The International Investor

09

ANNUAL REPORT 2009

قَال تَعَالى :

وَمَن يَتقِ اللّهَ يَجعَل لهُ مَخْرَجا وَيَرزُقْهُ منْ حَيْثُ لا يَحْتَسبُ وَمَن يَتَوكَلْ
عَلَى اللّهِ فَهُوَ حَسْبُهُ إِن اللّهَ بَالِغُ أمْرِه قَدْ جَعَلَ اللّهُ لِكُل شَيءٍ قَدْراً .
صَدَقَ اللّه العَظِيم (سُورَة الطلاَق الآيات ٢ و ٣)

And whosoever fears of God and keeps his duty to him, He will make a way for him to get out (from every difficulty). And He will provide him from (sources) he never could imagine. And whosoever puts his trust in God, and then He will suffice him. Verily, God will accomplish his purpose. Indeed, God has set a measure for all things.

Surah 65:2-3

H.H. **Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah**
Crown Prince

H.H. **Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah**
Amir of the State of Kuwait

Vision

TII is a leading international financial services company, capturing emerging opportunities and focusing on high-growth markets, to deliver superior performance to shareholders.

Values

TII has a set of shared values that help to define our culture, govern the way we operate, and act as a guide in the way we work with stakeholders. We call our corporate values the 'Pillars of Trust'.

Pillars of Trust

Integrity We espouse the highest levels of personal and professional behaviour, acting in an honest and ethical manner at all times.

Diversity We constantly seek to expand our activities by identifying new opportunities in the financial services industry.

Execution In everything we do, quality is the objective. We are committed to leadership, excellence, innovation and global best practice.As well as abiding concern with Shari'a compliance.

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors of The International Investor (TII), I am pleased to report on the company's performance in 2009. Our stated intention to streamline operations, control expenses, and reposition our business portfolio has been largely successful and I will report on these developments in turn in this report.

Our focus through 2009 has been on managing our financing obligations through the restructuring and rescheduling of our borrowings to match the future cycle of our cash-flows. The global credit crisis has continued to hamper our strategic plans with protracted negotiations slowing down our progress. We believe that this is a reflection of the general caution of buyers and additionally the prevailing prudent stance of lenders in financing privately held investments.

While the global financial situation continues to impact our businesses and our 2009 results reflect this, we have nevertheless cleared the following hurdles in 2009:

1. We have restructured all our important bank debts.
2. All our business subsidiaries have been financially restructured with adequate provision factored in for growth over the next 24 to 36 months.
3. We have reached or surpassed the operational break-even level on most of our businesses.

With the aforementioned objectives completed, our management effort can now concentrate on developing and overseeing our business lines rather than fire fighting the consequences of the credit crisis.

Looking ahead to 2010, all indicators point to a return to sustainable profitability for TII even if modestly. Most of our businesses have moved into or are heading into positive cash-flow, while all our businesses have either crossed into profitable territory or will do so in 2010. Additionally, the key markets we are operating in are displaying positive signs of economic recovery.

the Asian markets look promising as our retail businesses in Asia are doing well compared to the previous year as consumers are showing more confidence.

Turkey, where we have our fleet leasing business, is seen as one of the most interesting and promising emerging markets currently. Its sovereign rating has been raised, and it has weathered the financial crisis better than others. Our business there, recapitalised in 2009, is experiencing firm growth. Our management team has been strengthened with broader experience and deeper capabilities. We have implemented a new, world standard operations and processing platform to improve the productivity of the company and its services to its customers.

With the extensive work of re-capitalising some of our businesses and restructuring the debt throughout the TII Group now mostly completed, and the expected sale of key investments on track, we intend, in 2010, to re-focus our attention on actively engaging the market to seek out promising opportunities for our shareholders.

Acknowledgment

On behalf of the Board, I would like to thank all those who have helped us through 2009 to achieve our objectives, our staff, customers and by no means least, our bankers in Kuwait and in particular, Kuwait Finance House and Al Ahli Bank of Kuwait whose co-operation was instrumental in helping us through 2009.

We look to 2010 with positive anticipation as we continue to pursue our objectives as a leaner, more cost effective company and once again, profitable.

