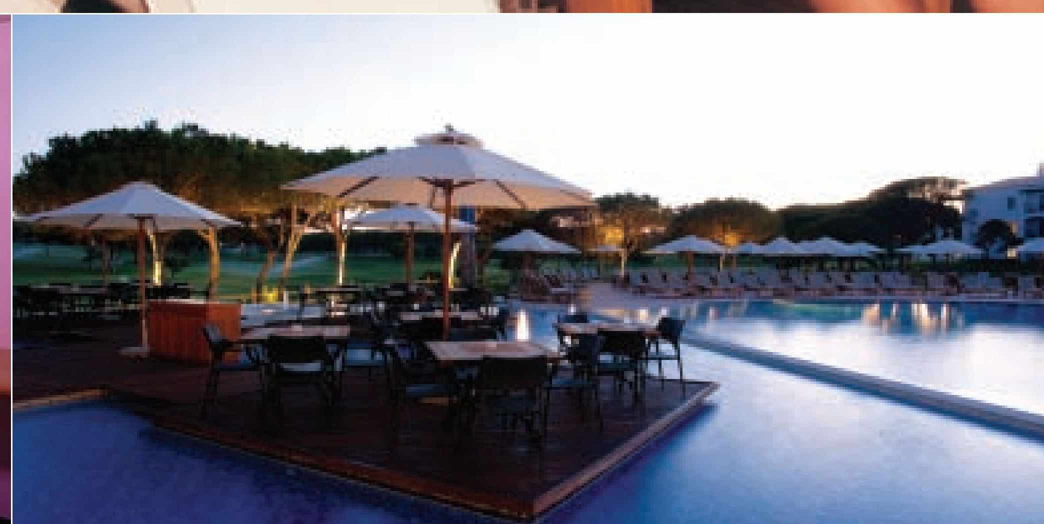
The Heights, Phuket, Thailand

Thailand

Northpoint, Pattaya, Thailand

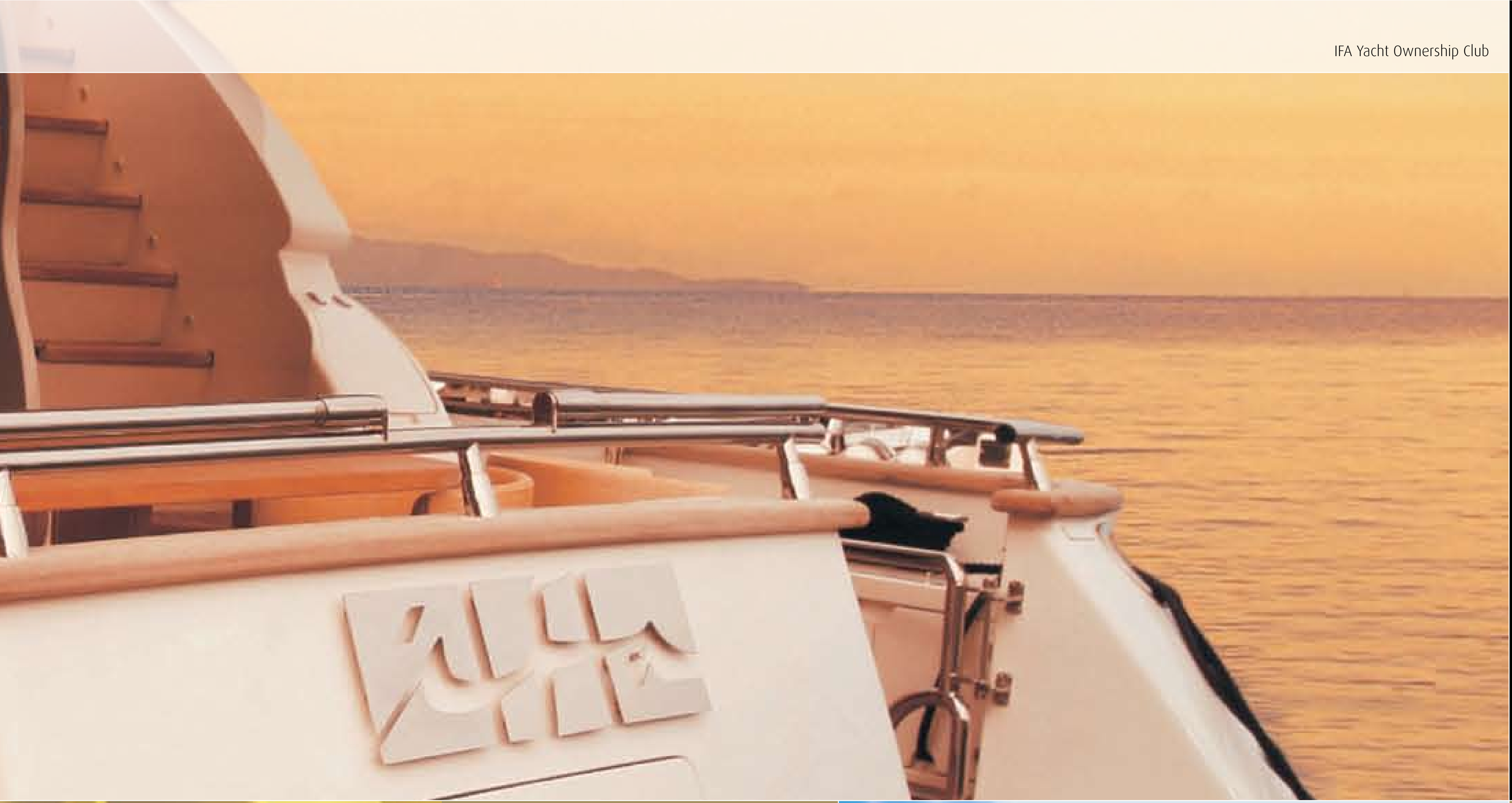
IFA Hotels & Resorts Europe





YOTEL, UK & The Netherlands

Pine Cliffs Resort, Portugal



United Kingdom
The Netherlands
Portugal
France

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

KUWAIT 30 JUNE 2009

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) ("the parent company") and Subsidiaries (collectively "the group"), which comprise the consolidated balance sheet as at 30 June 2009, and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The parent company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 consolidation 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 the group as at 30 June 2009, and its financial performance and its cash flows for the year then ended 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 year ended 30 June 2009 that might have had a material effect on the business of the group or on its financial position.

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
9 August 2009

CONSOLIDATED STATEMENT OF INCOME

	Note	Year ended 30 June 2009 KD	Year ended 30 June 2008 KD
Revenue from sale of properties and hotel operations	6	112,048,711	86,424,532
Cost of sales of properties and hotel operations	6	(61,407,546)	(41,008,524)
Income from properties and hotel operations		50,641,165	45,416,008
Net income from ticket sales and related services		173,739	-
Fees and commission income		2,066,239	3,441,424
Change in fair value of investment properties	15	(319,987)	1,329,271
Realised gain from sale of investments at fair value through statement of income		-	30,708
Unrealised (loss)/gain from investments at fair value through statement of income		(4,350)	194,238
Realised loss from sale of available for sale investments	17c	(741,618)	(120,557)
Share of results of associates	16	(1,905,820)	881,565
Impairment in value of available for sale investments	17e	(1,661,643)	-
Interest income	7	4,178,551	4,021,748
Other income		181,923	399,506
		52,608,199	55,593,911
Expenses and other charges			
Staff costs		5,798,598	4,263,121
Operating expenses and other charges	8	9,302,225	9,895,094
Depreciation		1,376,209	923,459
Finance costs	9b	4,168,462	1,498,672
Total expenses and other charges		20,645,494	16,580,346
Profit before taxation, KFAS, NLST, Zakat and board of directors' remuneration		31,962,705	39,013,565
Tax income relating to overseas subsidiaries	10	243,580	680,431
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(291,278)	(351,567)
National Labour Support Tax (NLST)		(839,897)	(976,575)
Zakat provision	11	(335,958)	(221,357)
Board of directors' remuneration		(50,000)	(50,000)
Profit for the year		30,689,152	38,094,497
Attributable to:			
Shareholders of the parent company		30,847,102	37,463,501
Minority interests		(157,950)	630,996
Profit for the year		30,689,152	38,094,497
Basic and diluted earnings per share attributable to the shareholders of the parent company	12	77.75 Fils	92.20 Fils

