Annual Report 2010

Kuwait
United Arab Emirates
Lebanon

United Kingdom
Portugal
France
The Netherlands

South Africa
Tanzania
Seychelles

Thailand

United States of America

للفنادق والمنتجعات
HOTELS & RESORTS
www.ifahotelsresorts.com

للفنادق والمنتجعات

HOTELS & RESORTS

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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
Residences, Palm Jumeirah, Dubai
Fairmont Palm Jumeirah, Dubai
Golden Mile, Palm Jumeirah, Dubai
The Palm Residence, Dubai
Laguna Tower, Dubai
Mövenpick Hotel & Residence Jumeirah Lakes Towers
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
Miyuni Land, Zanzibar
Zilwa, Private Island Estate, Seychelles

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

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

IFA Yacht Ownership Club
IFA Dubai
IFA Cannes
IFA Phuket

42 Projects

20 Hotels & Resorts

Over 13,750 Keys

12 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

Message from the Chairman and Vice Chairman

Dear Shareholders,

On behalf of the Board Members of IFA HR, I would like to present you with the annual report for the financial year ending 30 June 2010.

Although this has been our busiest year in terms of project completion and handovers, the company has reported a loss of KD19.5 million (US$67.3 million) for the 2010 financial year. Earnings per share decreased from 26.47 fils (9 cents) last year to -45.2 fils (-16 cents) this year, while shareholder equity decreased to KD50.79 million (US$175.2 million) as compared to KD71.1 million (US$248.7 million) for the year-end 2009. The company's total assets, however, increased by 10% to KD400.85 million (US$1.38 billion).

The company adopted the completed method of accounting Standard Board (IASB), and so was unable to recognize revenue based on proportion of construction completed for units sold. The losses reported this year were largely due to a capital loss on the sale of land. A revaluation loss has also been taken on IFA HR's property portfolio in South Africa and provisions have been made in the fourth quarter in order to compensate for current market conditions.

In 2009 and 2010 the bulk of the company's projects have moved from construction to completion. To date, we have completed projects in excess of US$1billion including two five-star hotels and five luxury residential developments comprising more than 1200 units. Important to note is how this significantly reduces the company's construction exposure, with more than 70% of its projects in South Africa and on the Palm Jumeirah now complete. We expect to see continued growth in 2011.

In line with this increased activity, the company has created IFA Hotel Investments (IHI), a wholly-owned subsidiary that will provide strategic direction to all of its operational assets and expand its portfolio within the hospitality industry. IFA HI will encompass and lead, on a worldwide scale, IFA HR's operational asset portfolio including its hotels, hotel condominiums, commercial, retail and food and beverage ventures. IFA Hotel Investments will also oversee the IFA Collection, which manages IFA HR's private residence clubs, vacation clubs and lifestyle ownership products.

Financial Year Results Ending June 30, 2010

Total Profits (KD) (19,522,763)

Earning Per Share (Fils) (45.20)

Currency	2009 (Restatement)	2010
Total Revenue (Million)	37.64	2.80
Shareholders' Equity (Million)	71.10	50.78
Net Profit (Million)	11.54	(19.52)
Earning Per Share (Fils)	26.47	(45.20)
Total Assets (Million)	364.83	400.85

The Middle East

The Middle East was a busy region for IFA HR this year as the company completed its Golden Mile, Palm Jumeirah project. Good progress was also made on the Fairmont Palm Jumeirah hotel, which is scheduled for completion next year, and handover of the exclusive residences that flank the hotel is well underway. In the Palm Residence, the company has opened its second food and beverage outlet Mezze – Mia and has also launched the Laguna Tower Dubai loft and duplex apartments as well as a private residence club within the Mövenpick Hotel & Residence Jumeirah Lakes Towers.

In Lebanon, the company celebrated the culmination of its initial project with Kingdom Hotel Investments as the Four Seasons Hotel Beirut hosted its grand opening. Four Seasons Hotel Beirut offers 230 guest rooms including 60 spacious suites, a 750 square-metre ballroom, restaurants, library bar, roof-top pool, and a health and beauty spa. This iconic hotel is set to become one of Beirut's finest venues for high-end events. Also in Lebanon, the villas and townhouses in IFA Hotels & Resorts' exclusive Alabadiyah Hills resort will soon be handed over. In the same development, the company announced a new design for the Kempinksi Residences Alabadiyah Hills that ensures each of the 66 luxury apartments will have a stunning mountain or Mediterranean Sea view.

Africa and the Indian Ocean

IFA HR's most significant opening this year was the stunning Fairmont Zimbali, which welcomed guests just in time for the FIFA World Cup 2010. The resort is one of the biggest investments and tourism draws in the Kwa-Zulu Natal. It spans over 700-hectares on the North Coast of the Kwa-Zulu Natal along the Indian Ocean, which is known as the Dolphin Coast due to the concentration of dolphin in the area.

In line with this increased activity, the company has created IFA Hotel Investments (IHI), a wholly-owned subsidiary that will provide strategic direction to all of its operational assets and expand its portfolio within the hospitality industry. IFA HI will encompass and lead, on a worldwide scale, IFA HR's operational asset portfolio including its hotels, hotel condominiums, commercial, retail and food and beverage ventures. IFA Hotel Investments will also oversee the IFA Collection, which manages IFA HR's private residence clubs, vacation clubs and lifestyle ownership products.

Year after year, South Africa provides the company with an almost unending source of development and investment opportunities aligned with IFA HR's strategy to deliver premium resort and residential projects in the region.

Message from the Chairman and Vice Chairman (Continued)

Asia

In yet another booming market – Asia – IFA HR worked steadily alongside Bangkok-based luxury condominium developer Raimon Land, in which it increased its shareholding to 41.07%.

The financial year 2010 saw Raimon Land launch three new private residence clubs and handover not only the prestigious Heights Phuket development, but also the 374-unit Northpoint Pattaya project. Comprising two stunning towers of 54 and 46 storeys on Wong Amat Beach, Northpoint Pattaya was voted the 'Best Condo Development on the Eastern Seaboard' by the 2008 Thailand Property Awards. The handover of Northpoint Pattaya is Raimon Land's largest to date.

Additionally, sales of Raimon Land's newest project, 185 Rajadamri, have also begun with the public launch scheduled for September 2010. The 240 unit condominium project is one of the only freehold sites in Bangkok's central business district and is expected to raise US$311 million (THB9.7 billion).

North America

This year IFA HR had the pleasure of announcing that its site in Manhattan, close to Times Square in New York City, will be transformed into a 669-room YOTEL. This will be the first YOTEL opening outside of an airport and New York's largest hotel opening in 2011.

YOTEL Times Square is being designed by Rockwell Group in collaboration with Softroom and will be part of Related Company's 1.2 million square-foot complex. The complex comprises two towers, with YOTEL occupying the smaller tower. YOTEL's ground floor will offer 8,200 square-feet of storage space while the fourth floor features various restaurants and the largest terrace space of any hotel in New York. Floors five to twenty-three are comprised entirely of guest rooms.

Looking to tomorrow

Heading into the new financial year, IFA HR will continue to focus its efforts on the completion of its existing worldwide projects and, as a result, transition the company into its operational stage. Strategically, IFA HR will concentrate on decreasing its liabilities and on master-planning the company's land bank so that the company is ready to start new construction when the market recovers.

On behalf of the board, we would like to thank our shareholders, customers, partners and employees for their loyalty and cooperation this year and in the years to come.

We look forward to continuing to take advantage of the investment and real estate opportunities presented by the market today and tomorrow in order to improve future returns for our investors.