Yours sincerely,

Adnan Al Bahar
Chairman and Managing Director

Review of Key Businesses & Investments

Payment and Loyalty Solutions Group

Procco Financial Services, part of the PLS Group, continuously strives to develop its offering and is quickly being recognized as one of the leading Islamic Payment Solution platform providers in the world. Its primary product is an Islamic Instalment Card Payment Solution plus other services including a loyalty programme, prepaid cards, gift cards, and direct marketing tools, among others.

To date, Procco's marketing efforts have been focused on programme development for several GCC-based banks such as the Taqseet Instalment Card for Al Baraka Islamic Bank (Bahrain) and the eMurabaha for Abu Dhabi Islamic Bank (UAE). In 2009, Procco's new partnership with Visa enabled the company to achieve greater success by placing its Sharia Compliant Instalment Program on the same card and chip being used by Visa. This venture has brought Procco one step closer to its vision of providing Sharia Instalment Card Solutions globally.

There are new regional partnerships in the GCC, Europe and Asia, currently confidential at the request of its clients. These early successes confirm the superior offering in Procco's Sharia' Card Platform and Products. As interest grows, new enquiries are continuously coming in to partner with Procco and its unique Islamic offering.

Procco is currently researching the viability of introducing online Sharia processing for the Selektpoints and e-Murabaha brands in 2010.

Given the above accomplishments, Procco continues its philanthropic work by working with and assisting charitable organisations.

Bayt Al Mal Investment

TII has been in negotiations with potential buyers to sell its stake in Bayt Al Mal (BAM). The potential offering is attractive to players seeking to capitalise on the brand and in particular, BAM's two investment company licenses in Kuwait and Saudi Arabia.

Running concurrently with these negotiations, TII has embarked on a cost-cutting plan at BAM to enhance its shareholder value.

Courts

“TII partnered with Barings Private Equity and Deutsche Private Equity to acquire two operating companies in Singapore and Malaysia operating under the Courts brand with the objective of privatizing the companies, consolidating and restructuring them into one operating structure to enhance shareholder value. The business at the operating level has done well even in this recession thanks to its market positioning and operating efficiencies that have been introduced over the last two years. We expect this business to continue to do well and expand market share and we may decide to exit partially or totally at some time in the future.“

“Fleet-Corp Turkey

Our vehicle leasing company, Fleet-Corp Turkey, has been strengthened with a redesigned business model. Emphasis was directed towards improving the management team in key performance areas like financial control, treasury and risk, and the MIS platform. These changes were introduced in combination with a strengthened balance sheet through a recapitalisation and broad restructuring of financing obligations.

The company now operates to international operational fleet leasing standards. A dedicated sales department staffed with a professional sales team has improved our marketing focus and customer care.

The re-capitalisation has reduced the company’s leveraging and its bank borrowings have fallen by nearly 25% in the last year. Cash-flow is more tightly managed and departmental efficiencies are monitored using the balance score card. The proper pricing of ancillary expenses and overheads has resulted in profit centres being created out of what were historically cost centres, for example in insurance payments. Our customer satisfaction index has more than doubled from its 2007 level, even during our restructuring phase.
The net loss in 2009 is nearly half the 2008 level and projected to turn positive in 2010.

Relative to the rest of Europe, the penetration of vehicle operating leases in Turkey is very low with room for strong growth potential in the future.

Fleet-corp has signed important global deals; it is now the Turkish representative of the second largest US operating lease company, and it has also joined an international network of leasing companies in Europe as their Turkish representative.

Outlook for 2010

As we look ahead to 2010, we expect a marked improvement in trading over the last two years, and it is our belief that we are well on our way to a return to healthy cash-flows and profitability.

The sale of some of our investments in 2010 will free up cash and resources so that we can seek out new acquisitions in our key markets in the GCC and Kuwait. Our goal remains a return to profitability and growth through the optimisation of our portfolio of businesses and to consistently introduce improvements to their operational efficiencies.

Board of Directors

Adnan Abdulaziz Al Bahar
Chairman and Managing Director

Before founding Tii in 1992 , Adnan was Managing Director of AL Rajhi Company for Islamic Investment in London and prior to this, General Manager of Kuwait Finance House, He has served as Advisor to the Finance Committee of the Kuwait Parliament and as Director of Kuwait Investment Authority, Kuwait Stock Exchange and Kuwait Higher Planning Board .