CONSOLIDATED BALANCE SHEET

	Note	30 June 2009 KD	30 June 2008 KD
Assets			
Non-current assets			
Goodwill		239,580	77,159
Property, plant and equipment	13	18,696,276	13,046,388
Capital work in progress	14	59,137,194	38,202,143
Investment properties	15	1,864,809	2,016,785
Investment in associates	16	24,853,374	18,751,199
Available for sale investments	17	24,514,736	16,953,027
Total non-current assets		129,305,969	89,046,701
Current assets			
Accounts receivable and other assets	18	80,889,327	61,979,563
Properties under development	19	69,728,623	61,202,915
Trading properties	20	36,522,691	14,276,858
Investments at fair value through statement of income	21	1,650	2,681,526
Cash and cash equivalents	22	21,816,242	48,694,114
Total current assets		208,958,533	188,834,976
Total assets		338,264,502	277,881,677
Equity and Liabilities			
Equity attributable to the shareholders of the parent company			
Share capital	23	41,262,000	34,385,000
Treasury shares	24	(14,344,392)	(9,932,955)
Statutory reserve	25	13,437,096	10,200,672
Voluntary reserve	25	10,211,014	6,974,590
Cumulative changes in fair value		478,778	-
Foreign currency translation reserve		(3,409,365)	(10,406,564)
Retained earnings		53,742,516	36,245,262
Total equity attributable to the shareholders of the parent company		101,377,647	67,466,005
Minority interests		4,643,542	8,401,768
Total equity		106,021,189	75,867,773
Non-current liabilities			
Instalment payments due on purchase of properties	26	-	5,234,897
Term loans	27	18,384,861	9,164,437
Other financial liabilities	28	6,034,931	6,492,012
Total non-current liabilities		24,419,792	20,891,346
Current liabilities			
Due to related parties	34	37,159,738	50,582,547
Accounts payable and other liabilities	29	69,010,618	38,974,382
Term loans	27	34,346,737	4,595,440
Advances received from customers	30	67,306,428	86,970,189
Total current liabilities		207,823,521	181,122,558
Total liabilities		232,243,313	202,013,904
Total equity and liabilities		338,264,502	277,881,677

Ibrahim Saleh Al-Therban
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders 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	Minority interest KD	Total KD
Balance as at 30 June 2008	34,385,000	(9,932,955)	10,200,672	6,974,590	-	(10,406,564)	36,245,262	67,466,005	8,401,768	75,867,773
Changes in fair value of available for sale investments	-	-	-		(1,182,865)	-	-	(1,182,865)	-	(1,182,865)
Transfer to statement of income on impairment of available for sale investments	-	-	-		1,661,643	-	-	1,661,643	-	1,661,643
Foreign currency translation adjustment relating to associates and subsidiaries	-	-	-		-	6,997,199	-	6,997,199	814,293	7,811,492
Net income recognised directly in equity	-	-	-		478,778	6,997,199	-	7,475,977	814,293	8,290,270
Profit for the year	-	-	-		-	-	30,847,102	30,847,102	(157,950)	30,689,152
Total recognised income for the year	-	-	-		478,778	6,997,199	30,847,102	38,323,079	656,343	38,979,422
Bonus shares issued (refer note 31)	6,877,000	-	-		-	-	(6,877,000)	-	-	-
Purchase of treasury shares	-	(4,411,437)	-		-	-	-	(4,411,437)	-	(4,411,437)
Transfer to reserves	-	-	3,236,424	3,236,424	-	-	(6,472,848)	-	-	-
Purchase of shares from minority shareholders	-	-	-	-	-	-	-	-	(5,031,771)	(5,031,771)
Other changes in minority interests	-	-	-	-	-	-	-	-	617,202	617,202
	6,877,000	(4,411,437)	3,236,424	3,236,424	-	-	(13,349,848)	(4,411,437)	(4,414,569)	(8,826,006)
Balance as at 30 June 2009	**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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity attributable to shareholders of the parent company										
	Share capital KD	**Treasury shares KD**	**Statutory reserve KD**	**Voluntary reserve KD**	**Cumulative changes in fair value KD**	**Treasury shares profit reserve KD**	**Foreign currency translation reserve KD**	**Retained earnings KD**	**Sub-Total KD**	**Minority interest KD**	**Total KD**
Balance as at 30 June 2007	29,900,000	(4,659,835)	6,294,372	3,068,290	(657,006)	25,131	(2,274,412)	20,766,764	52,463,304	9,106,458	61,569,762
Changes in fair value of available for sale investments	-	-	-	-	515,006	-	-	-	515,006	-	515,006
Transferred to statement of income on sale of available for sale investments	-	-	-	-	142,000	-	-	-	142,000	-	142,000
Foreign currency translation adjustment relating to associates and subsidiaries	-	-	-	-	-	-	(8,132,152)	-	(8,132,152)	(860,183)	(8,992,335)
Net income (expense) recognised directly in equity	-	-	-	-	657,006	-	(8,132,152)	-	(7,475,146)	(860,183)	(8,335,329)
Profit for the year	-	-	-	-	-	-	-	37,463,501	37,463,501	630,996	38,094,497
Total recognised income (expense) for the year	-	-	-	-	657,006	-	(8,132,152)	37,463,501	29,988,355	(229,187)	29,759,168
Bonus shares issued	4,485,000	-	-	-	-	-	-	(4,485,000)	-	-	-
Cash dividend	-	-	-	-	-	-	-	(8,824,530)	(8,824,530)	-	(8,824,530)
Purchase of treasury shares	-	(48,660,012)	-	-	-	-	-	-	(48,660,012)	-	(48,660,012)
Sale of treasury shares	-	43,386,892	-	-	-	-	-	-	43,386,892	-	43,386,892
Loss on sale of treasury shares	-	-	-	-	-	(25,131)	-	(862,873)	(888,004)	-	(888,004)
Transfer to reserves	-	-	3,906,300	3,906,300	-	-	-	(7,812,600)	-	-	-
Changes in minority interests	-	-	-	-	-	-	-	-	-	(475,503)	(475,503)
	4,485,000	(5,273,120)	3,906,300	3,906,300	-	(25,131)	-	(21,985,003)	(14,985,654)	(475,503)	(15,461,157)
Balance as at 30 June 2008	34,385,000	(9,932,955)	10,200,672	6,974,590	-	-	(10,406,564)	36,245,262	67,466,005	8,401,768	75,867,773