Sincerely,

Ibrahim Saleh Al-Therban

Chairman
IFA Hotels & Resorts

Talal Jassim Al-Bahar

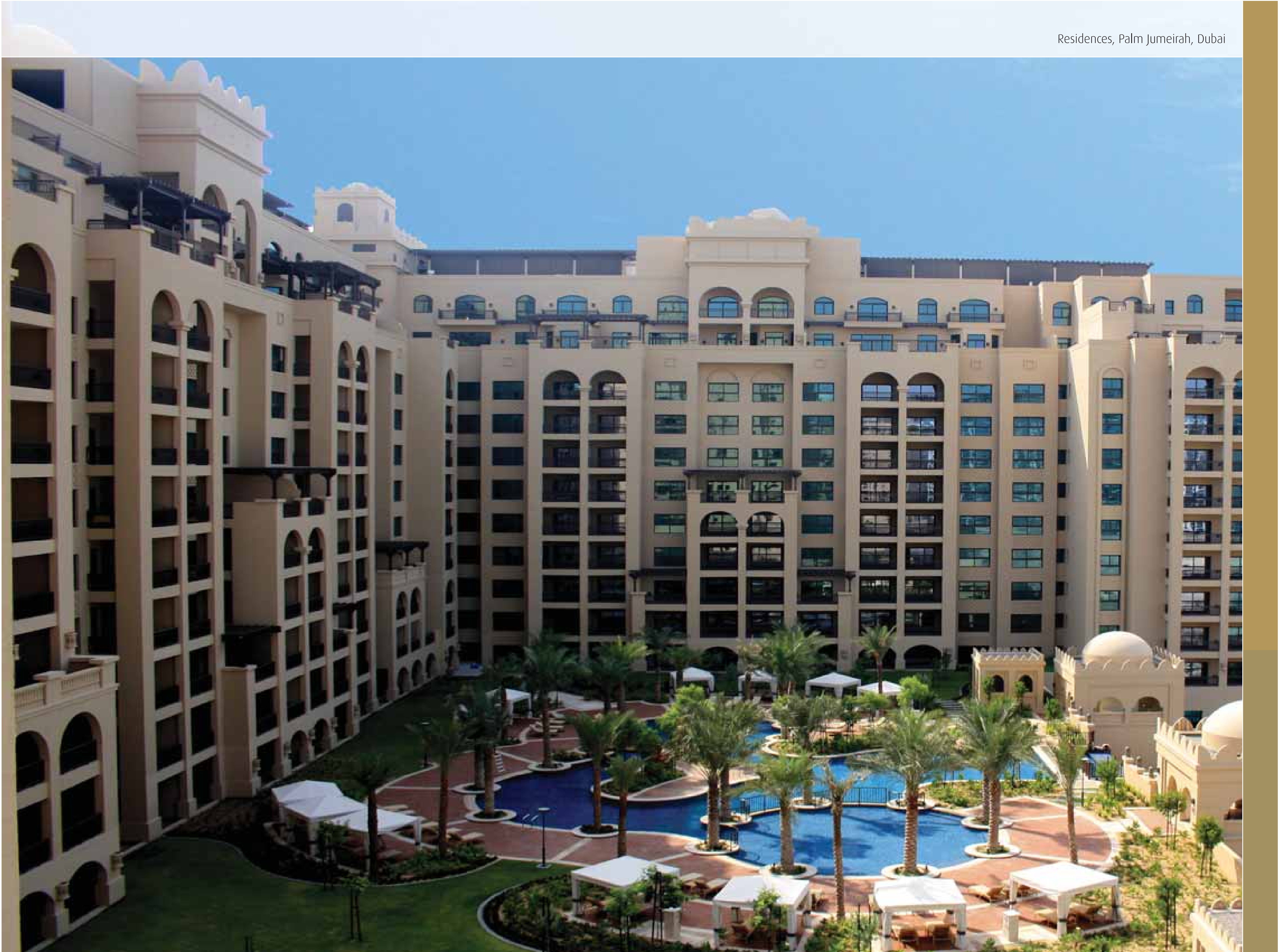
Vice Chairman & CEO
IFA Hotels & Resorts

IFA Hotels & Resorts Middle East

The Palm Residence, Dubai

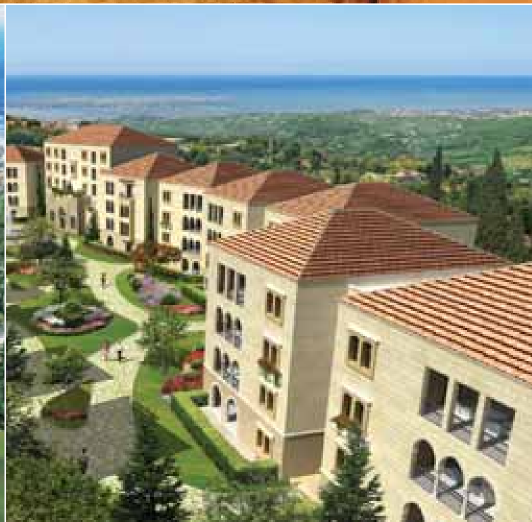
Gusto Restaurant, Dubai

Golden Mile, Palm Jumeirah, Dubai



Residences, Palm Jumeirah, Dubai

Kingdom of Sheba, Palm Jumeirah, Dubai



Kempinski Residences Alabadiyah Hills, Lebanon

Kuwait

United Arab Emirates

Lebanon

Four Seasons Hotel Beirut, Lebanon

Mövenpick Hotels & Resorts Laguna Tower, Dubai

Four Seasons Hotel Beirut, Lebanon

IFA Hotels & Resorts Africa & Indian Ocean

Zimbali Coastal Resort, South Africa

Fairmont Heritage Place Zimbali, South Africa

South Africa
Tanzania
Seychelles

Fairmont Zimbali Resort, South Africa

Fairmont Zimbali Resort, South Africa

Zimbali Lakes Resort, South Africa

Legend Golf & Safari Resort, South Africa

Zilwa, Private Island Estate, Seychelles

South Africa
Tanzania
Seychelles

Boschendal Estate, South Africa

Fairmont Zanzibar, Tanzania

Fairmont Zimbali Lodge, South Africa

The River, Bangkok, Thailand

185 Rajadamri, Bangkok, Thailand

The Heights Phuket, Thailand

Thailand

Northpoint, Pattaya, Thailand

Northpoint, Pattaya, Thailand

IFA Hotels & Resorts Europe & North America

Pine Cliffs Resort, Portugal

YOTEL, UK & The Netherlands

Pine Cliffs Resort, Portugal

United Kingdom
The Netherlands
Portugal
France
USA

YOTEL, NYC, USA

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

KUWAIT 30 JUNE 2010

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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 and Resorts (A Kuwaiti Closed Shareholding Company) ("the parent company") and Subsidiaries (collectively "the group"), which comprise the consolidated statement of financial position as at 30 June 2010, and the related consolidated statements of income, comprehensive 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 fmancial 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated fmancial 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 2010, and its fmancial 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 2010 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
30 September 2010

CONSOLIDATED STATEMENT OF INCOME

	Note	Year ended 30 June 2010 KD	(Restated) Year ended 30 June 2009 KD
Revenue	6	**20,072,663**	74,565,051
Cost of revenue		**(14,871,179)**	(38,889,371)
Net income		**5,201,484**	35,675,680
Net commission from ticketing and related services		**204,009**	173,739
Fees and commission income		**12,068**	2,066,239
Change in fair value of investment properties	14	**(240,755)**	(319,987)
Unrealised loss from investments at fair value through profit or loss		**(907)**	(4,350)
Realised loss from disposal of available for sale investments	16a&d	**(4,233,819)**	(741,618)
Share of results of associates	15	**(550,476)**	(1,905,820)
Impairment in value of available for sale investments	16g	**-**	(1,661,643)
Impairment in value of other assets	17c	**(878,667)**	-
Interest income	7	**2,352,638**	4,178,551
Other income		**935,464**	181,923
		2,801,039	37,642,714
Expenses and other charges			
Staff costs		**5,292,241**	5,798,598
Real estate sales and marketing expenses		**3,563,690**	4,948,663
Other operating expenses and charges	8	**7,492,472**	9,302,225
Depreciation		**1,648,198**	1,376,209
Finance costs	9b	**5,133,797**	4,168,462
Total expenses and other charges		**23,130,398**	25,594,157
(Loss)/profit before taxation, KFAS, NLST, Zakat and board of directors' remuneration		**(20,329,359)**	12,048,557
Tax (expense)/income relating to overseas subsidiaries	10	**(56,978)**	243,580
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**-**	(291,278)
National Labour Support Tax (NLST)		**-**	(839,897)
Provision for Zakat		**-**	(335,958)
Board of directors' remuneration		**-**	(50,000)
(Loss)/profit for the year		**(20,386,337)**	10,775,004
Attributable to:			
Owners of the parent company		**(19,522,763)**	11,544,528
Non-controlling interests		**(863,574)**	(769,524)
		(20,386,337)	10,775,004
Basic and diluted (loss)/earnings per share attributable to the owners of the parent company	11	**(45.20) Fils**	26.47 Fils

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2010 KD	30 June 2009 KD
(Loss)/profit for the year	(20,386,337)	10,775,004
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	1,506,255	5,162,599
Available for sale investments		
- Net changes in fair value arising during the year	(343,594)	(1,182,865)
- Transferred to consolidated statement of income on impairment	-	1,661,643
Total other comprehensive income for the year	1,162,661	5,641,377
Total comprehensive income for the year	(19,223,676)	16,416,381
Attributable to:		
Owners of the parent company	(18,513,826)	16,488,514
Non-controlling interests	(709,850)	(72,133)
	(19,223,676)	16,416,381

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Year ended 30 June 2010 KD	Year ended 30 June 2009 KD	Year ended 30 June 2008 KD
Assets				
Non-current assets				
Goodwill		242,898	239,580	77,159
Property, plant and equipment	12	33,055,320	18,696,276	13,046,388
Capital work in progress	13	80,064,439	60,482,114	38,898,628
Investment properties	14	1,407,892	1,864,809	2,016,785
Properties under development	18	80,040,392	52,746,501	35,461,266
Investment in associates	15	32,720,755	24,853,374	18,751,199
Available for sale investments	16	9,744,724	24,514,736	16,953,027
Total non-current assets		237,276,420	183,397,390	125,204,452
Current assets				
Accounts receivable and other assets	17	73,269,908	79,905,603	58,699,894
Properties under development	18	60,080,518	69,546,949	43,771,090
Trading properties	19	10,219,029	10,167,570	4,301,113
Investments at fair value through profit or loss	20	743	1,650	2,681,526
Cash and cash equivalents	21	20,005,376	21,816,242	48,694,114
Total current assets		163,575,574	181,438,014	158,147,737
Total assets		400,851,994	364,835,404	283,352,189
Equity and Liabilities				
Equity attributable to the owners of the parent company				
Share capital	22	45,388,200	41,262,000	34,385,000
Treasury shares	23	(16,152,628)	(14,344,392)	(9,932,955)
Statutory reserve	24	13,437,096	13,437,096	10,200,672
Voluntary reserve	24	10,211,014	10,211,014	6,974,590
Cumulative changes in fair value		135,184	478,778	-
Foreign currency translation reserve		(4,301,944)	(5,654,475)	(10,119,683)
Retained earnings		2,069,107	25,718,070	27,523,390
Total equity attributable to the owners of the parent company		50,786,029	71,108,091	59,031,014
Non-controlling interests		3,333,784	4,043,634	7,252,040
Total equity		54,119,813	75,151,725	66,283,054

