

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

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

**30 JUNE 2009**

**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 30 June 2009 and the related interim condensed consolidated statements of income and comprehensive income for the three months and six months period then ended, and the related interim condensed statement of cash flows and changes in equity for the six 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. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

*Scope of Review*

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


*Conclusion*

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

*Report on 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, no violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company have occurred during the six months period ended 30 June 2009 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, 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 six months period ended 30 June 2009.



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LICENCE NO. 68 A  
OF ERNST & YOUNG



ALI A. AL-HASAWI  
LICENCE NO. 30 A  
RÖDL MIDDLE EAST  
BURGAN - INTERNATIONAL ACCOUNTANTS

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL

POSITION (UNAUDITED)

At 30 June 2009

		(Audited)	(Restated)
		30 June	30 June
		2009	2008
	Notes	KD	KD
<b>ASSETS</b>			
Cash and bank balances		4,159,749	3,667,971
Murabaha investments		5,116,527	10,944,524
Financial assets at fair value through income statement	3	8,829,342	7,266,778
Receivables		5,709,907	7,357,792
Amount paid to DBHC	4	233,483	251,443
Assets used in operating leases		31,732,356	49,540,338
Other assets		14,917,207	14,509,057
Financial assets available for sale	5	6,857,260	6,993,132
Investment in associates	6	23,138,000	25,955,721
Investment property		930,962	930,962
Furniture and equipment		7,313,855	6,732,911
Goodwill	10	13,160,879	10,370,972
		<u>122,099,527</u>	<u>144,521,601</u>
Assets of investment in a subsidiary classified as held for sale		-	3,592,552
<b>TOTAL ASSETS</b>		<u>122,099,527</u>	<u>172,227,635</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable and accruals		13,340,792	13,069,951
Due to banks		73,580,406	86,205,535
Lease obligations		1,108,979	1,873,573
		<u>88,030,177</u>	<u>101,149,059</u>
Liabilities of investment in a subsidiary classified as held for sale		-	2,990,570
<b>TOTAL LIABILITIES</b>		<u>88,030,177</u>	<u>104,140,629</u>
<b>Equity</b>			
Share capital		49,222,195	49,222,195
Share premium		26,972,353	26,972,353
Treasury shares	7	(11,817,466)	(11,817,466)
Treasury shares reserve		4,267	4,267
Statutory reserve		1,180,931	1,180,931
Accumulated losses		(37,401,529)	(29,653,535)
Foreign currency translation reserve		(5,663,820)	(2,592,011)
Cumulative changes in fair values		621,936	(169,211)
		<u>23,118,867</u>	<u>33,147,523</u>
<b>Equity attributable to shareholders of the Parent Company</b>		<u>23,118,867</u>	<u>33,147,523</u>
Non controlling interests		10,950,483	10,225,019
Non controlling interests of investment in a subsidiary classified as held for sale		-	240,793
<b>TOTAL EQUITY</b>		<u>34,069,350</u>	<u>43,372,542</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>122,099,527</u>	<u>172,227,635</u>

Adnan A. Aziz Al Bahar  
Chairman and Managing Director

The attached notes 1 to 17 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 30 June 2009