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2009 KD	Year ended 30 June 2008 KD
OPERATING ACTIVITIES			
Profit before taxation, KFAS, NLST, Zakat provision and board of directors' remuneration		31,962,705	39,013,565
Adjustments:			
Realised gain from sale of investments at fair value through statement of income		-	(30,708)
Unrealised loss/(gain) from investments at fair value through statement of income		4,350	(194,238)
Realised loss from sale of available for sale investments		741,618	120,557
Share of results of associates		1,905,820	(881,565)
Changes in fair value of investment properties		319,987	(1,329,271)
Interest income		(4,178,551)	(4,021,748)
Depreciation		1,376,209	923,459
Finance costs		4,168,462	1,498,672
Impairment in value of available for sale investments		1,661,643	-
		37,962,243	35,098,723
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(18,909,764)	(15,927,503)
Properties under development		(3,089,501)	868,285
Trading properties		(22,245,833)	(5,490,500)
Accounts payable and other liabilities		26,550,148	(3,524,013)
Due to related parties		(13,422,809)	5,467,934
Advances received from customers		(19,663,761)	25,947,968
Net cash (used in)/from operating activities		(12,819,277)	42,440,894
Investing Activities			
Investment in associated company		(8,170,416)	(8,934,884)
Net additions of property, plant and equipment		(1,603,280)	(4,581,990)
Proceeds from sale of investments at fair value through statement of income		-	1,295,703
Additions to investment properties		-	(800)
Proceeds from sale of available for sale investments		9,878,751	2,450,293
Purchase of available for sale investments		(16,689,416)	(1,132,342)
Additions to capital work in progress		(22,361,343)	(14,386,880)
Interest income received		4,178,551	4,021,748
Net cash used in investing activities		(34,767,153)	(21,269,152)
Financing Activities			
Purchase of treasury shares		(4,411,437)	(48,660,012)
Proceeds from sale of treasury shares		-	42,498,888
Changes in minority interest		(4,414,515)	(475,503)
(Decrease)/increase in long term liability towards purchase of land and other non-current financial liabilities		(5,234,897)	4,330,870
Increase in term loans		38,971,721	7,400,126
Dividends paid		(33,852)	(8,250,240)
Finance costs paid		(4,168,462)	(1,498,672)
Net cash from/(used in) financing activities		20,708,558	(4,654,543)
Net (decrease)/increase in cash and cash equivalents		(26,877,872)	16,517,199
Cash and cash equivalents at beginning of the year	22	48,694,114	32,176,915
Cash and cash equivalents at end of the year	22	21,816,242	48,694,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2009

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 subsidiaries are set out in note 5.

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.
- Organising 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.
- Utilisation of excess cash in the company's possession by investing in financial and real estate portfolios which are managed by specialised 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 realise 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).

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 in Kuwait stock exchange.

The board of directors of the parent company approved these consolidated financial statements for issuance on 9 August 2009. The general assembly of the parent company's shareholders has the power to amend these consolidated financial statements after issuance.

2 New and revised International Financial Reporting Standards ("IFRS") and interpretations ("IFRIC")

a) In the current year the group has adopted the following amendments to the standard:

- Adoption of amendments to IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, relating to reclassification of financial assets

On 13 October 2008, the International Accounting Standards Board issued amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures. These amendments permit reclassification of financial instruments other than derivatives from "at fair value through statement of income" category to "available for sale" in rare circumstances and reclassification of a financial asset that meets the definition of loans and receivables out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

These financial instruments are reclassified at its fair value on the date of reclassification. Any gain or loss already recognised in the statement of income is not reversed. The group has implemented the amendments to IAS 39 with effect from 1 July 2008 (refer note 21 for details)

b) The International Accounting Standards Board (IASB) has issued new and revised IFRS and interpretations which are not yet effective, and therefore have not yet been adopted by the group. The new and revised IFRS and interpretations relevant to the group are:

- IFRS 3 Business Combination (Revised 2008) (effective for annual periods beginning on or after 1 July 2009)

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of purchase method, and will have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

- IFRS 8 Operating Segments (effective for annual periods on or after 1 January 2009)

IFRS 8 Operating Segments is a disclosure standard which may result in a redesignation of the group's reportable segments but is not expected to have any impact on the results or financial position of the group.

- IAS 1 (Revised) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

IAS 1 Presentation of Financial Statements has been revised to require that an entity must present all non-owner changes in equity either in one statement of comprehensive income or in two separate statements (i.e. a statement of income and a statement of comprehensive income). Components of comprehensive income such as changes in revaluation surplus, gains and losses on remeasuring available for sale investments and gains and losses arising from translating the financial statements of foreign operation may not be presented in the statement of changes in equity. The application of the revised standard is not expected to result in any prior period adjustments of cash flow, net income or balance sheet line items in the initial period of application.

- IAS 23 (Revised) Borrowing costs (effective for annual periods beginning on or after 1 January 2009)

IAS 23 Borrowing Costs has been amended resulting in elimination of the previously available option to expense all borrowing costs when incurred. Under the revised standard, all borrowing costs that are directly attributable to qualifying assets are to be capitalised. The application of the revised standard is not expected to have a material impact on the financial statements in the period of initial application because it has always been group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for annual periods beginning on or after 1 July 2009)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The changes in IAS 27 will affect future acquisitions or loss of control and transactions with minority interests.

- Annual improvements 2008

The IASB has issued Improvements for International Financial Reporting Standards in May 2008. Most of these amendments become effective in annual period beginning on or after 1 January 2009. The group's expects the following amendments to be relevant to the group's accounting policies:

- Amendments to IAS 23 Borrowing Costs
  The amendment clarifies the definition of borrowing costs by reference to the effective interest method. This definition will be applied for reporting periods beginning on or after 1 January 2009, however the group does not expect the effect to have a significant impact on the group's financial statements.

Further minor amendments are made to several other standards; however, these amendments are not expected to have a material impact on the Group's financial statements. Those standards are as follows:

- IAS 1 Presentation of Financial Statements
- IFRS 7 Financial Instruments: Disclosures
- IAS 8 Accounting Policies, Change in Accounting Estimates and Errors
- IAS 10 Events after the Reporting Period
- IAS 16 Property, Plant and Equipment
- IAS 18 Revenue
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investment in Associates
- IAS 31 Interest in Joint ventures
- IAS 34 Interim Financial Reporting
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IAS 40 Investment Property

- IFRIC 15 Agreements for construction of real estate (effective for annual periods beginning on or after 1 January 2009)

The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 which will be effective for the group from the financial year beginning 1 July 2009, will have a significant impact on the group's previous, current and future years' results as the revised standard would require the group to apply IAS 18 to all revenue transactions instead of the present method of recognising revenue and costs on a percentage completion method. The management is in the process of making their assessment of the impact and all required adjustements will be done on adoption of the revised standard during the next financial year.

The group does not intend to apply any of the above pronouncements early.

2 New and revised International Financial Reporting Standards ("IFRS") and interpretations ("IFRIC") (continued)

c) The new and revised IFRS and interpretations that are not yet effective and not relevant for the group's operations are:

- Amendments to IFRS 2 Share-based Payments (effective for annual periods beginning on or after 1 January 2009)
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after 1 January 2009)
- Amendments that are part of the annual improvements project published in May 2008 (not addressed above):
  - IAS 19 Employee Benefits
  - IAS 20 Accounting for Government Grants and Disclosures of Government Assistance
  - IAS 29 Financial Reporting in Hyperinflationary Economies
  - IAS 41 Agriculture
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation(effective for annual periods beginning on or after 1 October 2008)
- IFRIC 17 Distribution of Non Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)

The following interpretations are mandatory for reporting periods beginning on or after 1 January 2008 but they are not relevant to the group's operations:

- IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008)
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008)

3 Significant accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 30 June 2008 except for adoption of amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, relating to reclassification of financial assets. The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of investments at fair value through statement of income, available for sale investments and investment properties.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company for the year ended 30 June 2009, and the financial statements of its subsidiaries prepared to that date, or to a date not earlier than three months of the parent company's year end using consistent accounting policies.

Subsidiaries are those enterprises controlled by the group and are fully consolidated from the date on which control is transferred to the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiary are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Minority interest represents the portion of profit or loss and net assets not held by the group and is presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from the equity attributable to the shareholders of the parent company.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquirer at the date of the acquisition. Any excess, at the date of acquisition, of the group's share in the fair value of the identifiable net assets acquired over the acquisition cost is recognised as negative goodwill in the consolidated statement of income.

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Goodwill, which represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition, is measured at cost less impairment losses. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is allocated to cash generating units.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from hotel operations and other related services

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

Revenue from sale of properties

Revenue on sale of condominiums is recognised on the basis of percentage completion using the certificate provided by the independent lead consultants of the respective projects as and when all of the following conditions are met:

- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- Construction is beyond a preliminary stage. The engineering, design work, signing of construction contract, site clearance and building foundation are substantially completed;
- The buyer is committed; and
- The aggregate sales proceeds and costs can be reliably estimated.