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	Year ended 30 June 2010 KD	Year ended 30 June 2009 KD	Year ended 30 June 2008 KD
Non-current liabilities				
Instalment payments due on purchase of properties	25	-	-	5,234,897
Term loans	26	25,140,048	18,384,861	9,164,437
Advances received from customers	29	117,901,482	96,079,890	98,618,971
Other financial liabilities	27	8,318,481	6,034,931	6,492,012
Total non-current liabilities		151,360,011	120,499,682	119,510,317
Current liabilities				
Due to related parties	33	43,882,673	37,159,738	50,582,549
Accounts payable and other liabilities	28	66,253,915	70,333,812	38,974,382
Term loans	26	43,536,891	34,346,737	4,595,440
Advances received from customers	29	41,698,691	27,343,710	3,406,447
Total current liabilities		195,372,170	169,183,997	97,558,818
Total liabilities		346,732,181	289,683,679	217,069,135
Total equity and liabilities		400,851,994	364,835,404	283,352,189

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	Non controlling interests KD	Total KD
Balance as at 30 June 2009 - as previously reported	41,262,000	(14,344,392)	13,437,096	10,211,014	478,778	(3,409,365)	53,742,516	101,377,647	4,643,542	106,021,189
IFRIC 15 restatement (refer note 2)	-	-	-	-	-	(2,245,110)	(28,024,446)	(30,269,556)	(599,908)	(30,869,464)
Balance as at 30 June 2009 – as restated	41,262,000	(14,344,392)	13,437,096	10,211,014	478,778	(5,654,475)	25,718,070	71,108,091	4,043,634	75,151,725
Bonus shares issued (refer note 30)	4,126,200	-	-	-	-	-	(4,126,200)	-	-	-
Purchase of treasury shares	-	(1,808,236)	-	-	-	-	-	(1,808,236)	-	(1,808,236)
Transactions with equity holders	4,126,200	(1,808,236)	-	-	-	-	(4,126,200)	(1,808,236)	-	(1,808,236)
Loss for the year	-	-	-	-	-	-	(19,522,763)	(19,522,763)	(863,574)	(20,386,337)
Other comprehensive income:										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,352,531	-	1,352,531	153,724	1,506,255
Available for sale investments:										
- Net change in fair value arising during the year	-	-	-	-	(343,594)	-	-	(343,594)	-	(343,594)
Total other comprehensive income for the year	-	-	-	-	(343,594)	1,352,531	-	1,008,937	153,724	1,162,661
Total comprehensive income for the year	-	-	-	-	(343,594)	1,352,531	(19,522,763)	(18,513,826)	(709,850)	(19,223,676)
Balance as at 30 June 2010	45,388,200	(16,152,628)	13,437,096	10,211,014	135,184	(4,301,944)	2,069,107	50,786,029	3,333,784	54,119,813

CONSOLIDATED STATEMENT OF 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	Foreign currency translation reserve KD	Retained earnings KD	Sub-Total KD	Non controlling interests KD	Total KD
Balance as at 30 June 2008 – as previously stated	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
IFRIC 15 restatement (refer note 2)	-	-	-	-	-	286,881	(8,721,872)	(8,434,991)	(1,149,728)	(9,584,719)
Balance as at 30 June 2008 – as restated	34,385,000	(9,932,955)	10,200,672	6,974,590	-	(10,119,683)	27,523,390	59,031,014	7,252,040	66,283,054
Bonus shares issued	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 non-controlling interests	-	-	-	-	-	-	-	-	(3,753,475)	(3,753,475)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	617,202	617,202
Transactions with equity holders	6,877,000	(4,411,437)	3,236,424	3,236,424	-	-	(13,349,848)	(4,411,437)	(3,136,273)	(7,547,710)
Profit for the year - restated	-	-	-	-	-	-	11,544,528	11,544,528	(769,524)	10,775,004
Other comprehensive income:										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	4,465,208	-	4,465,208	697,391	5,162,599
Available for sale investments:										
- Net change in fair value arising during the year	-	-	-	-	(1,182,865)	-	-	(1,182,865)	-	(1,182,865)
- Transferred to consolidated statement of income on impairment	-	-	-	-	1,661,643	-	-	1,661,643	-	1,661,643
Total other comprehensive income for the year	-	-	-	-	478,778	4,465,208	-	4,943,986	697,391	5,641,377
Total comprehensive income for the year	-	-	-	-	478,778	4,465,208	11,544,528	16,488,514	(72,133)	16,416,381
Balance as at 30 June 2009 - restated	41,262,000	(14,344,392)	13,437,096	10,211,014	478,778	(5,654,475)	25,718,070	71,108,091	4,043,634	75,151,725

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2010 KD	Year ended 30 June 2009 KD
OPERATING ACTIVITIES			
(Loss)/profit before taxation, KFAS, NLST, Zakat and board of directors' remuneration		(20,329,359)	12,048,557
Adjustments:			
Unrealised loss from investments at fair value through profit or loss		907	4,350
Realised loss from sale of available for sale investments		4,233,819	741,618
Share of results of associates		550,476	1,905,820
Changes in fair value of investment properties		240,755	319,987
Loss on disposal of investment properties		39,033	-
Interest income		(2,352,638)	(4,178,551)
Depreciation		1,648,198	1,376,209
Finance costs		5,133,797	4,168,462
Impairment in value of other assets and available for sale investments		878,667	1,661,643
		(9,956,345)	18,048,095
Changes in operating assets and liabilities:			
Accounts receivable and other assets		12,757,598	(21,368,131)
Properties under development		(41,108,802)	(43,061,094)
Trading properties		(720,043)	(5,866,457)
Accounts payable and other liabilities		(6,241,779)	31,063,505
Due to related parties		6,722,935	(13,422,811)
Advances received from customers		36,176,573	21,398,182
Net cash (used in)/from operating activities		(2,369,863)	(13,208,711)
INVESTING ACTIVITIES			
Changes in pledged deposits		(937,964)	-
Investments in associates		(8,417,857)	(8,007,995)
Net additions of property, plant and equipment		(215,759)	(1,603,279)
Proceeds on disposals of investment properties		205,279	-
Proceeds from sale of available for sale investments		5,219,101	9,878,751
Purchase of available for sale investments		(2,087,368)	(16,689,416)
Additions to capital work in progress		(7,774,338)	(22,955,492)
Net cash used in investing activities		2,352,638	4,178,551
Net cash used in investing activities		(11,656,268)	(35,198,880)
FINANCING ACTIVITIES			
Purchase of treasury shares		(1,808,236)	(4,411,437)
Changes in non-controlling interests		-	(3,136,273)
Increase/(decrease) in long-term liability towards purchase of land and other non-current financial liabilities		2,283,550	(5,234,897)
Increase in term loans		15,945,341	38,514,640
Dividends paid		(9,557)	(33,852)
Finance costs paid		(5,133,797)	(4,168,462)
Net cash from financing activities		11,277,301	21,529,719
Net decrease in cash and cash equivalents		(2,748,830)	(26,877,872)
Cash and cash equivalents at beginning of the year	21	21,816,242	48,694,114
Cash and cash equivalents at end of the year	21	19,067,412	21,816,242

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 on the Kuwait stock exchange.

The board of directors of the parent company approved these consolidated financial statements for issuance on 30 September 2010. 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) *Standards and Interpretations affecting amounts reported and/or disclosures made in the current period and/or prior periods*

The Group has adopted the following new standards, revisions and amendments to IFRS issued by International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2009. Certain other new standards and interpretations have been issued but are not relevant to the Group's operations and therefore are not expected to have a material impact on the Group's financial statements.

- IFRS 3 (Revised 2008) Business Combinations
- IAS 27 Consolidated and Separate Financial Statements (Revised)
- Amendments to IFRS 7 Financial instruments: Disclosures
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements (Revised)
- IAS 23 Borrowing Costs (Revised)
- IAS 28 Investments in associates (Revised)
- Annual Improvements 2008
- IFRIC 15 Accounting for Agreements for the Construction of Real Estate
- IFRIC 17 Distribution of Non Cash Assets to Owners

The impact of the adoption of the above standards is described below:

IFRS 3 Business Combinations (Revised 2008) and IAS 27 Consolidated and Separate Financial Statements (Revised 2008)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. 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. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well.

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

The changes by IFRS 3 (Revised) and IAS 27 (Revised) was applied prospectively but had no material impact on the current year reported results.

- Amendment to IFRS 7: Financial Instruments: Disclosures

The amendments require additional disclosures for financial instruments that are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

- IFRS 8 Operating Segments

The adoption of IFRS 8 has resulted in a redesignation of the Group's reportable segments (see note 31), but has had no impact on the reported results or financial position of the group. Reported segment results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

- IAS 1 Presentation of Financial Statements (Revised)

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity- presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expenses, either in one single statement or in two linked statements. The Group has elected to present two statements. (i.e a statement of income and a statement of comprehensive income).

