

**THE INTERNATIONAL INVESTOR COMPANY
K.S.C (CLOSED) AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

31 MARCH 2010



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF
THE INTERNATIONAL INVESTOR COMPANY K.S.C. (CLOSED)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The International Investor Company K.S.C. (Closed) (“the Parent Company”) and its subsidiaries (“the Group”) as at 31 March 2010 and the related interim condensed consolidated statement of income, comprehensive income, cash flows and changes in equity for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2.2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.2.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company have occurred during the three month period ended 31 March 2010 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the three months period ended 31 March 2010.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF
THE INTERNATIONAL INVESTOR COMPANY K.S.C. (CLOSED) (continued)**

Emphasis of Matter

Without qualifying our conclusion above, we draw attention to Note 15 to the interim condensed consolidated financial information, which explains that there is a potential dispute in respect of a Mudaraba agreement with a foreign bank.



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27 June 2010

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The International Investor Company K.S.C. (Closed) and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)**
At 31 March 2010

		<i>(Audited)</i>	<i>(Restated)</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2010</i>	<i>2009</i>	<i>2009</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS			
Cash and bank balances	2,586,461	2,837,522	7,298,701
Murabaha investments	781,707	759,370	7,185,339
Financial assets at fair value through income statement	3 8,050,451	7,520,409	8,469,717
Receivables	4 2,870,532	4,437,105	6,521,393
Amount paid to Dallah Albaraka	-	-	251,443
Assets used in operating leases	26,670,271	30,765,669	37,836,093
Other assets	15,669,133	15,329,426	12,980,247
Financial assets available for sale	5 7,069,212	7,018,332	6,178,864
Investment in associates	6 13,817,020	21,503,720	25,883,356
Investment property	930,962	930,962	930,962
Furniture and equipment	6,008,063	6,162,689	6,457,021
Goodwill	13,135,457	13,162,409	13,270,058
TOTAL ASSETS	97,589,269	110,427,613	133,263,194
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accruals	16,773,813	16,198,719	15,617,009
Due to banks	55,932,938	67,741,617	72,137,164
Lease obligations	356,390	802,991	1,418,341
TOTAL LIABILITIES	73,063,141	84,743,327	89,172,514
Equity			
Share capital	49,222,195	49,222,195	49,222,195
Share premium	26,972,353	26,972,353	26,972,353
Treasury shares	7 (7,118,591)	(11,817,466)	(11,817,466)
Treasury shares reserve	-	4,267	4,267
Statutory reserve	1,180,931	1,180,931	1,180,931
Accumulated losses	(50,627,964)	(44,805,079)	(27,222,056)
Foreign currency translation reserve	(5,150,292)	(5,090,627)	(3,181,804)
Cumulative changes in fair values	648,363	471,148	(158,507)
Equity attributable to shareholders of the Parent Company	15,126,995	16,137,722	34,999,913
Non controlling interests	9,399,133	9,546,564	9,090,767
TOTAL EQUITY	24,526,128	25,684,286	44,090,680
TOTAL LIABILITIES AND EQUITY	97,589,269	110,427,613	133,263,194


Faisal Abdul Mohsin Al Khatrash
Vice Chairman

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

The International Investor Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDTED)

Period ended 31 March 2010

	Notes	Three months ended 31 March	
		2010 KD	(Restated) 2009 KD
Management fees		18,363	2,629
Murabaha and ijara income		98,603	83,296
Rental income from operating lease transactions		3,855,178	990,182
Unrealised gain on financial assets at fair value through income statement		530,042	1,093,299
Gain on sale of mutual fund investment		195,705	-
Realised gain from disposal of financial assets available for sale		166,400	-
Dividend income		-	19,580
Finance income		315,861	386,781
Foreign exchange gain		386,345	135,771
Other income		685,683	813,643
INCOME		6,252,180	3,525,181
General and administrative expenses		2,429,414	1,753,527
Murabaha and finance costs		1,398,631	1,380,450
Depreciation		2,061,892	1,435,967
Share of results of associates		617,185	601,109
Loss on disposal of assets used in operating leases		6,848	275,227
Provision for credit losses		1,604,827	42,625
Impairment of financial assets available for sale		-	747,780
Loss on disposal of investment in an associate	6	103,536	-
Loss recovery from mudaraba contract	15	(35,162)	(251,216)
EXPENSES		8,187,171	5,985,469
Loss before tax		(1,934,991)	(2,460,288)
Provision for deferred tax liability		-	423,102
LOSS FOR THE PERIOD		(1,934,991)	(2,037,186)
Attributable to:			
Shareholders of the Parent Company		(1,870,239)	(1,776,336)
Non controlling interests		(64,752)	(260,850)
		(1,934,991)	(2,037,186)
BASIC AND DILUTED LOSS PER SHARE	8	(4.22) fils	(4.01) fils