	Notes	Three months ended 30 June		Six months ended 30 June	
		(Restated)		(Restated)	
		2009 KD	2008 KD	2009 KD	2008 KD
Management fees		5,049	139,005	7,678	236,927
Murabaha and ijara income		159,842	21,921	243,138	71,667
Brokerage fees	4	-	1,536,808	-	2,326,808
Compensation received on advance for acquisition of a subsidiary		-	73,200	-	327,735
Rental income from operating lease transactions		1,778,032	2,586,695	2,768,214	4,326,748
Loss on disposal of assets used in operating leases		(259,210)	(446,662)	(534,437)	(340,789)
Gain on mutual fund investments		-	31,330	-	141,294
Unrealised (loss) gain on financial assets at fair value through income statement		(26,921)	1,001,279	1,066,378	1,086,345
Realised gain (loss) on financial assets at fair value through income statement		17,911	(14,908)	17,911	(14,908)
Realised loss from disposal of financial assets available for sale		-	(102,085)	-	(104,459)
Share of results of associates		(1,806,039)	(1,709,394)	(2,407,148)	(2,002,284)
Dividend income		399	633,908	19,979	634,219
Finance income		387,916	289,355	774,697	560,370
Other income		559,996	635,398	1,373,639	1,983,430
<b>INCOME</b>		<b>816,975</b>	<b>4,675,850</b>	<b>3,330,049</b>	<b>9,233,103</b>
General and administrative expenses		2,015,987	2,818,040	3,769,514	6,791,230
Murabaha and finance costs		1,842,914	1,231,929	3,333,820	3,166,326
Depreciation		1,205,461	1,180,552	2,641,428	2,107,565
Foreign exchange loss		1,796,987	4,246,820	1,661,216	4,533,174
(Reversal) provision for credit losses		(39,428)	-	3,197	10,000
Restructuring cost on investment in an associate	6	429,095	-	429,095	-
Impairment of financial assets available for sale		187,500	-	935,280	-
Impairment of DBHC receivables		17,960	-	17,960	-
Loss on disposal of investment in an associated company		-	-	-	2,096
<b>EXPENSES</b>		<b>7,456,476</b>	<b>9,477,341</b>	<b>12,791,510</b>	<b>16,610,391</b>
<b>Loss before tax</b>		<b>(6,639,501)</b>	<b>(4,801,491)</b>	<b>(9,461,461)</b>	<b>(7,377,288)</b>
Release (provision) for deferred tax liability		830,997	(140,442)	1,254,099	(965,849)
Loss for the period from continuing operations		(5,808,504)	(4,941,933)	(8,207,362)	(8,343,137)
Loss from investment in a subsidiary classified as held for sale	8	-	(1,045,137)	-	(1,045,137)
<b>LOSS FOR THE PERIOD</b>		<b>(5,808,504)</b>	<b>(5,987,070)</b>	<b>(8,207,362)</b>	<b>(9,388,274)</b>
Attributable to:					
Shareholders of the Parent Company		(5,609,986)	(5,299,175)	(7,747,994)	(8,124,534)
Non controlling interests		(198,518)	(687,895)	(459,368)	(1,263,740)
		<b>(5,808,504)</b>	<b>(5,987,070)</b>	<b>(8,207,362)</b>	<b>(9,388,274)</b>
<b>BASIC LOSS PER SHARE</b>	9	<b>12.7 fils</b>	11.3 fils	<b>17.5 fils</b>	16.9 fils
<b>DILUTED LOSS PER SHARE</b>	9	<b>12.7 fils</b>	11.1 fils	<b>17.5 fils</b>	16.7 fils

The attached notes 1 to 17 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 30 June 2009

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2009</i>	<i>(Restated)</i>	<i>2009</i>	<i>(Restated)</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Loss for the period</b>	<b>(5,808,504)</b>	<b>(5,987,070)</b>	<b>(8,207,362)</b>	<b>(9,388,274)</b>
<b>Other comprehensive (loss) income</b>				
Net unrealised gain (loss) on financial assets available for sale	879,612	(671,571)	882,250	(793,460)
Realised gain on disposal of on financial assets available for sale	-	186,907	-	186,907
Foreign currency translation adjustment	(2,081,871)	(1,748,697)	(2,912,621)	129,401
<b>Other comprehensive loss for the period included in equity</b>	<b>(1,202,259)</b>	<b>(2,233,361)</b>	<b>(2,030,371)</b>	<b>(477,152)</b>
<b>Total comprehensive loss for the period</b>	<b>(7,010,763)</b>	<b>(8,220,431)</b>	<b>(10,237,733)</b>	<b>(9,865,426)</b>
Attributable to:				
Shareholders of the Parent Company	(7,055,450)	(7,051,612)	(10,028,656)	(8,029,965)
Non controlling interests	44,687	(1,168,819)	(209,077)	(1,835,461)
	<b>(7,010,763)</b>	<b>(8,220,431)</b>	<b>(10,237,733)</b>	<b>(9,865,426)</b>

The attached notes 1 to 17 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 30 June 2009