The revised standard also requires presentation of comparative statement of financial position as at beginning of the first comparative period in some circumstances. Such information has been provided due to restatement of comparative information on adaptation of IFRIC 15 as discussed below.

- IAS 23 Borrowing Costs (Revised)

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 has not had an impact on the consolidated financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

- IAS 28 – Investment in Associates (Revised)

The revised standard introduces changes to the accounting requirements for the loss of significant influence of an associate and for changes in the Group's interest in associates. Consequently, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognized in the consolidated statement of income. These changes were applied prospectively but had no impact on the current year's reported results.

- Annual Improvements 2008

The improvements include 35 amendments across 20 different standards that largely clarify the required accounting treatments where previous practice had varied. The Improvements have led to a number of changes in the detail of the Group's accounting policies-some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

- IFRIC (15) – Accounting for Agreements for the Construction of Real Estate

Effective from 1 July 2009, the Group implemented the requirements of IFRIC (15): "Accounting for Agreements for the Construction of Real Estate" issued on 3 July 2008. 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.

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

In accordance with the new interpretation, the Group is required to apply IAS (18): "Revenue" in recognising income from real estate units sold to customers but still under construction, instead of the previous method of recognising income using the percentage of completion method.

Consequently the accounting policies relating to revenue from "sale of properties" and "cost of sold properties" have been changed accordingly. The impact on the Group's consolidated financial statements as a result of implementing the above interpretation retrospectively is as follows:

Consolidated statement of income	**KD**
Year ended 30 June 2009	
Decrease in revenue from sale of properties under development	37,483,660
Decrease in cost of sold properties under development	17,569,512
Reclassification of real estate sales and marketing expenses from cost of sold properties to a separate line in the consolidated statement of income	4,948,663
Decrease in profits for the year:	
Attributable to owners of the parent company	19,302,574
Attributable to non-controlling interests	611,574
Consolidated statement of financial position	
As of 30 June 2009	
Increase in foreign currency translation reserve losses	2,245,110
Decrease in retained earnings	28,024,446
Decrease in non-controlling interests	599,908
Increase in capital working in progress	1,344,920
Increase in properties under development	26,209,706
Decrease in accounts receivable and other assets	983,724
Increase in accounts payable and other liabilities	1,323,194
Increase in advances received from customers	56,117,172
Re-classication of "advances received from customers" to non-current liabilities	96,079,890
Re-classication of "property under development" to non-current assets	52,746,501
Re-classication of properties from "trading properties" to "properties under development"	26,355,122
As of 30 June 2008	
Decrease in foreign currency translation reserve losses	286,881
Decrease in retained earnings	8,721,872
Decrease in non-controlling interests	1,149,728
Increase in capital working in progress	696,485
Increase in properties under development	8,053,696
Decrease in accounts receivable and other assets	3,279,669
Increase in advances received from customers	15,055,229
Re-classication of "advances received from customers" to non-current liabilities	98,618,971
Re-classication of "property under development" to non-current assets	35,461,266
Re-classication of properties from "trading properties" to "properties under development"	9,975,745

The above reversals/adjustments relate to projects which were not substantially completed but where revenue has been recognised from it during previous years by using the percentage of completion method. Further the Group has "real estate sales and marketing expenses" from cost of sale to a separate line under expenses and other charges in the consolidated statement of income and also to reclassify certain properties classified as trading in the previous years to property under development as such will result in a fairer presentation.

The above restatements have lead to a decline in the "Basic and diluted earnings per share attributable to the owners of the parent company" for the year ended 30 June 2009 from 77.75 fils per share to 26.47 fils per share.

- IFRIC 17 Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2010)

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its owners. The interpretation will be applicable for non cash distribution made to the owners and there were no such distribution made during the current year.

b) *Standards and Interpretations in issue not yet adopted*

At the date of authorization of these consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been issued but are not yet effective, and have not been adopted.

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

- IFRS 9 Financial Instruments (effective from 1 January 2013)

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition. Although early application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided during December 2009, to postpone this allowed early application until further notice.

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

- IAS 24 – (Revised) "Related party disclosures" (effective for annual periods beginning from 1 January 2011)

The amendments to the standard revise the definition of related party as well as modified exemptions for state-controlled entities. The adoption of this amendment is not expected to have a significant impact on the Group's financial statements.

- IAS 32 – Financial Instruments: Presentation (effective for annual period beginning from 1 February 2010)

The amendment to the standard clarifies classification right issues in foreign currency. The adoption of this amendment is not expected to have a significant impact on the Group's financial statements.

- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective for annual period beginning 1 July 2010).

The Interpretation provides guidance on the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability. The Interpretation is required to be applied retrospectively. However, management does not expect to have any significant effect on the financial statements on the date of initial application of the interpretation.

- Annual Improvements 2009

The IASB has issued *Improvements for International Financial Reporting Standards 2009* which will lead to a number of changes in the detail of the Group's accounting policies in the future-some of which are changes in terminology only, and some of which are substantive but will have no material effect on amounts reported. Most of these amendments become effective in annual periods beginning on or after 1 January 2010.

- Annual Improvements 2010

The IASB has issued *Improvements for International Financial Reporting Standards 2010* which will lead to amendments to 9 standards resulting in certain changes in the detail of the Group's accounting policies in the future-some of which are changes in terminology only, and some of which are substantive but will have no material effect on amounts reported. Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011.

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 2009 except as noted in note 2 above. 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 profit or loss, 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 2010, 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.

Non-controlling interests represents the portion of profit or loss and net asset not held by the Group and are presented separately in the consolidated statement of income, the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Parent Company.

Business combinations and goodwill (Business combination from 1 July 2009)

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

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

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

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

3 Signicant accounting policies (continued)

Business combinations and goodwill (Business combination from 1 July 2009) (continued)

Goodwill is initially measured at cost being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the combination, irrespective or whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative-generating unit retained.

Business combinations prior to 30 June 2009

In comparison of the above mentioned requirements, the following difference applies:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the group acquired a business, embedded derivates separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

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

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 per square feet average cost of construction. Per square feet average cost of construction is derived from total saleable area and total construction cost.

Finance costs

Finance costs are calculated and recognised on a time proportionate basis takaing 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.

3 Signicant accounting policies (continued)

Financial instruments (continued)

Classification

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

i. Investments at fair value through profit or loss
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” and “accounts payable and other liabilities” in the consolidated statement of financial position.

Investments at fair value through profit or loss 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 area 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 profit or loss 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”, “loans to associates (included under investments in associates)” and “cash and cash equivalents” in the consolidated statement of financial position.

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 profit or loss

Investments at fair value through profit or loss 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 profit or loss 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 other comprehensive income in "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 other comprehensive income 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 reporting 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 reporting date. Valuation techniques used include the use of comparable recent arm’s length transactions, discounted cash flow analysis 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.

3 Significant accounting policies (continued)

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 reporting 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.

With the exception of impairment in respect of goodwill, 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.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating units to which goodwill has been allocated, an impairment loss is recognised immediately in consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as at 30 June.

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

3 Significant accounting policies (continued)

amount may also be necessary for changes in the Group's share in the associates, arising from changes in the associate's equity that have not been recognised in the associates statement of income. The Group's share of those changes is recognised directly in other comprehensive income. The financial statements of the associates are prepared either to the reporting date of the parent company or to a date not earlier than three months of the parent company's reporting date, using consistent accounting policies.

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

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

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

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

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

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
Kitchen equipment and accessories	3-10 years

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

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.

3 Significant accounting policies (continued)

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 uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Property under development
Property under development represents properties under development/construction for trade, which are stated at cost. 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 completed unsold real estate properties. Development costs include planning, maintenance and service costs. Trading properties are recorded at the lower of cost and net realizable value.

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

Taxation

Taxation of foreign subsidiaries
Income taxes for foreign subsidiaries are calculated based on tax adopted in the countries in which the subsidiaries are incorporated.

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

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 consolidated statement of income 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 reporting date. All differences are taken to the consolidated statement of income.

3 Significant accounting policies (continued)

Transactions and balances

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 reporting 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 other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to the particular foreign operation is recognised in the consolidated statement of income.

Contingencies

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

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 assumptions 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.

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/held principally for sale in the ordinary course of business.

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

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

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

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 profit or loss, 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 other comprehensive income.

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 2010 an impairment loss of KD878,667 was recognised for available for sale investments (30 June 2009: KD1,661,643).

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 2010, no impairment losses have been recognised.