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

The International Investor Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Period ended 31 March 2010

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2010</i>	<i>(Restated)</i>
	<i>KD</i>	<i>2009</i>
		<i>KD</i>
Loss for the period	(1,934,991)	(2,037,186)
Other comprehensive (loss) income		
Changes in fair value of financial assets available for sale	343,615	3,161
Realised gain on disposal of financial assets available for sale	(166,400)	-
Foreign currency translation adjustment	(100,866)	(733,137)
Other comprehensive income (loss) for the period included in equity	76,349	(729,976)
Total comprehensive loss for the period	(1,858,642)	(2,767,162)
Attributable to:		
Shareholders of the Parent Company	(1,752,689)	(2,513,398)
Non controlling interests	(105,953)	(253,764)
	(1,858,642)	(2,767,162)

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

The International Investor Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

Period ended 31 March 2010

	<i>Note</i>	<i>Three months ended</i>	
		<i>2010</i>	<i>(Restated)</i>
		<i>2009</i>	<i>2009</i>
		<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Loss for the period		(1,934,991)	(2,037,186)
Adjustments for:			
Depreciation		2,061,892	1,435,967
Provision for credit losses		1,604,827	42,625
Unrealised gain on financial assets at fair value through income statement		(530,042)	(1,093,299)
Loss on disposal of assets used in operating lease		6,848	275,227
Impairment of financial assets available for sale		-	747,780
Realised gain from disposal of financial assets available for sale		(166,400)	-
Loss on disposal of investment in an associate		103,536	-
Dividend income		-	(19,580)
Share of results of associates		617,185	601,109
Loss recovered from mudaraba contract		(35,162)	(251,216)
		<u>1,727,693</u>	<u>(298,573)</u>
Changes in operating assets and liabilities:			
Receivables		(38,254)	793,775
Other assets		880,655	1,528,809
Accounts payable and accruals		575,094	(518,229)
Net cash flows from operating activities		<u>3,145,188</u>	<u>1,505,782</u>
INVESTING ACTIVITIES			
Acquisition of a subsidiary		-	(77,510)
Purchase of financial assets available for sale		(162,070)	(47,600)
Purchase of investment in associates		(315,861)	(376,079)
Purchase of assets used in operating leases		(5,030,289)	(124,133)
Proceeds from disposal of assets used in operating leases		6,558,491	5,046,667
Purchase of furniture and equipment		89,163	(288,736)
Dividend received		-	19,580
Net cash flows from investing activities		<u>1,139,434</u>	<u>4,152,189</u>
FINANCING ACTIVITIES			
Due to banks		(4,297,112)	(9,451,367)
Lease obligations		(446,601)	(455,232)
Net movement in non controlling interests		(41,478)	(880,488)
Net cash used in financing activities		<u>(4,785,191)</u>	<u>(10,787,087)</u>
Foreign currency translation reserve		<u>271,845</u>	<u>5,000,661</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(228,724)</u>	<u>(128,455)</u>
Cash and cash equivalents at 1 January		<u>3,596,892</u>	<u>14,612,495</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	9	<u><u>3,368,168</u></u>	<u><u>14,484,040</u></u>

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

The International Investor Company K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
 Period ended 31 March 2010