Faisal Abdul Mohsin Al Khatrash
Deputy Chairman

Faisal was previously Deputy Managing Director of Kuwait Foreign Trading, Contracting and Investment Company and Vice Chairman of Kuwait Finance House, He is currently an Executive Board member of Salhia Real Estate Company .

Talal A. Al-Nafisi
Director

Vice President ,MENA Asset Management Department. in KAMCO (KIPCO Asset Management Company), in addition he is a Director in United Real Estate Co. Talal Graduated from Northeastern University, Boston with a Bachelor degree in Science of Business Administration from School of Business Administration, he has 16 years of experience where he held senior positions in some of the largest companies in Kuwait .

Abdallah Mohamed Al-Beaijan
Director

Abdallah is Chairman and Managing Director of AL-Seedawi Sweet Factory and a Partner and General Manager of AL-Enma Management Consultancy . He is also a Chairman of Kuwait Foodstuff Merchants and Manufacturers Union, Regional Manager of Arab Federation for Food Industry in Kuwait, Board Member in the Kuwait Public Transport Co. and Board Member in Public Authority for Industry.

Faisal Ebrahim Almusallam
Director

Faisal is currently working as deputy manager in the Direct Investment Department of Kuwait's Public Institution for Social Security and responsible for private equity funds Since 1993.

Mr. Talal Anwar AL Mulla
Director

Mr. Talal Al Mulla holds a Masters Degree in HFID and a Bachelors Degree in Finance both from Bentley College. Mr. Talal currently holds the position of Group Manager - Investments of Al Mulla Group Holding Co. KSCC, Kuwait. In addition, Mr. Talal holds the position of Chairman of Al Mulla Rental & Leasing of Vehicles & Equipment Co. KSCC.

Mr. Anwar Abdul Aziz Al-Usaimi
Director

Mr. Anwar graduated with a bachelor of science degree in Business from Emporia Kansas State College, U.S.A. He currently holds the position of Vice Chairman in Al-Asima Real Estate Company and board member & Deputy Managing Director of Al-Salhia Real Estate Company, in addition to being the board of Key Property Investments Ltd., U.K and Haddia GmbH , Germany. Mr. Al-Usaimi was also a board member in Commercial Bank of Kuwait.

Report of the Shariah Supervisory Board

In the name of God the Merciful the Compassionate

Praise is to God, the Lord of all creation, and prayer and peace be upon Prophet Muhammad, his family, companions and followers.

The Fatwa and Shari' a Supervisory Board of the International Investor held several meetings during 2008, wherein all questions and contracts related to this year's operations, as presented by Management, were studied.

The Board accordingly made all necessary recommendations, decisions and Fatwa.

Additionally, the Board studied the internal Shari'a audit report of all operations for 2008.

In light of the above, and what has been presented to it, the Board noted some Shari' a infractions, which were duly brought to the company's attention, to rectify and take measures to avoid their recurrence.

Sheikh Ahmed Bazie' Al-Yaseen
Chairman

Dr. Khled Mathkour Al-Mathkour
Deputy Chairman

Dr. Muhammed Fawzi Faidullah
Member

Dr. Abdul Aziz Khalifa Al-Qassar
Member

Sheikh Abdul-Rahman Ibn Abdullah Ibn Aqeel.
Member

Auditors' Report to the Shareholders

We have audited the accompanying consolidated financial statements of The International Investor Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait. 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 did not audit the financial statements of Asia Retail Group Limited, an associate of the Parent Company, which accounts for a loss of KD 4,041,418 (31 December 2008: 3,398,436) and total assets of KD 13,585,550 (31 December 2008: 18,706,042) of the Group's total loss for the year ended 31 December 2009 and total assets at 31 December 2009 respectively. Those financial statements were audited by another auditor whose unqualified audit report has been furnished to us and our report, in so far as it relates to the amounts included for the associate, is based solely on the unqualified audit report of the other auditor. 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' judgement, 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 for 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 the Parent Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, based on our audit and the unqualified report of another auditor, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait.

Emphasis of Matter
Without qualifying our opinion above, we draw attention to Note 32 to the consolidated financial statement, which explains that there is a potential dispute in respect of a Mudaraba agreement with a foreign bank.