Dividend income

Dividend income is recognised when right to receive payment is established.

Fees and commission income

Fees and commission income is recognised when earned.

Interest income

Interest income is recognised using the effective interest method.

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 percentage of completion.

Finance costs

Finance costs are calculated and recognised on a time proportionate basis taking into account the principal loan balance outstanding and the interest rate applicable.

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

NLST, KFAS and Zakat

The parent company calculates the National Labour Support Tax (NLST) in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

The parent company calculates the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) at 1% of taxable profit in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

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

Financial instruments

Classification

The group classifies financial assets upon initial recognition into the following categories:

i. Investments at fair value through statement of income

ii. Loans and receivables

iii. Available for sale investments

Financial liabilities are classified as "non trading financial liabilities". The group's non trading financial liabilities are classified under "instalment payments due on purchase of properties", "term loans", "other non-current financial liabilities", "due to related parties", "accounts payable and other liabilities" and "advance received from customers" in the consolidated balance sheet.

3 Significant accounting policies (continued)

Investments at fair value through statement of income are either "held for trading" or "designated" as such on initial recognition.

The group classifies investments as trading if they are acquired principally for the purpose of selling or are a 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.

Investments are classified as designated at fair value through statement of income at inception if they have readily available reliable fair values and the changes in fair values are reported as part of the statement of income in the management accounts, according to a documented investment strategy.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The group's loans and receivables are classified under "accounts receivable and other assets" and "cash and cash equivalents" in the consolidated balance sheet.

Financial assets which are not classified as above are classified as available for sale investments.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of these financial instruments at initial recognition.

Measurement

Investments at fair value through statement of income

Investments at fair value through statement of income are initially recognised at cost, being the fair value of the consideration given, excluding transaction costs.

Subsequent to initial recognition, investments at fair value through statement of income are re-measured at fair value and changes in fair value are recognised in the consolidated statement of income.

Loans and receivables

Loans and receivables are stated at amortised cost using the effective interest rate method.

Available for sale investments

Available for sale investments are initially recognised at cost, being the fair value of the consideration given, plus transaction costs that are directly attributable to the acquisition.

Subsequent to initial recognition, available for sale investments are re-measured at fair value unless fair value cannot be reliably measured, in which case they are stated at cost less impairment, if any.

Changes in fair value of available for sale investments are recognised as a separate component in equity under "cumulative changes in fair value" account until the investment is either derecognised or determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously recognised in equity is recognised in the consolidated statement of income.

Financial liabilities

Non-trading financial liabilities are stated at amortised cost using the effective interest method.

Fair values

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, a reasonable estimate of fair value is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, and other valuation techniques commonly used by market participants.

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 group 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 regulations or conventions in the market place concerned.

Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument.

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

- the rights to receive cash flows from the asset have expired; or
- 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 the risks and rewards of the asset, but has transferred control of the asset.

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.

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value;

b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised. Except for reversal of impairment losses related to equity instruments classified as available for sale, all other impairment reversals are recognised in the consolidated statement of income to the extent the carrying value of the asset does not exceed its amortised cost at the reversal date. Impairment reversals in respect of equity instruments classified as available for sale are recognised in the cumulative changes in fair value reserve.

Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and then its recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount by recognising impairment loss in the consolidated statement of income. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

In determining fair value less costs to sell an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

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 equity. 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.

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.

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 recognises 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 recognise 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 recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

3 Significant accounting policies (continued)

Property, plant and equipment

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 and fixtures and equipment	5-7 years
Yacht	10 years

Lease hold property is depreciated over the period of the lease. No depreciation is provided on freehold land.

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.

Investment properties

Investment properties are initially recorded at cost, being the purchase price and any directly attributable expenditure for a purchased investment property and cost at the date when construction or development is complete for a self-constructed investment property. Subsequent to initial recognition, investment properties are re-measured at fair value. Fair value of investment properties at the year end is based on valuation by an independent professional valuer where market values are not readily available. Where the market values are readily available the fair value is ascertained based on latest transacted deals in the open market. Changes in fair values are taken to the consolidated statement of income.

Investment properties are derecognised 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 statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectable 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.

Property under development

Property under development represents properties under development/construction for trade, which are stated at cost or net realisable values which ever is lower. 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. 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.

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 year.

Trading properties

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

Taxation

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.

Term loans

Term loans are carried at amortised cost.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in future for goods or services received, whether or not billed to the group.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on straight line basis over the period of the lease.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) resulting from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

Provision is made for employees' end of service benefits in accordance with the applicable Labour Laws based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits.

Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances and term deposits maturing within three months from the date of inception.

Treasury shares

The parent company's holding in its own shares is accounted for as treasury shares. Such shares are stated at cost as a deduction within shareholders' equity and no cash dividends are distributed on these shares. The issue of bonus shares increase the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Gains resulting from the parent company trading in treasury shares are taken directly to equity under "treasury shares profit reserve". Should the reserve fall short of any losses from the sale of treasury shares, the difference is charged to retained earnings then reserves. Subsequent to this, should profits arise from sale of treasury shares an amount is transferred to reserves then retained earnings equal to the loss previously charged to these accounts.

Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Kuwaiti Dinars, which is the parent company's functional and presentation currency. 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.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to "foreign exchange gain/loss" in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

Group companies

As at the reporting date, the assets and liabilities of foreign subsidiaries and the carrying values of foreign associates, are translated into the parent company's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the balance sheet date, and their statements of income are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to foreign exchange translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated statement of income.

Segmental information

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

Contingencies

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

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

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting polices, which are described in note 3, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 Critical accounting judgements and key sources of estimation uncertainty

(continued)

Judgements

In the process of applying the group's accounting polices, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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.

The group classifies property as trading property if it is acquired 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 as investment property or 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.

Classification of financial assets

Management decides on acquisition of an investment whether it should be classified as held for trading, designated at fair value through statement of income, loans and receivables or available for sale. In making that judgement the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgement determines whether it is subsequently measured at cost or at fair value and if the changes in fair value of instruments are reported in the statement of income or directly in equity.

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 year ended 30 June 2009 impairment loss of KD1,661,643 thousand was recognised for available for sale investments (30 June 2008: Nil).

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 year ended 30 June 2009, no impairment losses have been recognised.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instruments that is substantially the same; or
- an earnings multiple;
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Estimating percentage for revenue recognition and cost absorption

The group recognises revenues on sale of property under development and trading properties and absorbs the related cost of revenues for each of its projects based on the percentage of completion method. The percentage of work completed is certified by the independent lead consultant of the respective projects.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The changed estimates are used in the determination of the amount of revenue and expenses recognised in profit or loss in the period in which the change is made and in subsequent periods. The cost of sold properties is computed based on percentage of completion as determined by relevant project consultants and a factor based on contracted sales to the total estimated sales which requires management's estimate for expected sale value of unsold property unit.

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 3 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.