	Notes	<i>Six months ended</i>	
		<i>30 June</i>	
		<i>2009</i>	<i>(Restated)</i>
		<i>KD</i>	<i>2008</i>
			<i>KD</i>
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(8,207,362)	(9,388,274)
Adjustments for:			
Depreciation		2,641,428	2,107,565
Provision for credit losses		3,197	10,000
Loss on disposal of assets used in operating lease		534,437	340,789
Loss on disposal of investment in an associated company		-	2,096
Impairment of financial assets available for sale		935,280	-
Impairment of DBHC receivables		17,960	-
Dividend income		(19,979)	(634,219)
Unrealised gain on financial assets at fair value through income statement		(1,066,378)	(1,086,345)
Share of results of associates		2,407,148	2,002,284
Restructuring cost on investment in an associate	6	429,095	-
Loss on investment in a subsidiary classified as held for sale	8	-	1,045,137
		<u>(2,325,174)</u>	<u>(5,600,967)</u>
Changes in operating assets and liabilities:			
Murabaha investments		-	380,102
Financial assets at fair value through income statement		(496,186)	(2,503,230)
Receivables		1,644,688	2,321,451
Other assets		(408,150)	(713,577)
Accounts payable and accruals		(2,794,447)	552,320
		<u>(4,379,269)</u>	<u>(5,563,901)</u>
Cash flows used in operating activities		(4,379,269)	(5,563,901)
Payment of contribution to KFAS		-	(111,883)
Payment of provision for NLST		-	(331,989)
Payment of directors remuneration		-	(90,000)
		<u>(4,379,269)</u>	<u>(6,097,773)</u>
Net cash flows used in operating activities		<u>(4,379,269)</u>	<u>(6,097,773)</u>
<b>INVESTING ACTIVITIES</b>			
Partial recovery of amount paid to DBHC		-	16,552,119
Acquisition of subsidiaries	10	(77,510)	15,559,345
Purchase of investment properties		-	(930,962)
Purchase of financial assets available for sale		(8,261)	(5,112,802)
Purchase of investment in associates		(767,485)	(23,240)
Proceeds from disposal of investment in an associate		-	4,500,000
Purchase of assets used in operating leases		(13,981,802)	(5,300,100)
Proceeds from disposal of assets used in operating leases		21,189,596	7,539,894
Purchase of furniture and equipment		(1,076,774)	(228,464)
Dividend received		19,979	634,219
		<u>5,297,743</u>	<u>33,190,009</u>
Net cash flows from investing activities		<u>5,297,743</u>	<u>33,190,009</u>
<b>FINANCING ACTIVITIES</b>			
Due to banks		(12,625,129)	(7,984,255)
Lease obligations		(764,594)	(1,121,783)
Purchase of treasury shares		-	(11,954,060)
Proceeds from disposal of treasury shares		-	267,369
Dividend paid		-	(6,712,045)
Net movement in non controlling interests		1,184,832	(571,721)
		<u>(12,204,891)</u>	<u>(28,076,495)</u>
Net cash flows used in financing activities		<u>(12,204,891)</u>	<u>(28,076,495)</u>
Foreign currency translation reserve		5,950,198	5,867,083
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(5,336,219)</u>	<u>4,882,824</u>
Cash and cash equivalents at 1 January		14,612,495	26,235,460
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	11	<u>9,276,276</u>	<u>31,118,284</u>

The attached notes 1 to 17 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 30 June 2009