Report on Other Legal and Regulatory Requirements

Furthermore, 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, as amended, and by the Parent Company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association have occurred during the year ended 31 December 2008 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 examination, 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 year ended 31 December 2009.

WALEED A. AL OSAIMI
Licence No. 68 A
Of Ernst & Young

ALI A. AL-HASAWI
License No.30-A
Burgan – International Accountants

6 April 2010Kuwait

CONSOLIDATED FINANCIAL STATEMENTS
31 december 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2009

	Notes	2009 KD	(Restated) 2008 KD	(Restated) At 1 January 2008 KD
ASSETS				
Cash and bank balances				
Mutual fund investments		**2,837,522**	3,667,971	20,743,368
Murabaha investments	3	**-**	-	5,492,092
Financial assets at fair value through income		**759,370**	10,944,524	380,102
statement	4			
Receivables	5	**7,520,409**	7,266,778	2,626,335
Amount paid to Dallah Albaraka		**4,437,105**	7,357,792	8,486,184
Assets used in operating leases	6	**-**	251,443	17,175,661
Other assets	7	**30,765,669**	49,540,338	61,374,051
Financial assets available for sale	8	**15,329,426**	14,509,057	28,350,830
Investment in associates	9	**7,018,332**	6,993,132	5,738,651
Investment property		**21,503,720**	25,955,721	32,946,872
Furniture and equipment		**930,962**	930,962	-
Goodwill	10	**6,162,689**	6,732,911	4,146,911
		13,162,409	10,370,972	11,292,290
TOTAL ASSETS				
		110,427,613	144,521,601	198,753,347
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and accruals	11			
Due to banks	12	**16,198,719**	13,161,889	11,499,538
Lease obligations	13	**67,741,617**	81,747,809	91,291,168
		802,991	1,873,573	3,889,426
Total liabilities				
		84,743,327	96,783,271	106,680,132
Equity				
Share capital	14			
Share premium	14	**49,222,195**	49,222,195	44,747,450
Treasury shares	15	**26,972,353**	26,972,353	26,972,353
Treasury shares reserve		**(11,817,466)**	(11,817,466)	(126,508)
Statutory reserve	16	**4,267**	4,267	-
(Accumulated losses) retained earnings		**1,180,931**	1,180,931	1,180,931
Foreign currency translation reserve		**(44,805,079)**	(25,445,720)	10,707,267
Cumulative changes in fair values		**(5,090,627)**	(2,448,667)	(2,168,379)
		471,148	(154,582)	(96,071)
Equity attributable to equity holders of the				
Parent Company				
Non-controlling interests		**16,137,722**	37,513,311	81,217,043
		9,546,564	10,225,019	10,856,172
Total equity				
		25,684,286	47,738,330	92,073,215
TOTAL LIABILITIES AND EQUITY				
		110,427,613	144,521,601	198,753,347

Adnan A. Aziz Al Bahar
Chairman and Managing Director

The attached notes 27 to 61 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME
Year Ended 31 December 2009