5 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 %
IFA Hotels & Resorts FZ – LLC	UAE	Property development	2003	100%
IFA Hotels & Resorts – Jebel Ali Free Zone	UAE	Property development	2005	100%
IFA Hotels & Resorts (SAL) Holdings	Lebanon	Property development	2003	51%
IFA Zimbali Hotels & Resorts (Pty) Ltd.	South Africa	Property development	2003	100%
IFA Hotels & Resorts Limited	South Africa	Hotelier and property developer	2003	85%
IFA Hotels & Resorts 2 Limited	Cayman Island	Hotelier	2003	100%
IFA Hotels & Resorts (Zanzibar) Ltd.	Tanzania	Hotelier	2003	99%
IFA Hotels & Resorts 3 Limited	Mauritius	Property development	2006	100%
International Property Trading Holding Ltd.	British Virgin Islands	Property development	2007	100%
Yotel Investments Limited	Jersey	Hotelier	2006	100%
IFA Fairmont Zimabali Hotels & Resorts (Pty) Ltd.	South Africa	Hotelier	2006	100%

b) Joint ventures

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

Name and details of the joint ventures	Country of registration/ incorporation	Interest %
Interest in Tongaat Hulett/IFA Hotels & Resorts Development (the principal activity of the joint venture is property development)	South Africa	50%
Interest in Zimbali Estates (PTY) Ltd. (the principal activity of the joint venture is the sale of developed property)	South Africa	50%
Interest in OLIFA Hotels & resorts (Namibia) (Pty) Ltd (the principal activity of the joint venture is hoteliering)	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%

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

	2009 KD	2008 KD
Assets	**63,355,455**	8,734,821
Liabilities	**(30,207,109)**	(3,508,529)
Equity	**33,148,346**	5,226,292
Income	**22,749,211**	2,807,306
Direct cost and other expenses	**(16,152,796)**	(1,526,173)
Profit	**6,596,415**	1,281,133

6 Income from properties and hotel operations

	2009			2008		
	* Properties KD	Hotel operations KD	Total KD	Properties KD	Hotel operations KD	Total KD
Revenue	108,756,488	3,292,223	112,048,711	83,363,875	3,060,657	86,424,532
Costs	(60,446,439)	(961,107)	(61,407,546)	(39,843,760)	(1,164,764)	(41,008,524)
Income	48,310,049	2,331,116	50,641,165	43,520,115	1,895,893	45,416,008

* This represents the revenue and related costs of trading properties and properties under development which have been originally purchased by the group and then developed and sold to customers. Income recognised on these properties is determined based on the percentage of completion method.

7 Interest income

	2009 KD	2008 KD
Interest income on bank balances and deposits	650,238	1,903,896
Interest income on late payment by customers	626,534	1,276,454
Interest income on shareholder loans to associates (refer note 16)	967,335	-
Interest income on others	1,934,444	841,398
	4,178,551	4,021,748

8 Operating expense and other charges

Operating expenses and other charges include the following:

	2009 KD	2008 KD
Travel expenses	312,312	699,218
Office expenses	1,012,661	1,196,216
Loss from foreign currency exchange differences	570,637	157,928
Commissions paid	2,947,992	1,761,702
Rent	473,352	243,234
Professional fees	1,026,601	1,026,920
Advertising	1,373,869	1,033,850

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

a. Net gain or (loss) on financial assets

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

	2009 KD	2008 KD
Loans and receivables		
– Cash and cash equivalents	650,238	1,903,896
– Accounts receivable and other assets and shareholder loans to associates	3,528,313	2,117,852
Investments at fair value through statement of income		
– Trading	(4,350)	224,946
Available for sale investments		
– Recognised directly in consolidated equity	478,778	657,006
– Recycled from equity to consolidated statement of income		
• on impairment	(1,661,643)	-
• on sale	-	(142,000)
– Recognised directly in consolidated statement of income	(741,618)	21,443
	2,249,718	4,783,143
Net gain recognised in the consolidated statement of income	1,770,940	4,126,137
Net gain recognised in the consolidated statement of changes in equity	478,778	657,006
	2,249,718	4,783,143

b. Finance costs

Finance costs relate to term loans which are financial liabilities stated at amortised cost.

10 Tax income relating to overseas subsidiaries

	2009 KD	2008 KD
Current tax expense:		
Current year charge	(558,302)	(780,235)
Deferred tax credit:		
Current year credit	801,882	1,460,666
	243,580	680,431

11 Zakat provision

During the previous year in accordance with the requirements of the Zakat Law No: 46 of 2006, the group provided for Zakat only for 203 days (effective from 10 December 2007) whereas in the current year a full provision has been made.

12 Basic and diluted earnings per share attributable to the shareholders of the parent company

Basic and diluted earnings per share is computed by dividing the profit for the year attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the year as follows:

	2009	2008
Profit for the year attributable to the shareholders of the parent company (KD)	30,847,102	37,463,501
Weighted average number of shares outstanding during the year (excluding treasury shares)	396,739,654	406,339,824
Basic and diluted earnings per share	77.75 Fils	92.20 Fils

The weighted average number of shares outstanding during the previous year has been adjusted to reflect the 20% bonus shares of 68,770,000 approved by the general assembly held on 24 September 2008 (refer note 31).

13 Property, plant and equipment

	Land KD	Buildings on freehold land KD	Buildings on leasehold land KD	Plant & equipment KD	Furniture, fixtures & office equipment KD	Kitchen equipment & accessories KD	Motor vehicles KD	Yacht KD	Total KD
Year ended 30 June 2009									
Opening net book amount	757,488	3,650,174	6,285,423	307,974	852,534	-	95,232	1,097,563	**13,046,388**
Additions	-	423,689	1,205,789	18,429	630,553	1,351	63,808	-	**2,343,619**
Transferred from capital work in progress (see note 14)	-	2,025,050	2,491,703	-	288,707	253,619	-	-	**5,059,079**
Disposals	(655,541)	-	(71,592)	(2,883)	(9,924)	-	(400)	-	**(740,340)**
Foreign exchange adjustment	74,865	344,620	(98,403)	20,888	15,701	(996)	7,064	-	**363,739**
Depreciation for the year	-	(182,640)	(526,435)	(64,871)	(401,683)	(37,268)	(34,575)	(128,737)	**(1,376,209)**
Closing 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**
At 30 June 2009									
Cost	176,812	6,418,541	10,105,533	456,132	2,493,030	254,970	246,822	1,395,979	**21,547,819**
Accumulated depreciation	-	(157,648)	(819,048)	(176,595)	(1,117,142)	(38,264)	(115,693)	(427,153)	**(2,851,543)**
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**
Year ended 30 June 2008									
Opening net book amount	197,432	2,145,593	4,697,811	134,391	461,927	-	94,574	1,271,132	9,002,860
Additions	596,580	1,979,747	1,616,088	59,062	481,375	-	39,838	-	4,772,690
Transferred from capital work in progress (see note 14)	-	-	1,967,650	-	-	-	-	-	1,967,650
Disposals	-	-	-	-	-	-	(221)	(31,717)	(31,938)
Foreign exchange adjustment	(36,524)	(374,582)	(1,720,637)	225,017	296,555	-	30,379	(2,861)	(1,582,653)
Depreciation for the year	-	(100,584)	(275,489)	(71,453)	(308,617)	-	(28,325)	(138,991)	(923,459)
Write-off of assets	-	-	-	(39,043)	(78,706)	-	(41,013)	-	(158,762)
Closing net book amount	757,488	3,650,174	6,285,423	307,974	852,534	-	95,232	1,097,563	13,046,388
At 30 June 2008									
Cost	757,488	3,978,568	6,689,064	451,648	1,611,079	-	211,803	1,395,979	15,095,629
Accumulated depreciation	-	(328,394)	(403,641)	(143,674)	(758,545)	-	(116,571)	(298,416)	(2,049,241)
Net book amount	757,488	3,650,174	6,285,423	307,974	852,534	-	95,232	1,097,563	13,046,388

13.1 Land and building with a carry value of KD3,627,000 (2008: KD3,718,609) located in South Africa have been pledged as security for the term loan facility obtained by a South African subsidiary (see note 27).

14 Capital work in progress

Capital work in progress represents mainly hotels under construction in Dubai, UAE, United Kingdom and Europe.