	Attributable to the equity holders of the Parent Company							Total equity KD			
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	(Accumulated losses) retained earnings KD	Foreign currency translation reserve KD		Cumulative changes in fair values KD	Sub total KD	Non controlling interests KD
At 1 January 2009	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
Loss for the period	-	-	-	-	-	(7,747,994)	-	-	(7,747,994)	(459,368)	(8,207,362)
Other comprehensive (loss) gain for the period	-	-	-	-	-	-	(3,071,809)	791,147	(2,280,662)	250,291	(2,030,371)
Total comprehensive (loss) gain	-	-	-	-	-	(7,747,994)	(3,071,809)	791,147	(10,028,656)	(209,077)	(10,237,733)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	(649,151)	(649,151)
Other non controlling interests movements	-	-	-	-	-	-	-	-	-	1,583,692	1,583,692
<b>At 30 June 2009</b>	<b>49,222,195</b>	<b>26,972,353</b>	<b>(11,817,466)</b>	<b>4,267</b>	<b>1,180,931</b>	<b>(37,401,529)</b>	<b>(5,663,820)</b>	<b>621,936</b>	<b>23,118,867</b>	<b>10,950,483</b>	<b>34,069,350</b>
At 1 January 2008, restated (Note 17)	44,747,450	26,972,353	(126,508)	-	1,180,931	10,468,060	(2,274,408)	(102,910)	80,864,968	10,856,172	91,721,140
Loss for the period	-	-	-	-	-	(8,124,534)	-	-	(8,124,534)	(1,263,740)	(9,388,274)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	806,260	(711,691)	94,569	(571,721)	(477,152)
Total comprehensive (loss) income	-	-	-	-	-	(8,124,534)	806,260	(711,691)	(8,029,965)	(1,835,461)	(9,865,426)
Cash dividend for 2007	-	-	-	-	-	(6,712,045)	-	-	(6,712,045)	-	(6,712,045)
Issue of bonus shares (10%)	4,474,745	-	-	-	-	(4,474,745)	-	-	-	-	-
Purchase of treasury shares	-	-	(11,954,060)	-	-	-	-	-	(11,954,060)	-	(11,954,060)
Sale of treasury shares	-	-	263,102	4,267	-	-	-	-	267,369	-	267,369
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	4,125,099	4,125,099
<b>At 30 June 2008</b>	<b>49,222,195</b>	<b>26,972,353</b>	<b>(11,817,466)</b>	<b>4,267</b>	<b>1,180,931</b>	<b>(8,843,264)</b>	<b>(1,468,148)</b>	<b>(814,601)</b>	<b>54,436,267</b>	<b>13,145,810</b>	<b>67,582,077</b>

The attached notes 1 to 17 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

30 June 2009 (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 30 June 2009 were authorised for issue in accordance with a resolution of the Parent Company's directors on 18 August 2009 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 banking and investment advisory and financial services permissible under Islamic Shareea'a. It's 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 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 2008.

The annual consolidated financial statements for the year ended 31 December 2008 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 2008. In addition, results for the six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

During the period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

#### ***IAS 1 Presentation of Financial Statements (Revised):***

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in income) to be presented in the consolidated statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in the consolidated statement of comprehensive income. Components of comprehensive income are not permitted to be presented in the consolidated statement of changes in equity.

#### ***IFRS 8 'Operating segments':***

The new standard which replaced IAS 14 'Segment reporting' requires a management approach for segment reporting under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

**3 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT**

	<i>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>(Restated)</i> <i>30 June</i> <i>2008</i> <i>KD</i>
Designated on initial recognition:			
Quoted securities	528,001	105,001	96,200
Unquoted securities	8,301,341	7,161,777	6,119,710
	<u>8,829,342</u>	<u>7,266,778</u>	<u>6,215,910</u>

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

The fair value of certain unquoted equity securities had been determined using valuation techniques other than quoted market prices which involve uncertainties and determinations based on independent external valuers and the Group management's judgment. Unrealised gain recorded based on such valuation techniques amounted to KD 1,029,926 (30 June 2008: KD 1,086,345).

**4 AMOUNT PAID TO DBHC**

Amount receivable from Dallah Albaraka Holding Company EC and related entities (collectively "DBHC") is secured through 3.592 million shares of TII (31 December 2008 and 30 June 2008: 3.592 million shares), which had a market value of KD 233 thousands at 30 June 2009 (31 December 2008: KD 251 thousands and 30 June 2008: KD 704 thousands).

Under the settlement agreement, TII is entitled to brokerage fee on liquidation of collateral. During the current period TII has recognised income of KD Nil (30 June 2008: KD 2,326,808) towards brokerage fees.