	Notes	2009 KD	(Restated) 2008 KD
Management fees	22	**64,708**	465,303
Murabaha income		**315,093**	964,030
Brokerage fees		**-**	2,326,808
Compensation received on advance for acquisition of a subsidiary		**-**	418,768
Rental income from operating lease transactions		**6,024,667**	7,846,990
Gain on mutual fund investments		**-**	260,392
Unrealised gain on financial assets at fair value through income			
statement		**1,128,387**	1,779,951
Realised gain(loss) from disposal of financial assets at fair value		**10,165**	(12,587)
through income statement		**19,082**	-
Realised gain on disposal of financial assets available for sale		**419,040**	-
Realised gain on disposal of investment property		**52,271**	678,929
Dividend income		**1,243,816**	1,379,769
Finance income		**2,245,153**	2,785,661
Other income			
		11,522,382	18,894,014
INCOME			
		10,782,257	14,420,422
General and administrative expenses		**8,335,314**	6,148,191
Murabaha and finance costs		**5,495,534**	8,495,216
Depreciation		**2,207,912**	7,561,848
Foreign exchange loss		**448,947**	961,136
Loss on disposal of assets used in operating leases		**795,243**	806,153
Provision for credit losses		**1,400,000**	-
Provision for legal claim	8	**-**	80,443
Realised loss on financial assets available for sale		**907,641**	4,983,422
Impairment of financial assets available for sale	9	**-**	372,099
Impairment of Dallah Albaraka receivables	9	**3,497,929**	2,607,797
Share of results of associates	10	**2,102,687**	2,701,013
Restructuring cost on investment in an associate		**200,000**	-
Impairment of goodwill	17	**-**	2,096
Loss on disposal of investment in an associate	32	**-**	1,045,137
Loss on disposal of investment in a subsidiary		**(2,577,592)**	(3,399,586)
Loss recovery from mudaraba contract			
		33,595,872	46,785,387
EXPENSES			
		(22,073,490)	(27,891,373)
Loss before taxes			
		1,254,100	(1,184,963)
Release (provision) for deferred tax liability			
		(20,819,390)	(29,076,336)
LOSS FOR THE YEAR			
Attributable to:		**(19,359,359)**	(24,966,197)
Equity holders of the Parent Company		**(1,460,031)**	(4,110,139)
Non-controlling interests			
		(20,819,390)	(29,076,336)
	18		
		(43.69) fils	(54.05) fils
BASIC LOSS PER SHARE	18		
	21	**(43.69) fils**	(53.70) fils
DILUTED LOSS PER SHARE			

The attached notes 27 to 61 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2009

	Note	2009 KD	2008 KD
Loss for the year		**(20,819,390)**	(29,076,336)
Other comprehensive income (loss)			
Net unrealised gain (loss) on financial assets available for sale		**597,387**	(193,950)
Realised gain on disposal of on financial assets available for sale		**-**	80,443
Foreign currency translation adjustment		**(2,483,985)**	(284,584)
Other comprehensive loss for the year included in equity		**(1,886,598)**	(398,091)
Total comprehensive loss for the year		**(22,705,988)**	(29,474,427)
Attributable to:			
Equity holders of the Parent Company		**(21,375,589)**	(25,304,996)
Non-controlling interests		**(1,330,399)**	(4,169,431)
		(22,705,988)	(29,474,427)
		1,773,574	5,538,763

The attached notes 27 to 61 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended 31 December 2009

	Notes	2009 KD	(Restated) 2008 KD
OPERATING ACTIVITIES			
Loss for the year		**(20,819,390)**	(29,076,336)
Adjustments for:			
Depreciation		**5,495,534**	8,495,216
Provision for credit losses		**795,243**	806,153
Loss on disposal of assets used in operating lease		**448,947**	961,136
Restructuring cost on investment in an associate		**2,102,687**	2,701,013
Loss on disposal of an associate		**-**	2,096
Dividend income		**(52,271)**	(678,929)
Share of results of associates		**3,497,929**	2,607,797
Loss on disposal of investment in a subsidiary		**-**	1,045,137
Impairment of financial assets available for sale		**907,641**	4,983,422
Realised loss on financial assets available for sale		**-**	80,443
Realised gain on disposal of investment property		**(419,040)**	-
Unrealised gain on financial assets at fair value through income statement		**(1,128,387)**	(1,779,951)
Impairment of Dallah Albaraka receivables		**-**	372,099
Impairment of goodwill		**200,000**	-
Loss recovery from mudaraba contract		**(2,577,592)**	(3,399,586)
		(11,548,699)	(12,880,290)
Changes in operating assets and liabilities:			
Murabaha investments		**-**	380,102
Financial assets at fair value through income statement		**874,755**	(2,860,492)
Receivables		**2,125,444**	322,239
Other assets		**(820,369)**	2,679,925
Accounts payable and accruals		**(347,944)**	1,865,514
Cash flows used in operations		**(9,716,813)**	(10,493,002)
Payment of contribution to KFAS		**-**	(111,883)
Payment of provision for NLST		**-**	(331,989)
Payment of directors' remuneration		**-**	(90,000)
Net cash flows used in operating activities		**(9,716,813)**	(11,026,874)
INVESTING ACTIVITIES			
Partial recovery of amount paid to Dallah Albaraka		**251,443**	16,552,119
Acquisition of subsidiaries		**(77,510)**	15,559,345
Purchase of financial assets available for sale		**(307,111)**	(6,931,107)
Proceeds from disposal of financial assets available for sale		**-**	554,250
Purchase of investment in associates		**(1,491,537)**	(2,179,908)
Purchase of investment properties		**(4,609,441)**	(930,962)
Proceeds from disposal of investment in an associate		**-**	4,500,000
Purchase of assets used in operating leases		**(16,652,637)**	(14,511,625)
Proceeds from disposal of assets used in operating lease		**27,488,233**	18,899,577
Purchase of furniture and equipment		**(187,031)**	(2,270,525)
Proceeds from disposal of investment properties		**5,028,481**	-
Dividend received		**52,271**	678,929
Net cash flows from investing activities		**9,495,161**	29,920,093
FINANCING ACTIVITIES			
Due to banks		**(11,428,600)**	(8,921,451)
Lease obligations		**(1,070,582)**	(2,015,853)
Purchase of treasury shares		**-**	(11,954,060)
Proceeds from disposal of treasury shares		**-**	267,369
Net movement in minority interests		**781,576**	(646,113)
Dividends paid		**-**	(6,712,045)
Net cash flows used in financing activities		**(11,717,606)**	(29,982,153)
Foreign currency translation adjustment		**923,655**	(534,031)
DECREASE IN CASH AND CASH EQUIVALENTS		**(11,015,603)**	(11,622,965)
Cash and cash equivalents at 1 January		**14,612,495**	26,235,460
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	20	**3,596,892**	14,612,495