The movement in capital work in progress is as follows:

	2009 KD	2008 KD
Carrying value at 1 July	38,202,143	29,324,641
Additions	22,361,343	14,386,880
Transferred to property, plant and equipment (refer note 13)	(5,059,079)	(1,967,650)
Transferred to properties under development (refer note 19)	-	(720,174)
Foreign currency translation adjustment	3,632,787	(2,821,554)
Carrying value at 30 June	59,137,194	38,202,143

The above balance consists of the following:

	2009 KD	2008 KD
Land cost		
- Fairmont Hotel	158,569	-
- The Trunk, Palm Jumeirah	6,616,244	6,130,592
- Crescent, Palm Jumeirah (Kingdom of Sheba Vacation Club)	1,044,580	960,570
- Golden Mile, Palm Jumeirah	1,231,927	1,132,850
- Kingdom of Sheba Hotel	5,713,850	5,254,319
- Palm Residence Club	-	1,216,388
	14,765,170	14,694,719
Construction, piling and enabling work	34,822,813	18,339,560
Other construction related costs	9,549,211	5,167,864
	59,137,194	38,202,143

15 Investment properties

The movement in investment properties is as follows:

	2009 KD	2008 KD
Carrying value at 1 July	2,016,785	218,425
Additions during the year	-	800
Transfer from held for trading	-	553,803
Change in fair value	(319,987)	1,329,271
Foreign currency translation adjustment	168,011	(85,514)
Carrying value at 30 June	1,864,809	2,016,785

The investment properties consist of the following:

	2009 KD	2008 KD
Crescent, Palm Jumeriah [freehold land in the Crescent area (Al-Hilal) – Al-Jumeira – Dubai, represents 40% of the total land in that area]	1,671,675	1,839,352
Private freehold land in "IFA Zimbali Hotels and Resorts"– South Africa	193,134	177,433
	1,864,809	2,016,785

16 Investment in associated companies

Details of associates are as follows:

Name and particulars of the company	Interest in equity	2009 KD	2008 KD
Boschendal (Pty) Ltd. (registered in South Africa and its principal activity is property development)	32.08%	3,585,937	1,734,512
Purple Plum Properties Limited (registered in South Africa and its principal activity is property development)	32.08%	1	1
Raimon Land Public Company Limited (registered in Thailand and its principal activity is property development)	26.15%	7,933,550	7,225,434
Legend and IFA Developments (Pty) Ltd.(registered in South Africa and its principal activity is property development and safari resorts accommodation and related service)	50.00%	13,333,886	9,791,252
		24,853,374	18,751,199
Aggregate share of associates' assets and liabilities:			
Assets		61,918,713	33,150,661
Liabilities		(37,065,339)	(14,399,462)
Equity		24,853,374	18,751,199
Aggregate share of associates' revenue and (losses)/profits:			
Revenue		1,591,468	3,652,815
(Losses)/profit		(1,905,820)	881,565

Investment in Boschendal (Pty) Ltd. and Legend IFA Developments (Pty) Ltd., includes shareholder loans of KD12,209,729 (30 June 2008: KD6,248,067) of which KD10,716,010 (30 June 2008: KD6,248,067) is non interest bearing. The loans are unsecured and are not repayable before 30 June 2010. The interest bearing loan carries interest at prime less 1% per annum. The non interest bearing loans are carried at fair value and notional interest adjustments totalling to KD163,739 (30 June 2008: KD213,648) have been made and included in the consolidated statement of income under Finance costs.

The fair market value of Raimon Land Public Company Limited's shares is KD 2,205,521 (2008: KD4,218,137). Management is not aware of any circumstances that would indicate impairment in value of this associate. The fair value of the other associates could not be reliably measured since they are unquoted.

17 Available for sale investments

	2009 KD	2008 KD
Foreign investments – unquoted shares	**22,912,074**	9,142,658
Foreign investments – principal guaranteed instruments	**-**	7,700,369
Local investments – quoted shares	**1,492,662**	-
Local investments – unquoted shares	**110,000**	110,000
	24,514,736	16,953,027

a) During the period the group made a payment of KD 16,370,336 to invest in a real estate development project in Thailand. The investment has been made by way of equity and shareholder loans to temporary special purpose entities established to facilitate the group's investment in real estate development projects in Thailand. Though the group owns an equity interest exceeding 20% but below 50% in the special purpose real estate entities, the group does not exercise control or significant influence over these entities as they are managed by independent specialist property development managers. As a result investments in these entities have been classified as available for sale investments.

b) Foreign and local unquoted investments of KD 23,022,074 (2008: KD9,252,658) 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.

c) The above foreign principal guaranteed instruments which were denominated in US Dollars and issued by foreign banks with various maturity dates carrying minimum return for each respective instrument per annum, were pre-maturely realised during the year resulting in a loss of KD741,618.

d) The local quoted shares at 30 June 2009 represents the shares which were transferred from investments at fair value through statement of income (refer note 21).

e) During the 3rd quarter, the group recognised an impairment loss of KD1,661,643 against local quoted shares as the market value of these shares at 31 March 2009 declined significantly below their costs.

f) During the year the group disposed one of its foreign unquoted investments with a carrying value of KD2,920,000 at its book value and consequently no gain or loss was realised.

18 Accounts receivable and other assets

	2009 KD	2008 KD
Financial assets:		
Accounts receivable and advance to contractors	29,481,584	21,869,208
Due from related parties (see note 34)	20,688,947	19,277,913
Payment towards acquisition of investments	3,932,600	4,794,435
Other financial assets	4,801,834	3,800,626
	58,904,965	49,742,182
Non-financial assets:		
Payments towards acquisition of properties	18,063,755	6,353,082
Prepayments towards construction of properties	2,986,432	5,524,622
Other non-financial assets	934,175	359,677
	21,984,362	12,237,381
	80,889,327	61,979,563

19 Properties under development

The movement in properties under development is as follows:

	2009 KD	2008 KD
Carrying value at 1 July	61,202,915	61,351,026
Additions	62,185,048	38,675,249
Transferred from capital work in progress (see note 14)	-	720,174
Transferred to trading properties (see note 20)	(4,543,159)	-
Cost absorbed during the year	(54,552,387)	(34,298,396)
Foreign exchange adjustments	5,436,206	(5,245,138)
Carrying value at 30 June	69,728,623	61,202,915

The above balance consists of the following:

Land cost		
- The Trunk, Palm Jumeirah	2,649,087	4,933,403
- Jumeirah Lake Towers, Dubai	2,246,775	2,533,186
- Golden Mile, Palm Jumeirah	2,237,140	3,533,186
- Kingdom of Sheba Heritage Place	3,980,029	3,829,675
- Balqis Residence	18,353,039	20,022,674
	29,466,070	34,852,124
Construction, piling and enabling works	31,689,807	20,816,084
Other construction related costs	8,572,746	5,534,707
	69,728,623	61,202,915

20 Trading properties

	2009 KD	2008 KD
Residential flats in Dubai, UAE	4,717,436	-
Properties in South Africa	31,805,256	14,276,858
	36,522,692	14,276,858

Trading properties in Dubai represent completed but unsold units of Souq Residence FZE – Golden Mile Project.

Trading properties in South Africa represent plots of lands purchased in South Africa for trading purposes and comprise land at cost and development expenditure attributable to unsold properties.

21 Investments at fair value through statement of income

	2009 KD	2008 KD
Held for trading:		
Local quoted shares	1,650	2,681,526

Effect of reclassification due to adoption of amendment to IAS 39

As a result of significant developments in the global financial markets, the group decided to adopt amendments to IAS 39 and IFRS 7 with effect from 1 July 2008 and reclassified investments with a fair value of KD2,675,527 as at 1 July 2008 from "fair value through profit or loss" category to "available for sale" category.

The fair value of these reclassified investments as of 31 March 2009 amounted to KD1,013,884 (30 June 2009: 1,492,662) and the resultant unrealised loss of KD1,661,643 up to 31 March 2009 was taken to equity. However, the cumulative change in fair value recognised in equity was transferred to the consolidated statement of income on impairment of such investments during the 3rd quarter as the market value of these shares at 31 March 2009 declined significantly below its cost(refer note 17). However during the 4th quarter the market value of these shares have appreciated and the appreciation of KD 478,778 has been recognised directly in equity.