**5 FINANCIAL ASSETS AVAILABLE FOR SALE**

	<i>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>(Restated)</i> <i>30 June</i> <i>2008</i> <i>KD</i>
Quoted securities	3,902,430	3,741,165	5,862,451
Unquoted securities	2,954,830	3,251,967	4,277,311
	<u>6,857,260</u>	<u>6,993,132</u>	<u>10,139,762</u>

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

Included under unquoted equities are financial assets amounting to KD 2,214,341 (31 December 2008: KD 2,214,341 and 30 June 2008: KD 3,170,657) 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 498,227 (31 December 2008: KD 498,227 and 30 June 2008: KD Nil) have been provided as collateral towards Islamic financing facility.

An impairment of KD 935,280 (30 June 2008: Nil) has been recognised against financial assets available for sale on which there has been a significant or prolonged decline in value.

**6 INVESTMENT IN ASSOCIATES**

During the period, Asia Retail group Limited (SPV) increased its holding in one of its existing subsidiaries, as a result of these acquisitions it has recognised a total negative goodwill of KD 980,460 (30 June 2008: KD 2,012,156) based on the management accounts for the period ended 31 March 2009. The group's share in the results based on management accounts of the SPV includes an amount of KD 375,320 (30 June 2008: KD 880,318) which is related to the negative goodwill.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

INFORMATION (UNAUDITED)

At 30 June 2009

6 INVESTMENT IN ASSOCIATES (continued)

Due to the restructuring of Asia Retail Group Limited's murabaha facility, the Group disposed off 1.09% voting right in this associate and has recognised as restructuring cost of KD 429,095 (30 June 2008: KD Nil) in the interim condensed consolidated statement of income.

7 TREASURY SHARES

	<i>30 June</i> <i>2009</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i>	<i>30 June</i> <i>2008</i>
Number of treasury shares	49,105,313	49,105,313	49,105,313
Percentage of treasury shares	9.98	9.98	9.98
Cost of treasury shares (KD)	11,817,466	11,817,466	11,817,466
Market value of treasury shares (KD)	3,191,845	3,437,371	9,624,641

Out of the above treasury shares, 49,100,000 (31 December 2008 and 30 June 2008: 49,100,000) shares are pledged as security for one of the murabaha borrowings.

8 LOSS ON DISPOSAL OF A SUBSIDIARY

During the period ended 30 June 2008 the Group classified its 60% stake in Fleet Corp Jordan as "held for sale" and the loss from this subsidiary amounted to KD 1,045,137.

9 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).

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2009</i>	<i>2008</i> <i>(Restated)</i>	<i>2009</i>	<i>2008</i> <i>(Restated)</i>
Loss for the period attributable to the shareholders of the Parent Company (KD)	(5,609,986)	(5,299,175)	(7,747,994)	(8,124,534)
Weighted average number of ordinary shares outstanding for basic loss per share	492,221,950	492,221,950	492,221,950	492,221,950
Less: weighted average number of treasury shares	49,105,313	22,193,708	49,105,313	11,159,049
	443,116,637	470,028,242	443,116,637	481,062,901
Effect of dilution from weighted average number of share options outstanding	-	5,364,269	-	5,068,321
Adjusted weighted average number of ordinary shares for diluted earnings per share	443,116,637	475,392,511	443,116,637	486,131,222
<b>Basic loss per share</b>	<b>12.7 fils</b>	<b>11.3 fils</b>	<b>17.5 fils</b>	<b>16.9 fils</b>
<b>Diluted loss per share</b>	<b>12.7 fils</b>	<b>11.1 fils</b>	<b>17.5 fils</b>	<b>16.7 fils</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

**10 ACQUISITION OF SUBSIDIARIES**

During the period, the Group had the following transactions:-

- Acquired additional equity interest of 25% in Fleetcorp, Turkey; accordingly, the effective equity interest increased from 75% to 100%. The purchase consideration of KD 3,065,286 is to be paid with in a maximum period of 18 months and is currently classified under accounts payable and accruals. The amount payable is secured by the pledge of 25% equity shares in Fleetcorp.
- Acquired additional equity interest of 3.3% in Bayt Al Mal Holding Company K.S.C. (Holding) Kuwait, from a related party; accordingly, the effective equity interest increased from 54.66% to 57.99%. The purchase consideration of KD 584,495 was off-set against a Murabaha receivable from the same seller.
- Acquired 100% shareholdings in Saudi Leasing Company by paying KD 77,510.