The attached notes 27 to 61 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2009

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	(Accumulated losses) retained earning KD	Foreign currency translation reserve KD	Cumulative changes in fair values KD	Sub total KD	Non controlling interests KD	Total equity KD
	Attributable to the equity holders of the Parent Company										
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 32)	-	-	-	-	-	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 year	-	-	-	-	-	(19,359,359)	-	-	(19,359,359)	(1,460,031)	(20,819,390)
Other comprehensive (loss) gain for the year	-	-	-	-	-	-	(2,641,960)	625,730	(2,016,230)	129,632	(1,886,598)
Total comprehensive (loss) gain	-	-	-	-	-	(19,359,359)	(2,641,960)	625,730	(21,375,589)	(1,330,399)	(22,705,988)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	(649,151)	(649,151)
Other non controlling interests movements	-	-	-	-	-	-	-	-	-	1,301,095	1,301,095
At 31 December 2009	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	25,684,286
Other non controlling interests movements	4,474,745	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	4,125,099	4,125,099
At 31 December 2009	-	-	(11,954,060)	-	-	-	-	-	(11,954,060)	(646,113)	(646,113)
Purchase of treasury shares	-	-	263,102	4,267	-	-	-	-	267,369	-	(11,954,060)
Sale of treasury shares	-									-	267,369
At 31 December 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**
At 1 January 2009, as previously stated	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
Effect of restatement (Note 32)	-	-	-	-	-	239,207	106,029	6,839	352,075	-	352,075
At 1 January 2009, as restated	44,747,450	26,972,353	(126,508)	-	1,180,931	10,707,267	(2,168,379)	(96,071)	81,217,043	10,856,172	92,073,215
Loss for the year	-	-	-	-	-	(24,966,197)	-	-	(24,966,197)	(4,110,139)	(29,076,336)
Other comprehensive (loss) gain for the year	-	-	-	-	-	-	(280,288)	(58,511)	(338,799)	(59,292)	(398,091)
	-	-	-	-	-					(4,169,431)	
Total comprehensive (loss) gain	-	-	-	-	-	(24,966,197)	(280,288)	(58,511)	(25,304,996)	-	(29,474,427)
Acquisition of additional interest	4,474,745	-	-	-	-	(6,712,045)	-	-	(6,712,045)	-	(6,712,045)
in subsidiaries	-	-	(11,954,060)	-	-	(4,474,745)	-	-	-	-	-
Other non controlling interests	-	-	263,102	4,267	-	-	-	-	(11,954,060)	-	(11,954,060)
movements	-	-	-	-	-	-	-	-	267,369	4,125,099	267,369
	-	-	-	-	-	-	-	-	-	(264,656)	4,125,099
At 31 December 2009	-	-	-	-	-	-	-	-	-		(264,656)
Purchase of treasury shares						-	-	-	-	(322,165)	(322,165)
Sale of treasury shares											
At 31 December 2009	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

The attached notes 27 to 61 form part of these consolidated financial statements

Notes to the Consolidated Financial Statements
Year Ended 31 December 2009

1- ACTIVITIES AND CORPORATE INFORAMTION

The consolidated financial statements of The International Investor Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries ("the Group") were authorised for issue in accordance with a resolution of the Parent Company's directors on 5 April 2010 and were approved by the relevant regulatory authorities before issuance. The shareholders' general assembly has the power to amend these consolidated financial statements after issuance.