22 Cash and cash equivalents

	2009 KD	2008 KD
Cash and bank balances	16,047,758	22,141,288
Term deposits – due within three months	5,768,484	26,552,826
	21,816,242	48,694,114

The term deposits carry effective interest rates ranging from 0.5% to 12.5% per annum (2008: 0.5% to 11.5% per annum).

23 Share capital

The general assembly meeting of the shareholders of the parent company held on 24 September 2008 approved an increase in the share capital from KD34,385,000 to KD41,262,000 by way of issuance of 20% bonus shares amounting to KD6,877,000.

At 30 June 2009, the authorised, issued and paid-up capital of the parent company comprised 412,620,000 (2008: 343,850,000) shares of 100 fils each.

24 Treasury shares

	2009	2008
Number of shares	18,402,620	10,601,350
Percentage of issued shares	4.46%	3.08%
Market value (KD)	14,538,070	9,541,215
Cost (KD)	14,344,392	9,932,955

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

25 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 minority interest 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.

Subject to the approval of the general assembly, the parent company's board of directors propose to transfer 10% of the profit for the year before KFAS, NLST, Zakat provision and board of directors' remuneration but after taxation on overseas subsidiaries and minority interest, to the voluntary reserve.

26 Instalment payments due on purchase of properties

These instalments as at 30 June 2009 represent amounts payable on the purchase of land in the Crescent on the Palm Jumeirah, Dubai, UAE and the land located at Jumeirah Lake Towers, Dubai, UAE (classified as capital work in progress and property underdevelopment). The maturity details of the instalments due are as follows:

	2009 KD	2008 KD
Amounts due within one year (see note 29)	12,745,242	6,888,462
Amounts due after one year	-	5,234,897
Total amount due	12,745,242	12,123,359

27 Term loans

	Effective interest rates %	2009 KD	2008 KD
Term loan – Dubai	5%	33,576,960	4,595,440
Term loan – South Africa	12%	18,543,290	8,772,512
Term loan – Jersey	6.5%	611,348	391,925
		52,731,598	13,759,877
Less: Amount due within one year		(34,346,737)	(4,595,440)
Amount due after more than one year		18,384,861	9,164,437

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

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

- the mortgage of property, plant and equipment with a carrying value of KD 3,627,000 (30 June 2008: KD3,718,609)
- the investment in Boschendal (Pty) Ltd. (associate company) and;
- the mortgage of certain trading properties with a carrying value of KD3,307,365 (30 June 2008: KD Nil).

The loans obtained by the UAE subsidiaries, are secured by the units located on the Palm Jumeirah, held in the Golden Mile project, and two plots also located on the Palm Jumeriah including additions from time to time, all fixtures, fitting and other appurtenants and also secured against the collections deposited in the Escrow account opened in a foreign bank. Further, the ultimate parent company has provided a corporate guarantee of AED64,225,000 (equivalent to KD4,595,440) to one of the lending institutions who has the units located in the Palm Jumeirah as collateral.

During the year, a subsidiary in UAE has entered into a financial arrangement of KD15,562,000 (equivalent to AED200 million) with a corporate institution to fund working capital. However, no financing was availed as at the balance sheet date.

28 Other financial liabilities

	2009 KD	2008 KD
Retention payable	8,441,133	5,956,645
Amount due to Joint venturer	985,984	854,456
	9,427,117	6,811,101
Retention payable within one year (see note 29)	(3,392,186)	(319,089)
	6,034,931	6,492,012

29 Accounts payable and other liabilities

	2009 KD	2008 KD
Accounts payable	25,507,058	8,991,079
Accrued construction costs	15,723,550	14,290,824
Instalment payments due on purchase of properties – current portion (see note 26)	12,745,242	6,888,462
Deferred tax	495,881	292,321
Deferred income	1,765,839	1,089,140
Dividend payable	540,438	574,290
Retention payable – current portion (see note 28)	3,392,186	319,089
KFAS, NLST and Zakat payable	3,229,720	2,450,561
Accruals and other payables	5,610,704	4,078,616
	69,010,618	38,974,382

30 Advances received from customers

These balances represent amounts collected from customers in advance on the sale of residential flats currently under construction mainly by subsidiary companies in Dubai, UAE and Lebanon. The movement in this balance is as follows:

	2009 KD	2008 KD
Balance at 1 July	86,970,189	61,022,221
Advances received during the year	64,809,763	112,397,881
Revenue recognised during the year	(91,370,196)	(80,518,416)
Foreign exchange adjustment	6,896,672	(5,931,497)
Balance at 30 June	67,306,428	86,970,189

31 Proposed distributions

Subject to the requisite consent of the relevant authorities and approval of the general assembly, the parent company's board of directors propose to issue of 10% of the paid-up share capital as at 30 June 2009 as bonus shares.

The proposed bonus shares of 20% of paid up share capital amounting to KD6,877,000 (68,770,000 shares) for the year ended 30 June 2008 to the shareholders of record on the date of the general assembly, were approved at the general assembly held on 24 September 2008 and distributed subsequently.

32 Segmental information

For management purpose the group's primary format for reporting segment information is geographical segments with secondary information reported for business segments.

Primary segment information – geographical segments

The group operates in four main geographical segments: Kuwait, Asia and other Middle Eastern countries, Africa, United Kingdom (UK) and Europe. The geographical analysis of segment information is as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	UK & Europe KD	Total KD
30 June 2009					
Consolidated income statement					
Segment revenue	**(1,610,007)**	**107,697,000**	**6,625,414**	**1,303,338**	**114,015,745**
Segment results	**(4,035,532)**	**38,969,571**	**(1,470,639)**	**(1,257,115)**	**32,206,285**
Unallocated corporate expenses					**(1,517,133)**
Profit for the year					**30,689,152**
Consolidated balance sheet					
Segment assets	**31,719,315**	**235,780,704**	**64,709,094**	**6,055,389**	**338,264,502**
Segment liabilities	**(39,237,379)**	**(159,487,449)**	**(31,831,874)**	**(1,686,611)**	**(232,243,313)**
Total equity	**(7,518,064)**	**76,293,255**	**32,877,220**	**4,368,778**	**106,021,189**
Depreciation	**153,547**	**516,205**	**376,883**	**329,574**	**1,376,209**

32 Segmental information (continued)

	Kuwait KD	Asia & Middle East KD	Africa KD	UK & Europe KD	Total KD
30 June 2008					
Consolidated income statement					
Segment revenue	776,547	88,401,551	6,752,972	671,365	96,602,435
Segment results	(545,109)	42,946,744	99,643	(2,857,282)	39,643,996
Unallocated corporate expenses					(1,549,499)
Profit for the year					38,094,497
Consolidated balance sheet					
Segment assets	39,632,316	198,862,056	33,444,881	5,942,424	277,881,677
Segment liabilities	(53,388,278)	(133,697,775)	(12,741,109)	(2,186,742)	(202,013,904)
Total equity	(13,755,962)	65,164,281	20,703,772	3,755,682	75,867,773
Depreciation	143,420	273,562	324,544	181,933	923,459

Secondary segment information - business segments

A segmental analysis of total assets employed and revenue by business segment are as follows:

	Assets		Revenue	
	2009 KD	2008 KD	2009 KD	2008 KD
Investments	51,234,569	38,385,752	1,793,295	10,177,903
Hoteliers and property development	286,155,462	239,495,925	112,048,711	86,424,532
Others	874,471	-	173,739	-
	338,264,502	277,881,677	114,015,745	96,602,435

33 Capital commitments

Capital expenditure commitments

At 30 June 2009, 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:

	2009 KD	2008 KD
Estimated and contracted commitments for property, plant and equipments and capital work in progress	48,794,240	156,581,091
Estimated and contracted capital expenditure for construction of properties under development and trading properties	115,543,925	133,525,134
	164,338,165	290,106,225

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.