4 Critical accounting judgements and key sources of estimation uncertainty

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

Percentage of completion

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

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

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 %	
				2010	**2009**
IFA Hotels & Resorts FZ – LLC	UAE	Property development	2003	100%	100%
IFA Hotels & Resorts – Jabel Ali Free Zone	UAE	Property development	2005	100%	100%
IFA Hotels & Resorts (SAL) Holdings	Lebanon	Property development	2003	51%	51%
IFA Zimbali Hotels & Resorts (Pty) Ltd.	South Africa	Property development	2003	100%	100%
IFA Hotels & Resorts Limited	South Africa	Hotelier and property developer	2003	85%	85%
IFA Hotels & Resorts 2 Limited	Cayman Island	Hotelier	2003	100%	100%
IFA Hotels & Resorts 3 Limited	Mauritius	Property development	2006	100%	100%
International Property Trading Holding Ltd.	British Virgin Islands	Property development	2007	100%	100%
Yotel Investments Limited	Jersey	Hotelier	2006	100%	100%
IFA Fairmont Zimbali Hotels & Resorts (Pty) Ltd.	South Africa	Hotelier	2006	100%	100%

b) Joint ventures

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

Name and details of the joint ventures	Country of registration/ incorporation	Interest %	
		2010	2009
Interest in Tongaat Hulett/IFA Hotels & Resorts Development (the principal activity of the joint venture is property development)	South Africa	50%	50%
Interest in Zimbali Estates (PTY) Ltd. (the principal activity of the joint venture is the sale of developed property)	South Africa	50%	50%
Interest in OLIFA Hotels & resorts (Namibia) (Pty) Ltd (the principal activity of the joint venture is hoteliering)	South Africa	50%	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 centers and residential apartments)	UAE	50%	50%

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

	2010 KD	2009 KD
Assets	66,283,404	63,355,455
Liabilities	(39,475,277)	(30,207,109)
Equity	26,808,127	33,148,346
Income	(2,843,396)	22,749,211
Direct cost and other expenses	(2,146,076)	(16,152,796)
(Loss)/Profit	(4,989,472)	6,596,415

6 Revenue

	2010 KD	2009 KD
Revenue from sale of properties *	14,832,812	71,272,828
Revenue from hotel operations	4,006,782	3,171,253
Revenue from beach club operations	590,232	-
Management fees	642,837	120,970
	20,072,663	74,565,051

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

7 Interest income

	2010 KD	2009 KD
Interest income on bank balances and deposits	210,934	650,238
Interest income on late payment by customers	434,635	626,534
Interest income on shareholder loans to associates (refer note 15 and 33)	1,688,153	967,335
Interest income on others	18,916	1,934,444
	2,352,638	4,178,551

8 Other operating expenses and charges

Other operating expenses and charges include the following:

	2010 KD	2009 KD
Travel expenses	199,606	312,312
Office expenses	1,325,542	1,012,661
Loss from foreign currency exchange differences	295,923	570,637
Commissions paid	3,625,509	2,947,992
Rent	538,115	473,352
Professional fees	939,774	1,026,601
Advertising	380,603	1,373,869

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

a. Net (loss) or gain on financial assets

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

	2010 KD	2009 KD
Loans and receivables		
– Cash and cash equivalents	**210,934**	650,238
– Accounts receivable and other assets and shareholder loans to associates	**2,141,704**	3,528,313
– Impairment in value of other assets	**(878,667)**	-
Investments at fair value through profit or loss		
– Trading	**(907)**	(4,350)
Available for sale investments		
– Recognised directly in other comprehensive income	**(343,594)**	478,778
– Recycled from other comprehensive income to consolidated statement of income		
· on impairment	**-**	(1,661,643)
– Recognised directly in consolidated statement of income	**(4,233,819)**	(741,618)
	(3,104,349)	2,249,718
Net (loss)/gain recognised in the consolidated statement of income	**(2,760,755)**	1,770,940
Net (loss)/gain recognised in the consolidated statement of comprehensive income	**(343,594)**	478,778
	(3,104,349)	2,249,718

b. Finance costs

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

10 Tax income relating to overseas subsidiaries

	2010 KD	2009 KD
Current tax:		
Current year reversal/(charge)	**45,270**	(558,302)
Deferred tax credit:		
Current year (debit)/credit	**(102,248)**	801,882
	(56,978)	243,580

11 Basic and diluted (loss)/earnings per share attributable to the owners of the parent company

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

	2010	2009 (Restated)
(Loss)/profit for the year attributable to the owners of the parent company (KD)	**(19,522,763)**	11,544,528
Weighted average number of shares outstanding during the year (excluding treasury shares)	**431,882,433**	436,101,392
Basic and diluted earnings per share	**(45.20) Fils**	26.47 Fils

The weighted average number of shares outstanding during the previous year has been adjusted to reflect the 10% bonus shares of 41,262,000 approved by the general assembly held on 17 September 2009 (note 30).

12 Property, plant and equipment

	Land KD	Buildings on freehold land KD	Buildings on leasehold land KD	Plant and equipment KD	Furniture, fixtures and office equipment KD	Kitchen equipment & accessories KD	Motor vehicles KD	Yacht KD	Total KD
Year ended 30 June 2010									
Opening net book amount	176,812	6,260,893	9,286,485	279,537	1,375,888	216,706	131,129	968,826	**18,696,276**
Additions	-	55,553	13,542	30,222	163,187	14,900	27,670	-	**305,074**
Transfers from properties under development (note 18)	739,834	12,172,587	-	-	3,047,669	-	-	-	**15,960,090**
Disposals	-	(18,027)	-	-	(218)	-	(4,075)	-	**(22,320)**
Foreign exchange adjustment	7,897	216,049	(418,554)	(4,275)	25,620	2,295	2,361	-	**(168,607)**
Depreciation for the year	-	(303,522)	(511,964)	(53,490)	(524,227)	(89,016)	(37,369)	(128,610)	**(1,648,198)**
Write-off	-	-	-	-	(66,995)	-	-	-	**(66,995)**
Closing net book amount	**924,543**	**18,383,533**	**8,369,509**	**251,994**	**4,020,924**	**144,885**	**119,716**	**840,216**	**33,055,320**
At 30 June 2010									
Cost	924,543	18,849,628	9,268,952	495,105	5,608,879	273,507	275,417	1,386,107	**37,082,138**
Accumulated depreciation	-	(466,095)	(899,443)	(243,111)	(1,587,955)	(128,622)	(155,701)	(545,891)	**(4,026,818)**
Net book amount	**924,543**	**18,383,533**	**8,369,509**	**251,994**	**4,020,924**	**144,885**	**119,716**	**840,216**	**33,055,320**
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 (note 13)	-	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	1,386,107	**21,537,947**
Accumulated depreciation	-	(157,648)	(819,048)	(176,595)	(1,117,142)	(38,264)	(115,693)	(417,281)	**(2,841,671)**
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**

12 Property, plant and equipment

	Land KD	Buildings on freehold land KD	Buildings on leasehold land KD	Plant and equipment KD	Furniture, fixtures and office equipment KD	Motor vehicles KD	Yacht KD	Total KD
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 (note 13)	-	-	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	1,386,107	**15,085,757**
Accumulated depreciation	-	(328,394)	(403,641)	(143,674)	(758,545)	(116,571)	(288,544)	**(2,039,369)**
Net book amount	757,488	3,650,174	6,285,423	307,974	852,534	95,232	1,097,563	**13,046,388**

12.1 Land and building with a carry value of KD5,027,109 (2009: KD3,627,000 and 2008: KD3,718,609) located in South Africa have been pledged as security for the term loan facility obtained by a South African subsidiary (note 26).

13 Capital work-in-progress

Capital work-in-progress represents mainly hotels under construction in UAE, United Kingdom and Europe.
The movement in capital work-in-progress is as follows:

	2010 KD	Restated 2009 KD	Restated 2008 KD
Carrying value at 1 July	**60,482,114**	38,898,628	30,083,986
Additions	**7,774,338**	22,933,568	14,386,880
Transfer from/(to) properties under development (note 18)	**10,135,539**	-	(720,174)
Transfer from trading properties	**668,584**	-	-
Transferred to property, plant and equipment (note 12)	**-**	(5,059,079)	(1,967,650)
Foreign currency translation adjustment	**1,003,864**	3,708,997	(2,884,414)
Carrying value at 30 June	**80,064,439**	60,482,114	38,898,628

The above balance consists of the following:

	2010 KD	Restated 2009 KD	Restated 2008 KD
Land cost			
- Fairmont Hotel	**165,651**	158,569	144,307
- The Trunk , Palm Jumeirah	**6,827,708**	6,731,677	6,190,288
- Crescent, Palm Jumeirah (Kingdom of Sheba vacation club)	**1,059,481**	1,044,580	960,570
- Golden Mile, Palm Jumeirah	**3,595,753**	1,231,926	1,132,850
- Kingdom of Sheba Hotel	**5,795,361**	5,713,850	5,254,319
- Palm Residence Club	**-**	-	1,216,387
	17,443,954	14,880,602	14,898,721
Construction, piling and enabling work	**48,594,022**	35,962,591	18,783,031
Other construction related costs	**14,026,463**	9,638,921	5,216,876
	80,064,439	60,482,114	38,898,628

14 Investment properties

The movement in investment properties is as follows:

	2010 KD	2009 KD	2008 KD
Carrying value at 1 July	**1,864,809**	2,016,785	218,425
Additions during the year	**-**	-	800
Disposal during the year *	**(244,311)**	-	-
Transfer from held for trading	**-**	-	553,803
Change in fair value	**(240,755)**	(319,987)	1,329,271
Foreign currency translation adjustment	**28,149**	168,011	(85,514)
Carrying value at 30 June	**1,407,892**	1,864,809	2,016,785

* The loss on disposed of investment properties amounting to KD39,032 has been included under other income.