The fair value of assets and liabilities on acquisition of the companies has preliminarily been assessed by the management to approximate book value and based on this assessment goodwill of KD 2,789,907, net of foreign exchange, has been provisionally recognised. This goodwill will be reassessed during the course of the following 12 months.

**11 CASH AND CASH EQUIVALENTS**

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

	<i>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>(Restated)</i> <i>30 June</i> <i>2008</i> <i>KD</i>
Cash and bank balances	4,159,749	3,667,971	19,465,406
Murabaha investments	5,116,527	10,944,524	11,652,878
	<u>9,276,276</u>	<u>14,612,495</u>	<u>31,118,284</u>

**12 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>30 June</i> <i>2009</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2008</i> <i>KD</i>	<i>(Restated)</i> <i>30 June</i> <i>2008</i> <i>KD</i>
<b>Transactions included in interim condensed consolidated statement of financial position</b>			
Amounts due from related parties	138,737	237,487	1,379,615
Amounts due to related parties	-	-	3,191

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

12 RELATED PARTY TRANSACTIONS (continued)

	<i>Six months period ended 30 June 2009 KD</i>	<i>(Restated) Six months period ended 30 June 2008 KD</i>
<b>Transactions included in the interim condensed consolidated statement of income</b>		
Finance income	774,697	560,370
<b>Key management compensation:</b>		
Salaries and other short term benefits	651,353	609,846
Employees' end of service benefits	61,527	60,019

13 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 30 June 2009 amounted to KD 20,421,113 (31 December 2008: KD 25,969,910 and 30 June 2008: KD 43,639,679). Management fees from fiduciary activities during the period amounted to KD 7,678 (30 June 2008: KD 236,927).

14 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>Six months ended 30 June 2009</i>	<i>Investment management and advisory services KD</i>	<i>Leasing KD</i>	<i>Total KD</i>
Segment revenue	1,096,272	2,233,777	3,330,049
Segment expenses	6,218,815	6,572,695	12,791,510
Segment results before tax	<u>(5,122,543)</u>	<u>(4,338,918)</u>	<u>(9,461,461)</u>
<b>Total assets</b>	<u><u>74,825,337</u></u>	<u><u>47,274,190</u></u>	<u><u>122,099,527</u></u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

14 SEGMENTAL ANALYSIS (continued)

<i>Six months ended 30 June 2008 (Restated)</i>	<i>Investment management and advisory services KD</i>	<i>Leasing KD</i>	<i>Total KD</i>
Segment revenue	4,919,409	4,313,694	9,233,103
Segment expenses (including discontinued operation)	<u>6,505,562</u>	<u>11,149,966</u>	<u>17,655,528</u>
Segment results before tax (including discontinued operation)	<u>(1,586,153)</u>	<u>(6,836,272)</u>	<u>(8,422,425)</u>
Total assets	<u>102,317,239</u>	<u>69,910,396</u>	<u>172,227,635</u>

15 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 2008. Further, there were no options granted or exercised since 31 December 2008.

16 CONTINGENCIES AND COMMITMENTS

There were no material changes in contingencies and commitments since 31 December 2008.

17 COMPARITIVE INFORMATION

Consequent to the restatement as explained in Note 36 of the audited consolidated financial statements of the Group for the year ended 31 December 2008, the interim condensed consolidated financial information for the period ended 30 June 2008 has also been restated. The result of this restatement is summarized as follows.

As of 1 January 2008

	<i>KD</i>
Net increase in assets	9,604,306
Net increase in liabilities	4,647,356
Net increase in total equity	4,956,950

As of 30 June 2008

	<i>KD</i>
Net increase in assets	16,793,000
Net increase in liabilities	8,176,230
Net decrease in loss	247,096
Net increase in total equity	8,616,770

The effect on loss per share and diluted loss per share related to the restatement as of 30 June 2008 was less than 0.30 fils.