	Attributable to the equity holders of the Parent Company										
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Accumulated losses KD	Foreign currency translation reserve KD	Cumulative changes in fair values KD	Sub total KD	Non controlling interests KD	Total equity KD
At 1 January 2010	49,222,195	26,972,353	(11,817,466)	4,267	1,180,931	(44,805,079)	(5,090,627)	471,148	16,137,722	9,546,564	25,684,281
Loss for the period	-	-	-	-	-	(1,870,239)	-	-	(1,870,239)	(64,752)	(1,934,991)
Other comprehensive loss for the period	-	-	-	-	-	-	(59,665)	177,215	117,550	(41,201)	76,349
Total comprehensive loss	-	-	-	-	-	(1,870,239)	(59,665)	177,215	(1,752,689)	(105,953)	(1,858,642)
Sale of treasury shares	-	-	4,698,875	-	-	-	-	-	4,698,875	-	4,698,875
Loss on sale of treasury shares	-	-	-	(4,267)	-	(3,952,646)	-	-	(3,956,913)	-	(3,956,913)
Other non controlling interests movements	-	-	-	-	-	-	-	-	-	(41,478)	(41,478)
At 31 March 2010	49,222,195	26,972,353	(7,118,591)	-	1,180,931	(50,627,964)	(5,150,292)	648,363	15,126,995	9,399,133	24,526,128
At 1 January 2009, as previously stated	49,222,195	26,972,353	(11,817,466)	4,267	1,180,931	(29,653,535)	(2,592,011)	(169,211)	33,147,523	10,225,019	43,372,542
Effect of restatement (Note 15)	-	-	-	-	-	4,207,815	143,344	14,629	4,365,788	-	4,365,788
At 1 January 2009, as restated	49,222,195	26,972,353	(11,817,466)	4,267	1,180,931	(25,445,720)	(2,448,667)	(154,582)	37,513,311	10,225,019	47,738,330
Loss for the period	-	-	-	-	-	(1,776,336)	-	-	(1,776,336)	(260,850)	(2,037,186)
Other comprehensive loss for the period	-	-	-	-	-	-	(733,137)	(3,925)	(737,062)	7,086	(729,976)
Total comprehensive loss	-	-	-	-	-	(1,776,336)	(733,137)	(3,925)	(2,513,398)	(253,764)	(2,767,162)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	(649,151)	(649,151)
Other non controlling interests movements	-	-	-	-	-	-	-	-	-	(231,337)	(231,337)
At 31 March 2009, as restated (Note 15)	49,222,195	26,972,353	(11,817,466)	4,267	1,180,931	(27,222,056)	(3,181,804)	(158,507)	34,999,913	9,090,767	44,090,680

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

The International Investor Company K.S.C. (Closed) and its Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

31 March 2010 (Unaudited)

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of The International Investor Company K.S.C. (Closed) (the Parent Company) and its subsidiaries (the Group) for the period ended 31 March 2010 were authorised for issue in accordance with a resolution of the Parent Company's directors on and were approved by the relevant regulatory authorities before issuance.

The Parent Company was legally incorporated as a closed shareholding company on 29 November 1992 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is regulated by the Central Bank of Kuwait as an investment company.

The Parent Company operates under the Islamic Shareea'a and is principally engaged in providing investment advisory and financial services permissible under Islamic Shareea'a. Its registered office is at Wafra Real Estate Building, Ahmad Al-Jaber Street, Sharq, Kuwait.

The Group primarily operates in the Gulf Co-operation Council countries and Turkey.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

The Group incurred a loss of KD 1,870,239 attributable to equity holders of the Parent Company for the period ended 31 March 2010 (31 March 2009: KD 1,776,336) and as of that date, the Group has total accumulated losses of KD 50,627,964 (31 December 2009: KD 44,805,079 and 31 March 2009: KD 27,222,056).

The ability of the Group to continue as a going concern is dependent on availability of the continued support from the financial institutions (i.e. rescheduling of the profit bearing murabaha payables and other bank borrowings), related parties and the shareholders and the ability of the Group to improve profitability and cash flows.

The management of the Parent Company has been evaluating various strategies to improve the operating performance, financial position and adequacy of financial resources of the Group to enable the Group to continue to operate as a going concern.

If the Group is unable to continue in operational existence for the foreseeable future, it may be unable to discharge its liabilities in the normal course of business. Accordingly, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the interim condensed consolidated statement of financial position. In addition, the Group may have to reclassify the maturity analysis of its assets and liabilities. No such adjustments have been made to the interim condensed consolidated financial information.

2.2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2009.

The annual consolidated financial statements for the year ended 31 December 2009 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2009. In addition, results for the three months ended 31 March 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

The International Investor Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

At 31 March 2010

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>31 March</i> <i>2010</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2009</i> <i>KD</i>	<i>31 March</i> <i>2009</i> <i>KD</i>
Designated on initial recognition:			
Quoted securities	84,500	130,000	111,010
Unquoted securities	<u>7,965,951</u>	<u>7,390,409</u>	<u>8,358,707</u>
	<u><u>8,050,451</u></u>	<u><u>7,520,409</u></u>	<u><u>8,469,717</u></u>

Quoted equity securities represent investments in local shares quoted on the Kuwait Stock Exchange.