The investment properties consist of the following:

	2010 KD	2009 KD	2008 KD
Shore Line - Palm Jumeirah	**1,208,040**	1,671,675	1,839,352
Private freehold land in "IFA Zimbali Hotels and Resorts"– South Africa	**199,852**	193,134	177,433
	1,407,892	1,864,809	2,016,785

15 Investments in associates

Details of associates are as follows:

Name and particulars of the company	Interest in equity	2010 KD	2009 KD	2008 KD
Boschendal (Pty) Ltd. (Registered in South Africa and its principal activity is property development)	**32.08%**	**5,728,908**	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	1
Raimon Land Public Company Limited (Registered in Thailand and its principal activity is property development)	**41.08%**	**13,466,012**	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%**	**13,525,834**	13,333,886	9,791,252
		32,720,755	24,853,374	18,751,199

The above is made-up as follows:

	2010 KD	2009 KD	2008 KD
Equity investments	**14,206,653**	9,672,946	9,532,433
Shareholders loans	**18,514,102**	15,180,428	9,218,766
	32,720,755	24,853,374	18,751,199
Aggregate share of associates' assets and liabilities:			
Assets	**100,106,534**	61,918,713	33,150,661
Liabilities	**(67,385,779)**	(37,065,339)	(14,399,462)
Equity	**32,720,755**	24,853,374	18,751,199
Aggregate share of associates' revenue and (losses)/profits:			
Revenue	**16,364,956**	1,591,468	3,652,815
(Losses)/profit	**(550,476)**	(1,905,820)	881,565

Investment in Boschendal (Pty) Ltd. and Legend IFA Developments (Pty) Ltd., includes shareholder loans of KD18,514,102 (30 June 2009: KD15,180,428, 30 June 2008: KD9,218,766) of which KD4,690,624 (30 June 2009: KD4,596,109 30 June 2008: KD9,218,766) is non interest bearing. The loans are unsecured and are not repayable before 30 June 2011. The interest bearing loan carries interest at prime less 1% per annum.

The fair market value of Raimon Land Public Company Limiteds shares is KD3,921,270 (30 June 2009: KD2,205,521, 30 June 2008: KD4,218,137). Based on valuation techniques prepared by the Group, management is confident that the carrying value of this investment is not impaired and the decline in market value is temporary due to the recent situation in Thailand. The fair value of the other associates could not be reliably measured since they are unquoted.

During the year, the Group invested an amount of KD4,492,053 to increase its interest in Raimon Land Public Company Limited's from 26.15% to 41.08%.

The Group's share of contingent liabilities related to associates amounted to KD17,847,805 (30 June 2009: KD9,771,670 and 30 June 2008: KD Nil).

16 Available for sale investments

	2010 KD	2009 KD	2008 KD
Foreign investments – unquoted shares (a, b & c)	8,485,656	22,912,074	9,142,658
Foreign investments – principal guarantee instruments (d)	-	-	7,700,369
Local investments – quoted shares (e)	1,149,068	1,492,662	-
Local investments – unquoted shares	110,000	110,000	110,000
	9,744,724	24,514,736	16,953,027

a) Foreign unquoted investments include an amount of KD2,724,104 (2009: KD16,370,328, 2008: Nil) invested 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 owned 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.

During the year the Group invested an additional amount of KD1,541,172 in the above investment in Thailand. During the 4th quarter the group disposed part of this investment with a carrying value of KD15,187,396 (which were carried at cost) for a consideration of KD10,953,577 and incurred a loss of KD4,233,819. Out of the total sales consideration an amount of KD7,060,866 is receivable at 30 June 2010 (note 17) and was received subsequent to the reporting date.

b) During the year the Group disposed a foreign unquoted investment to a related party at its carrying value of KD1,326,390 (note 33).

c) Foreign unquoted investments also include an investment amounting to KD1,151,891 (2009: KD1,092,432) which has been pledged for credit facilities granted to a subsidiary of the investee company.

d) 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 last year resulting in a loss of KD741,618.

e) The local quoted shares at 30 June 2010 represents the shares which were transferred from investments at fair value through profit or loss (note 20).

f) Foreign and local unquoted investments of KD8,595,656 (2009: KD23,022,074, 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.

g) During the previous year, the Group recognised an impairment loss of KD1,661,643 against local quoted shares as the market value of these shares declined significantly below their costs.

17 Accounts receivable and other assets

	2010 KD	Restated 2009 KD	Restated 2008 KD
Financial assets:			
Accounts receivable and advance to contractors	**20,685,787**	28,497,858	18,589,535
Due from related parties (note 33)	**22,513,720**	20,688,947	19,277,913
Loan to related parties (a)	**1,017,178**	1,002,522	921,895
Due on disposed of available for sale investments (note 16 a)	**7,060,866**	-	-
Payment towards acquisition of investments	**2,278,436**	3,932,600	4,794,435
Other financial assets	**4,591,031**	3,799,312	2,878,731
	58,147,018	57,921,239	46,462,509
Non-financial assets:			
Payments towards acquisition of properties (b)	**13,166,224**	18,063,757	6,353,086
Advance payments/prepayments towards construction of properties	**-**	2,986,432	5,524,622
Advance payments to purchase property, plant and equipment	**1,505,948**	-	-
Other non-financial assets	**450,718**	934,175	359,677
	15,122,890	21,984,364	12,237,385
	73,269,908	79,905,603	58,699,894

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

b. This represents an advance for purchase of land of KD13,166,244 (30 June 2009: KD10,987,861 and 30 June 2008: KD3,579,423) at Plam Jumeirah, made by the UAE subsidiary company and a joint venture company to be formed with a UAE group (Nakheel), for the development of this land.

c. During the year group recognised an impairment loss of KD878,667 against certain other assets (payments towards acquisition of investments) based on estimates made by management as per information available to them at the reporting date.

18 Properties under development

The movement in properties under development is as follows:

	2010 KD	2009 Restated KD	2008 Restated KD
Carrying value at 1 July	**122,293,451**	79,232,356	71,326,771
Additions during the year	**52,301,871**	77,624,220	38,675,249
Transfers to trading properties	**-**	(4,543,159)	-
Transfers (to)/from capital work in progress (note 13)	**(10,135,539)**	-	720,174
Transfer to property, plant and equipment (note 12)	**(15,960,090)**	-	-
Cost absorbed during the year	**(11,193,069)**	(37,555,101)	(25,970,787)
Foreign exchange adjustments	**2,814,286**	7,535,134	(5,519,051)
	140,120,910	122,293,450	79,232,356
	(80,040,392)	(52,746,501)	(35,461,266)
Less: Non-current portion (a)	**60,080,518**	69,546,949	43,771,090

(a) Properties under development relates to the revenue project which are offered for sale. Cost of project expected to be completed after 12 months has been classified as non-current assets. In the opinion of the management, there has been no impairment in the carrying values of the property under development as at 30 June 2010 (2009: Nil, 2008: Nil).

18 Properties under development (continued)

	2010 KD	2009 KD	2008 KD
The above balance consists of the following:			
Land cost			
- The Trunk, Palm Jumeirah	**2,350,827**	2,649,087	4,933,404
- Jumeirah Lake Towers, Dubai	**2,317,408**	2,246,775	2,533,186
- Golden Mile, Palm Jumeirah	**-**	2,237,140	3,533,017
- Kingdom of Sheba Heritage Place	**4,224,021**	4,164,611	3,829,675
- Balqis Residence	**23,909,551**	23,573,266	21,677,407
	32,801,807	34,870,879	36,506,689
Construction, piling and enabling works	**82,411,603**	51,179,661	26,839,050
Other construction related costs	**24,907,500**	36,242,910	15,886,617
	140,120,910	122,293,450	79,232,356

19 Trading properties

	2010 KD	2009 KD	2008 KD
Residential flats in Dubai, UAE	**4,110,166**	4,717,436	-
Properties in South Africa	**6,108,863**	5,450,134	4,301,113
	10,219,029	10,167,570	4,301,113

Trading properties in Dubai represent completed but unsold units of Souq Residence FZE – Trunk Residence FZE.

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.

The trading properties in South Africa have been pledged as security for borrowing facilities of the group (see note 26).

20 Investments at fair value through profit or loss

	2010 KD	2009 KD	2008 KD
Held for trading:			
Local quoted shares	**743**	1,650	2,681,526

Effect of reclassification due to adoption of amendment to IAS 39
During the previous year, as a result of significant developments in the global financial markets, the Group adopted 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" to "available for sale" category. The fair value of these reclassified investments as at 30 Jun 2010 amounted to KD1,149,068 (30 June 2009: KD1,492,662)

21 Cash and cash equivalents

	2010 KD	Restated 2009 KD	Restated 2008 KD
Cash and bank balances	**17,380,953**	16,047,758	22,141,288
Term deposits – due within three months	**2,624,423**	5,768,484	26,552,826
	20,005,376	21,816,242	48,694,114
Less: Pledged term deposits	**(937,964)**	-	-
Cash and cash equivalents for cash flow purposes	**19,067,412**	21,816,242	48,694,114

The term deposits carry effective interest rates ranging from 4% to 7.5% per annum (2009: 0.5% to 12.5%, 2008: 0.5% to 11.5% per annum).

Escrow account balances maintained by UAE subsidiary amounting to KD4,035,241 (30 June 2009: KD271,506 and 30 June 2008: KD6,451) included under cash and bank balances is subject to Law No 8 of 2007 concerning guarantee accounts of real estate developments in the Emirate of Dubai.

Term deposits includes a short term deposit of KD610,628 (30 June 2009: KD1,070,293 and 30 June 2008: KD1,820,479) placed with one of the joint ventures by a South African subsidiary.