34 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:

	2009 KD	2008 KD
Consolidated balance sheet:		
Amounts due from associate (see note 18)	4,321,400	3,762,033
Amounts due from joint venturer (see note 18)	2,127,955	501,975
Due from Key management personnel (see note 18)	1,241,875	65,547
Amounts due from other related parties (see note 18)	12,997,717	14,948,358
Amounts due to joint venturer – non current (see note 28)	985,984	854,456
Amounts due to joint venturer	2,479,174	-
Amounts due to ultimate parent company	24,092,370	45,016,696
Amounts due to other related parties	10,588,194	5,565,851
Consolidated statement of income		
Interest income	967,335	-
Compensation of key management personnel of the group		
Short-term employee benefits	443,556	200,898

Related party balances outstanding at year end due to funds transfer are included under due from related parties and due to related parties. Amount due to ultimate parent company are non-interest bearing and have no specific repayment dates.

35 Risk management objectives and policies

The group's principal financial liabilities comprise due on account of term loans, other financial liabilities, account payable and other liabilities, due to related parties and liabilities due on purchase of properties. 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 and investment securities which arise directly from operations.

The group's activities expose it to 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 to are described hereafter.

35.1 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 Eastern countries, 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 balance sheet 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 twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of continuous assessment of the groups' open positions.

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

	2009 Equivalent KD	2008 Equivalent KD
US Dollars	20,277	1,909,331
UK Pounds	1,850	30,779
Euro	725,931	1,400,000

35 Risk management objectives and policies (continued)

35.1 Market Risk (continued)

a) Foreign currency risk (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 for the year:

	2009		2008	
	Inc/(Dec) %	Profit for the year KD	Inc/(Dec) %	Profit for the year KD
US Dollars	+2.61	+ 529	+ 3.37	+ 64,344
	-2.61	- 529	- 3.37	- 64,344
UK Pounds	+5.62	+ 104	+ 2.94	+ 905
	-5.62	- 104	- 2.94	- 905
Euro	+4.96	+ 36,006	+ 3.06	+ 42,840
	-4.96	- 36,006	- 3.06	- 42,840

The above percentages have been determined based on the average exchange rates in the previous twelve 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 the 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 short 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 short 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 are used to manage the interest rate risk.

The following table illustrates the sensitivity of the profit for the year to a possible change in interest rates of + 1% and – 1% (2008: + 1% and –1%) with effect from the beginning of the year. The calculation is based on the group's financial instruments held at each balance sheet date. All other variables are held constant.

	Increase in interest rates 2009 1% KD	2008 1% KD	Decrease in interest rates 2009 1% KD	2008 1% KD
Profit for the year	(678,676)	(128,484)	678,676	128,484

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 either as investments at fair value through statement of income or 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 profit for the year and equity for the year ended 30 June would have been as follows:

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

	Profit for the year 2009 KD	2008 KD	Equity 2009 KD	2008 KD
Investments at fair value through statement of income	165	268,153	-	-
Available for sale investments	-	-	149,266	-
	165	268,153	149,266	-

For a 10% decrease in the equity prices there would be an equal and opposite impact on the profit for the year and equity and the amounts shown above would be negative.

Available for sale investments held at 30 June 2008 are not quoted and accordingly they are not exposed to equity price risk.

35 Risk management objectives and policies (continued)

35.2 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 ongoing 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 balance sheet date, as summarised below:

	2009 KD	2008 KD
Available for sale investments	24,514,736	16,953,027
Accounts receivable and other assets (see note 18)	58,904,965	49,742,182
Investments at fair value through statement of income	1,650	2,681,526
Cash and cash equivalents	21,816,242	48,694,114
	105,237,593	118,070,849

Except for certain available for sale investment referred in note 17e, none of the above financial assets are past due nor impaired. The group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate 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.

The credit risk for cash and bank balance and short term deposits is considered minimal, since the counterparties are reputable financial institution with high credit quality. Information on other significant concentrations of credit risk is set out in note 35.3.

35.3 Concentration of assets

The distribution of financial assets by geographic region for 2009 and 2008 are as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	UK & Europe KD	Total KD
At 30 June 2009					
Available for sale investments	**1,602,662**	**21,292,954**	**141,453**	**1,477,667**	**24,514,736**
Accounts receivable and other assets (see note 18)	**17,191,881**	**35,894,047**	**5,538,461**	**280,576**	**58,904,965**
Investments at fair value through statement of income	**1,650**	**-**	**-**	**-**	**1,650**
Cash and cash equivalents	**495,567**	**14,754,439**	**5,683,435**	**882,801**	**21,816,242**
	19,291,760	**71,941,440**	**11,363,349**	**2,641,044**	**105,237,593**
At 30 June 2008					
Available for sale investments	110,000	15,516,637	-	1,326,390	16,953,027
Accounts receivable and other asset (see note 18)	9,202,195	38,328,721	1,111,483	1,099,783	49,742,182
Investments at fair value through statement of income	2,681,526	-	-	-	2,681,526
Cash and cash equivalents	542,871	43,493,480	3,833,385	824,378	48,694,114
	12,536,592	97,338,838	4,944,868	3,250,551	118,070,849

35.4 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 30 June 2009						
Financial liabilities						
Term loans	**632,425**	**1,119,944**	**36,778,750**	**20,365,285**	**10,283,475**	**69,179,879**
Other financial liabilities	**-**	**-**	**-**	**6,034,931**	**-**	**6,034,931**
Due to related parties	**37,159,738**	**-**	**-**	**-**	**-**	**37,159,738**
Accounts payable and other liabilities	**-**	**69,010,618**	**-**	**-**	**-**	**69,010,618**
	37,792,163	**70,130,562**	**36,778,750**	**26,400,216**	**10,283,475**	**181,385,166**
At 30 June 2008						
Financial liabilities						
Instalment payments due on purchase of properties	-	243,744	6,644,718	5,234,897	-	12,123,359
Term loans	-	-	4,595,440	9,164,437	-	13,759,877
Other financial liabilities	-	-	-	6,492,012	-	6,492,012
Due to related parties	50,582,547	-	-	-	-	50,582,547
Accounts payable and other liabilities	-	38,974,382	-	-	-	38,974,382
	50,582,547	39,218,126	11,240,158	20,891,346	-	121,932,177

36 Summary of financial assets and liabilities by category

The carrying amounts of the group's financial assets and liabilities as stated in the consolidated balance sheet may also be categorised as follows:

	2009 KD	2008 KD
Financial assets:		
Available for sale investments	24,514,736	16,953,027
Accounts receivable and other assets (see note 18)	58,904,965	49,742,182
Investments at fair value through statement of income	1,650	2,681,526
Cash and cash equivalents	21,816,242	48,694,114
	105,237,593	118,070,849
Financial liabilities:		
Instalment payments due on purchase of properties	-	5,234,897
Term loans	52,731,598	13,759,877
Other financial liabilities	6,034,931	6,492,012
Due to related parties	37,159,738	50,582,547
Accounts payable and other liabilities	69,010,618	38,974,382
	164,936,885	115,043,715

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 17 to the financial statements, the carrying amounts of financial assets and liabilities as at 30 June 2009 and 2008 approximate their fair values.

37 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 for the year divided by total equity (excluding cumulative changes in fair value) as follows:

	2009 KD	2008 KD
Profit attributable to the shareholders of the parent company	30,847,102	37,463,501
Equity attributable to the shareholders of the parent company (excluding cumulative changes in fair value)	100,898,869	67,466,005
Return on equity attributable to the shareholders of the parent company	30.57%	55.53%

38 Comparative amounts

Certain prior year amounts have been reclassified to conform to the current year presentation. Such reclassifications do not affect previously reported total assets, total equity, total liabilities and profit reported in the prior year.