For certain unquoted shares relating to a company engaged in real estate development, the value of share has been arrived on the basis of company's project evaluation which has been reflected on its equity. This process has been performed due to the company's financial statements have not been issued yet. The unrealized gain recorded on the basis of these evaluation models amounted to KD 575,543 (31 December 2009: KD 1,144,214 and 31 March 2009: KD 1,087,291).

4 RECEIVABLES

	<i>31 March</i> <i>2010</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2009</i> <i>KD</i>	<i>31 March</i> <i>2009</i> <i>KD</i>
Murabaha receivables	3,955,851	3,933,636	3,983,620
Lease receivables	<u>2,567,028</u>	<u>2,538,272</u>	<u>3,809,959</u>
	6,522,879	6,471,908	7,793,579
Less: provision	<u>(3,652,347)</u>	<u>(2,034,803)</u>	<u>(1,272,186)</u>
	<u><u>2,870,532</u></u>	<u><u>4,437,105</u></u>	<u><u>6,521,393</u></u>

Certain murabaha receivables amounting to KD 332,500 (31 December 2009: KD 332,500 and 31 March 2009: KD 332,500) are secured against equity securities of the Parent Company held by the counter party. Whenever necessary, murabaha receivables are secured by acceptable forms of collateral to mitigate the related credit risks

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>31 March</i> <i>2010</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2009</i> <i>KD</i>	<i>31 March</i> <i>2009</i> <i>KD</i>
Quoted securities	4,201,416	4,150,795	2,993,385
Unquoted securities	<u>2,867,796</u>	<u>2,867,537</u>	<u>3,185,479</u>
	<u><u>7,069,212</u></u>	<u><u>7,018,332</u></u>	<u><u>6,178,864</u></u>

The International Investor Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2010

5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

Quoted equity securities represent investment in shares quoted on the Kuwait Stock Exchange.

Included under unquoted equities are financial assets amounting to KD 2,689,549 (31 December 2009: KD 2,689,549 and 31 March 2009 KD 2,214,341) that are carried at cost, less impairment if any, due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these financial assets. There is no market for these financial assets and the Group intends to hold them for the long term.

Investments amounting to KD 3,048,106 (31 December 2009: KD 3,159,296 and 31 March 2009: KD 498,227) have been provided as collateral towards Islamic financing facility. During the current period, the Group has disposed-off 2,080,000 shares of a quoted security that has been provided as collateral towards an Islamic financing facility.

6 INVESTMENT IN ASSOCIATES

During the period, the Group has disposed-off Credit One Kuwait for Trading and Programming Company K.S.C. (Closed) to one of its lenders and recognised loss of KD 103,536 (31 March 2009: Nil). The proceeds from such disposal were utilised to partially settle certain bank borrowings.

7 TREASURY SHARES

	31 March 2010	<i>(Audited)</i> 31 December 2009	31 March 2009
Number of treasury shares	29,580,000	49,105,313	49,105,313
Percentage of treasury shares	6.01	9.98	9.98
Cost of treasury shares (KD)	7,118,591	11,817,466	11,817,466
Market value of treasury shares (KD)	1,183,200	2,357,055	2,504,371

49,100,000 treasury shares (31 December 2009: 49,100,000 and 31 March 2009: 49,100,000) were pledged as security for the mudaraba payable. During the current period, the Group has disposed-off 19,525,313 treasury shares that were pledged as collateral for a mudaraba payable.

8 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares.

Diluted loss per share is calculated by dividing loss attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (adjusted for the effect of dilutive options).

The International Investor Company K.S.C. (Closed) and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

At 31 March 2010

8 LOSS PER SHARE (continued)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2010	2009 <i>(Restated)</i>
Loss for the period attributable to the shareholders of the Parent Company (KD)	(1,870,239)	(1,776,336)
Weighted average number of ordinary shares outstanding for basic loss per share	492,221,950	492,221,950
Less: Estimated weighted average number of treasury shares	(49,105,313)	(49,105,313)
	443,116,637	443,116,637
Effect of dilution from weighted average number of share options outstanding	-	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	443,116,637	443,116,637
Basic and diluted loss per share	(4.22) fils	(4.01) fils

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows comprise of the following amounts:

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	2010 <i>KD</i>	2009 <i>KD</i>	2009 <i>KD</i>
Cash and bank balances	2,586,461	2,837,522	7,298,701
Murabaha investments	781,707	759,370	7,185,339
	3,368,168	3,596,892	14,484,040

10 RELATED PARTY TRANSACTIONS

Related parties represent shareholders, associates, directors and senior management of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Related party balances and transactions consist of the following:

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	2010 <i>KD</i>	2009 <i>KD</i>	2009 <i>KD</i>
Transactions included in interim condensed consolidated Statement of financial position			
Amounts due from related parties	23,250	4,960	137,520

The International Investor Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2010

10 RELATED PARTY TRANSACTIONS (continued)

	<i>Three months period ended 31 March 2010 KD</i>	<i>Three months period ended 31 March 2009 KD</i>
Transactions included in the interim condensed consolidated statement of income		
Finance income	315,861	386,781
Key management compensation:		
Salaries and other short term benefits	170,074	298,935
Employees' end of service benefits	17,804	17,234

11 FIDUCIARY ASSETS

The Group manages funds and portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts which are not reflected in the Group's interim condensed consolidated statement of financial position. Assets under management at 31 March 2010 amounted to KD 16,275,944 (31 December 2009: KD 15,713,614 and 31 March 2009: KD 25,525,258). Management fees from fiduciary activities during the period amounted to KD 1,248 (31 March 2009: KD 2,629).

12 SEGMENTAL ANALYSIS

For management purposes, the Group is organised in two operating segments based on business units as follows:

- Investment management and advisory services: comprising non-discretionary portfolio management, fund management, brokerage and structured finance advisory services
- Leasing: engaged in automotive leasing

<i>Three months ended 31 March 2010</i>	<i>Investment management and advisory services KD</i>	<i>Leasing KD</i>	<i>Total KD</i>
Segment revenue	2,069,641	4,182,539	6,252,180
Segment expenses	4,129,224	4,057,947	8,187,171
Segment results before tax	<u>(2,059,583)</u>	<u>124,592</u>	<u>(1,934,991)</u>
Total assets	<u>58,204,310</u>	<u>39,384,959</u>	<u>97,589,269</u>

<i>Three months ended 31 March 2009, (Restated)</i>	<i>Investment management and advisory services KD</i>	<i>Leasing KD</i>	<i>Total KD</i>
Segment revenue	1,833,570	1,691,611	3,525,181
Segment expenses	3,754,231	2,231,238	5,985,469
Segment results before tax	<u>(1,920,661)</u>	<u>(539,627)</u>	<u>(2,460,288)</u>
Total assets	<u>79,127,013</u>	<u>54,136,181</u>	<u>133,263,194</u>

The International Investor Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2010

13 PROFIT-SHARING SCHEME

There has been no change to the profit sharing scheme as disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2009. Further, there were no options granted or exercised since 31 December 2009.

14 CONTINGENCIES AND COMMITMENTS

There were no material changes in contingencies and commitments since 31 December 2009.

15 COMPARATIVE INFORMATION

During the year 2007 the Parent Company entered in to Mudaraba contract with a foreign bank to share profit and loss in the ratio of 88.25% and 11.75%. The Parent Company has not accounted for the share of losses from the date of the contract to 31 March 2009. As part of this Mudaraba agreement 49,100,000 shares of the Parent Company and 40% shares of a local subsidiary are pledged as security. The management is not able to obtain confirmation from the foreign bank for the losses allocated to them or outstanding balance. In the opinion of in-house legal counsel, as supported by the shari'a advisor's opinion, the Parent Company bears no liability towards foreign bank for the losses that took place in their Mudaraba in view of the fact that the losses were caused by circumstances beyond the control of the Parent Company.

During the period ended 31 March 2009 the Parent Company management allocated the loss between the Parent Company and the foreign bank in accordance with the terms of the Mudaraba agreement. Accordingly the comparative figures are restated.

The result of above restatement is summarized as follows:-

	<i>At 1 January 2009 KD</i>	<i>At 31 March 2009 KD</i>
Net decrease in liabilities	4,365,788	4,825,596
Net decrease in loss	3,968,608	361,672
Net increase in total equity	4,365,788	4,825,596

The effect on loss per share and diluted loss per share related to the restatement for three months period ended on 31 March 2009 was less than 1 fil.

16 ANNUAL GENERAL ASSEMBLY

The annual general assembly of the shareholders of the parent company was held on 1 June 2010.