22 Share capital

The general assembly meeting of the shareholders of the parent company held on 17 September 2009 approved an increase in the share capital from KD41,262,000 to KD45,388,200 by way of issuance of 10% bonus shares amounting to KD4,126,200.

At 30 June 2010 the authorised issued and paid-up capital of the parent company comprised 453,882,000 (2009: 412,620,000, 2008: 343,850,000) shares of 100 fils each.

23 Treasury shares

	2010 KD	Restated 2009 KD	Restated 2008 KD
Number of shares	**22,552,882**	18,402,620	10,601,350
Percentage of issued shares	**4.97%**	4.46%	3.08%
Market value (KD)	**10,487,090**	14,538,070	9,541,215
Cost (KD)	**16,152,628**	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.

24 Statutory and voluntary reserves

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

In accordance with parent company's articles of association, certain percentage of the parent company's profit before KFAS, NLST, Zakat provision and board of directors remuneration but after taxation on overseas subsidiaries and non-controlling interests is transferred to the voluntary reserve at the direction of the board of director what is to be approved at the general assembly. No transfer is required in a year in which the parent company has incurred a loss or where cumulative losses exist.
There are no restrictions on distribution of voluntary reserve.

25 Instalment payments due on purchase of properties

These instalments as at 30 June 2010 represent amounts payable on the purchase of land in the Crescent on the Palm Jumeirah, Dubai, UAE and the land located at Jumeirah Lake, Dubai, UAE (classified as capital work in progress and property under development). The maturity details of the instalments due are as follows:

	2010 KD	2009 KD	2008 KD
Amounts due within one year (note 28)	**10,579,877**	12,745,242	6,888,462
Amounts due after one year	**-**	-	5,234,897
Total amount due	**10,579,877**	12,745,242	12,123,359

26 Term loans

	Effective interest rates %	2010 KD	Restated 2009 KD	Restated 2008 KD
Term loan - UAE	**4% to 10%**	**42,686,921**	33,576,960	4,595,440
Term loan - South Africa	**2% to 12%**	**24,177,832**	18,543,290	8,772,512
Term loan - Jersey	**5%**	**491,182**	611,348	391,925
Term loan - Lebanon	**7% to 10%**	**1,321,004**	-	-
		68,676,939	52,731,598	13,759,877
Less: Amount due within one year		**(43,536,891)**	(34,346,737)	(4,595,440)
Amount due after more than one year		**25,140,048**	18,384,861	9,164,437

Term loans represent loans obtained by the subsidiaries in Dubai, South Africa, Jersey and Lebanon to 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 KD5,027,109 (30 June 2009: KD3,627,000 and 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 KD6,108,899 (30 June 2009: KD3,307,365 and 30 June 2008: KD Nil).
- call account balance of KD937,964 (30 June 2009: and 30 June 2008: KD Nil)

The loans obtained by the Lebanon subsidiaries is secured by Land Plot (classified as properties under development) amounting to KD4,174,992.

One of the loans obtained by the UAE subsidiaries amounting to KD26,088,584 (30 June 2009: KD28,579,613 and 30 June 2008: KD Nil), is secured by the plots on the Palm Jumeirah 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.

From the above loan an amount of KD5,797,463 was repaid subsequent to the reporting date and the balance amount of KD20,291,121 is repayable on 31 October 2010.

The loan obtained by the UAE subsidiaries also includes a loan of KD11,529,700 (30 June 2009 and 30 June 2008: KD Nil) obtained from a related party. The total loan facility obtained from the related party amounted to KD15,784,000 (AED 200 million) and is repayable after one year of each drawdown amount.

The loan obtained by UAE subsidiaries also includes its share of a financing facility obtained by the joint venture amounting to KD5,068,637 (30 June 2009: KD4,997,347 and 30 June 2008: KD4,595,440) procured by the UAE joint venture by entering into a sale and lease back agreement with a lending institution with respect of its project of constructing 63 residential apartment at Palm Golden Mile located at the Palm Island Jumeirah. Until such time as the loans and finance cost are paid in full the lending institution will hold the title of the property by way of safe keeping (amana). Further, the ultimate parent company has also provided a corporate guarantee of AED64,225,000 (equivalent to KD5,068,637) to the lending institution.

27 Other financial liabilities

	2010 KD	Restated 2009 KD	Restated 2008 KD
Retention payable	**9,611,884**	8,441,133	5,956,645
Amount due to Joint venture*	**1,140,945**	985,984	854,456
	10,752,829	9,427,117	6,811,101
Retention payable within one year (note 28)	**(2,434,348)**	(3,392,186)	(319,089)
	8,318,481	6,034,931	6,492,012

* This represents a loan obtained from a joint venture by a South African subsidiary and it bears interest at Namibian prime lending rate and is not repayable before 30 June 2011.

28 Accounts payable and other liabilities

	2010 KD	2009 KD	2008 KD
Accounts payable	**24,542,811**	26,830,251	8,991,079
Accrued construction costs	**15,362,214**	15,723,550	14,290,824
Instalment payments due on purchase of properties-current portion (note 25)	**10,579,877**	12,745,242	6,888,462
Other accruals	**4,818,356**	3,596,769	3,971,079
Deferred tax	**1,677,320**	495,881	292,321
Deferred income	**1,657,135**	1,765,839	1,089,140
Dividend payable	**530,881**	540,438	574,290
Retention payable - current portion (note 27)	**2,434,348**	3,392,186	319,089
KFAS, NLST and Zakat payables	**3,229,719**	3,229,719	2,450,561
Other payables	**1,421,254**	2,013,937	107,537
	66,253,915	70,333,812	38,974,382

29 Advances received from customers

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

	2010 KD	2009 KD	2008 KD
Balance at 1 July	**123,423,600**	102,025,418	61,022,221
Advances received during the year	**45,443,683**	72,243,369	112,397,881
Revenue recognised during the year	**(11,331,671)**	(60,093,349)	(64,951,146)
Foreign exchange adjustment	**2,064,561**	9,248,162	(6,443,538)
Balance at 30 June	**159,600,173**	123,423,600	102,025,418
Less: Current portion	**(41,698,691)**	(27,343,710)	(3,406,447)
	117,901,482	96,079,890	98,618,971

30 Proposed distributions

The board of directors of the parent company propose not to distribute any dividend for the year ended 30 June 2010. This proposal is subject to the approval of the annual general assembly of shareholders. The proposed bonus shares of 10% of paid up share capital amounting to KD4,126,200 (41,262,000 shares) for the year ended 30 June 2009 to the shareholders of record on the date of the general assembly, were approved at the general assembly held on 17 September 2009 and distributed subsequently.

31 Segmental information

The Group has adopted IFRS 8 Operating Segments with effect from 1 July 2009. Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to Group profit or loss.

In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical). The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its consolidated financial statements.

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

31 Segmental information (continued)

The following segment information conforms with the internal reporting presented to management.

			2010		
	Property development KD	**Hoteliering KD**	**Investments KD**	**Others KD**	**Total KD**
Segment revenue	14,832,812	5,239,851	(3,547,442)	1,146,997	17,672,218
Less:					
Net commission from ticketing & related services					(204,009)
Fees and commission income					(12,068)
Change in fair value of investment properties					240,755
Unrealised loss on investments at fair value through profit or loss					907
Realised loss from sale of available for sale investments					4,233,819
Share of results of associates					550,476
Impairment in value of available for sale investments					878,667
Interest income					(2,352,638)
Other income					(935,464)
Revenue as per consolidated statement of income					20,072,663
Segment (loss)/profit before taxation, KFAS, NLST & Zakat	**(6,343,069)**	**(8,847,365)**	**(5,149,878)**	**10,953**	**(20,329,359)**
Depreciation	331,290	1,163,670	145,074	8,164	1,648,198
Impairment	-	-	878,667	-	878,667
Segment assets	322,722,958	27,352,458	49,807,464	969,114	400,851,994
Segment liabilities	(293,235,827)	(7,583,756)	(45,697,913)	(214,685)	(346,732,181)

			2010		
	Property development KD	**Hoteliering KD**	**Investments KD**	**Others KD**	**Total KD**
Segment revenue	71,272,828	3,292,223	(272,945)	2,239,979	76,532,085
Less:					
Net commission from ticketing & related services					(173,739)
Fees and commission income					(2,066,239)
Change in fair value of investment properties					319,987
Unrealised loss on investments at fair value through profit or loss					4,350
Realised loss from sale of available for sale investments					741,618
Share of results of associates					1,905,820
Impairment in value of available for sale investments					1,661,643
Interest income					(4,178,551)
Other income					(181,923)
Revenue as per consolidated statement of income					74,565,051
Segment (loss)/profit before taxation, KFAS, NLST & Zakat	**20,264,057**	**(3,495,780)**	**(4,706,462)**	**(13,258)**	**12,048,557**
Depreciation	590,688	631,974	145,074	8,473	1,376,209
Impairment	-	-	1,661,643	-	1,661,643
Segment assets	272,750,626	28,725,376	62,484,937	874,465	364,835,404
Segment liabilities	(243,505,196)	(6,935,832)	(38,874,065)	(368,586)	(289,683,679)

31 Segment information (continued)

Geographical segments:

The geographical analysis is as follows:

	Assets		Revenue	
	2010	**2009**	**2010**	**2009**
Kuwait	**35,208,516**	31,407,977	**3,926,618**	(370,779)
UAE and Asia	**279,349,198**	247,313,065	**6,911,952**	70,213,338
Africa	**68,029,628**	64,709,095	**5,778,759**	6,096,965
Others	**18,264,652**	21,405,267	**1,054,889**	592,561
	400,851,994	364,835,404	**17,672,218**	76,532,085

32 Capital commitments

Capital expenditure commitments

At 30 June 2010, 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:

	2010 KD	**2009 KD**	**2008 KD**
Estimated and contracted commitments for property, plant and equipments and capital work-in-progress	**43,815,729**	48,794,240	156,581,091
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**70,762,981**	115,543,925	133,525,134
	114,578,710	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.

33 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.

33 Related party transactions (continued)

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

Balances included in the consolidated statement of financial position:	2010 KD	2009 KD	2008 KD
Amounts due from associate (note 17)	3,509,236	4,321,400	3,762,033
Amounts due from joint ventures (note 17)	1,967,139	2,127,955	501,975
Due from Key management personnel (note 17)	761,677	1,241,875	65,547
Loans to related party (see note 17)	1,017,178	1,002,522	921,895
Amounts due from other related parties (note 17)	16,275,668	12,997,717	14,948,358
Amounts due to joint ventures - non current (note 27)	1,140,945	985,984	854,456
Amounts due to joint ventures	-	2,479,174	-
Amounts due to ultimate parent company	30,880,883	24,092,370	45,016,696
Amounts due to other related parties	13,001,790	10,588,194	5,565,853
Disposal of available for sale investments (note 16b)	1,326,390	-	-
Term loans from related party (note 26)	11,529,700	-	-
Short term deposit placed with joint venture (note 21)	610,628	1,070,293	1,820,479

Transactions included in the consolidated statement of income	Year ended 30 June. 2010 KD	Year ended 30 June. 2009 KD
Interest income	1,688,153	967,335
Finance cost	879,864	313,471
Compensation of key management personnel of the Group		
Short-term employee benefits	864,754	1,009,998

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

Amounts due from associates carry interest at 10% to 15% per annum and have no specific repayment dates.

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

Amount due to other related parties include short term advance of KD10,151,937 (30 June 2009: KD9,701,944 and 30 June 2008: KD Nil) which carry interest at 2% above the Central Bank of Kuwait discount rate per annum with no specific repayment dates and the remaining balances of KD2,849,853 (30 June 2009: KD886,250 and 30 June 2008: KD5,565,853) are non-interest bearing and have no specific repayment terms. Further, amount due to ultimate parent company are non-interest bearing and have no specific repayment dates.

34 Summary of financial assets and liabilities by category

34.1 Categories of financial assets and liabilities

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

	2010 KD	2009 KD
Financial assets:		
Available for sale investments	9,744,724	24,514,736
Loans to associates (note 15)	18,514,102	15,180,428
Accounts receivable and other assets (note 17)	58,147,018	57,921,239
Cash and cash equivalents	743	1,650
	20,005,376	21,816,242
	106,411,963	119,434,295
Financial liabilities:		
Term loans	68,676,939	52,731,598
Other financial liabilities	8,318,48	6,034,931
Due to related parties	43,882,673	37,159,738
Accounts payable and other liabilities	66,253,915	70,333,812
	187,132,008	166,260,079

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

34.1 Categories of financial assets and liabilities (continued)

Fair value represents amounts at which an asset could be exchanged or a liability settled on an arm's length basis. In the opinion of the Group's management, except for certain available for sale investments which are carried at cost for reasons specified in note 16 to the financial statements, the carrying amounts of financial assets and liabilities as at 30 June 2010 and 2009 approximate their fair values.

34.2 Fair value hierarchy for financial instruments measured at fair value

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments effective from 1 July 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the consolidated statement of financial position. In the first year of application comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the 30 June 2010 year end.

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

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.
The fair value hierarchy has the following levels:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

	Note	Level 1	Level 2	Level 3	Total Balance
		KD	KD	KD	KD
Assets at fair value					
Investment at fair value through profit or loss					
- Quoted shares	a	743	-	-	743
Available for sale investments					
- Quoted shares	a	1,149,068	-	-	1,149,068
Total assets		1,149,811	-	-	1,149,811

Measurement at fair value

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

a) Quoted shares

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

35 Risk management objectives and policies

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

The Group's activities expose it to 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 below.

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 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 statement of financial position can be significantly affected by movement in these currencies.
To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

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

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

	2010 Equivalent KD	2009 Equivalent KD
US Dollars	**855,262**	20,277
Euro	**308,659**	725,931

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 loss/profit for the year:

	2010		2009	
	Inc/(Dec) %	Loss for the year KD	Inc/(Dec) %	Profit for the year KD
US Dollars	**0.90**	**7,697**	+2.61	+ 529
	-0.90	**(7,697)**	-2.61	- 529
Euro	**12.10**	**37,348**	+4.96	+ 36,006
	-12.10	**(37,348)**	-4.96	- 36,006

The above percentages have been determined based on the average exchange rates in the previous 12 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.

35 Risk management objectives and policies (continued)

35.1 Market risk (continued)

b) Interest rate risk

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

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

The following table illustrates the sensitivity of the loss/profit for the year to a possible change in interest rates of + 1% and – 1% (2009: + 1% and –1%) with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant.

	Increase in interest rates		Decrease in interest rates	
	2010 KD 1% KD	2009 KD 1% KD	2010 KD 1% KD	2009 KD 1% KD
(Loss)/profit for the year	(864,951)	(881,538)	(864,951)	(881,538)

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 profit or loss 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 loss/profit for the year and other comprehensive income for the year ended 30 June 2010 would have been as follows:

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

	Loss/profit for the year		Other comprehensive income	
	2010 KD	2009 KD	2010 KD	2009 KD
	74	165	-	-
	-	-	114,907	149,266
Investments at fair value through profit or loss	74	165	114,907	149,266

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

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.

35 Risk management objectives and policies (continued)

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

35.2 Credit risk (continued)

	2010 KD	2009 KD
Available for sale investments	**9,744,724**	24,514,736
Loans to associates (note 15)	**18,514,102**	15,180,428
Accounts receivable and other assets (note 17)	**58,147,018**	57,921,239
Investments at fair value through profit or loss	**743**	1,650
Cash and cash equivalents	**20,005,376**	21,816,242
	106,411,963	119,434,295

Except for certain available for sale investments and other assets referred in note 16 and 17 respectively 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 of 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.

35.3 Concentration of assets

The distribution of financial assets by geographic region for 2010 and 2009 are as follows:

	Kuwait KD	Asia & KD	Africa KD	UK & Europe KD	Total KD
At 30 June 2010					
Available for sale investments	1,259,068	7,988,628	128,826	368,202	9,744,724
Loans to associates (note 15)	-	-	18,514,102	-	18,514,102
Accounts receivable and other assets (note 17)	14,649,090	36,344,711	7,140,905	12,312	58,147,018
Investments at fair value through profit or loss	743	-	-	-	743
Cash and cash equivalents	209,843	17,069,029	2,237,702	488,802	20,005,376
	16,118,744	61,402,368	28,021,535	869,316	106,411,963
At 30 June 2009					
Available for sale investments	1,602,662	21,292,954	141,453	1,477,667	24,514,736
Loans to associates (note 15)	-	-	15,180,428	-	15,180,428
Accounts receivable and other asset (note 17)	17,191,881	34,910,321	5,538,461	280,576	57,921,239
Investments at fair value through profit or loss	1,650	-	-	-	1,650
Cash and cash equivalents	495,567	14,754,439	5,683,435	882,801	21,816,242
	19,291,760	70,957,714	26,543,777	2,641,044	119,434,295

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.

35 Risk management objectives and policies (continued)

35.4 Liquidity risk (continued)

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

At 30 June 2010 Financial liabilities	On demand KD	1-3 Months KD	3-12 months KD	1-5 Years KD	More than 5 years KD	Total KD
Term loans	-	**29,550,335**	23,730,094	24,518,752	7,199,028	84,998,209
Other financial liabilities	-	**-**	-	8,318,481	-	8,318,481
Due to related parties	-	**43,882,673**	-	-	-	43,882,673
Accounts payable and other liabilities	-	**66,253,915**	-	-	-	66,253,915
	-	**139,686,923**	23,730,094	32,837,233	7,199,028	203,453,278
At 30 June 2009						
Financial liabilities						
Term loans	-	**1,752,369**	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	-	**70,333,812**	-	-	-	70,333,812
	-	**109,245,919**	36,778,750	26,400,216	10,283,475	182,708,360

36 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 (loss)/profit for the year divided by total equity (excluding cumulative changes in fair value) as follows:

	2010 KD	(Restated) 2009 KD
(Loss)/profit attributable to the owners of the parent company	**(19,522,763)**	(11,544,528)
Equity attributable to the owners of the parent company (excluding cumulative changes in fair value)	**50,650,845**	70,629,313
Return on equity attributable to the owners of the parent company	**(38.54)%**	16.34%

37 Comparative amounts

As stated under note 2 certain comparative amounts have been restated due to the adoption of IFRIC 15. Further certain other comparative amounts for the previous year have also been reclassified to be consistent with the presentation for the current year and such re-classifications did not affect previously reported results, total assets or equity.