The Parent Company, The International Investor Company K.S.C. (Closed), 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. It's registered office is at Wafra Real Estate Building, Ahmad Al-Jaber Street, Sharq, Kuwait.

2- FUNDAMENTAL ACCOUNTING CONCEPT AND SIGNIFICANT ACCOUNTING POLICIES

2.1- FUNDAMENTAL ACCOUNTING CONCEPT

The Group incurred a loss of KD 19,359,359 attributable to equity holders of the Parent Company for the year ended 31 December 2009 (2008: 24,966,197) and as of that date, the Group has total accumulated losses of KD 44,805,079 (2008: KD 25,445,720). Article 171 of the Commercial Companies Law states that if the Parent Company lost three-quarters of its share capital, the Board of Directors shall hold an extraordinary general assembly to consider the Parent Company's position and take the necessary actions.

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 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 these consolidated financial statements

2.2- SIGNIFICANT ACCOUNTING POLICIES Statement of compliance

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets at fair value through income statement, financial assets available for sale, investment property and derivatives financial instruments.

The consolidated financial statements as at and for the year ended 31 December 2008 have been restated in accordance with IAS 8 (International Accounting Standard) *Accounting Policies, Changes in Accounting Estimates and Errors and IAS 1 'Presentation of Financial Statements' (Revised)* (Note 32).

Statement of compliance

The consolidated financial statements of the Group have been 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 CBK's requirement for a minimum general provision as described below:

Statement of compliance (continued)

The impairment provision for finance facilities complies in all material respects with the specific provision requirements of the CBK and IFRS. In March 2007, the CBK issued a circular amending the basis of making general provisions on facilities changing the rate from 2% to 1% for cash facilities and from 2% to 0.5% for non cash facilities. The required rates were to be applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral, during the reporting period.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) which is the functional currency of the Parent Company.

Changes in accounting policies and disclosures

The accounting policies applied are consistent with those used in the previous year except that the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009. The adoption of these standards did not have any effect on the financial performance or financial position of the Group. They did however give rise to additional disclosures.

IAS 1 'Presentation of Financial Statements' (Revised):

The new standard replaced IAS 1 'Presentation of Financial Statements' and is effective for accounting periods beginning on or after 1 January 2009. The revised standard requires all non-owner changes in equity (i.e. comprehensive income) to be presented separately in a consolidated statement of comprehensive income. The changes introduced by this standard affect only the presentation of consolidated financial statements.

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 in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. The changes do not affect the recognition, measurement or disclosure of specific transactions required by other standards.

Amendments to IFRS 7 'Financial Instruments: Disclosures':

Amendments to IFRS 7, issued in March 2009, require enhanced disclosure about fair value measurements and liquidity risk of derivatives. The changes do not affect the recognition, measurement or disclosure of specific transactions required by other standards.

Notes to the Consolidated Financial Statements
Year Ended 31 December 2009

Future changes in accounting policies:

The following standards and interpretations, which have been issued but are not yet effective, are applicable to the Group. These standards and interpretations have not been applied in these financial statements. The Group intends to comply with these standards from the effective dates.

a. IFRS 3 (Revised) – Business Combinations and consequential amendments to IAS 27 – Consolidated and Separate Financial Statements (applicable for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, ie 1 January 2010 for the Group).

The main change to the standard that affects the Group's current policies is that acquisition related costs are expensed in the statement of income in the periods in which the costs are incurred and the services received, except for costs related to the issue of debt (recognised as part of the effective interest rate) and the cost of issue of equity (recognised directly in equity). Currently the Group recognises acquisition costs as part of the purchase consideration. Also changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity and will have no impact on goodwill nor will it give rise to a gain or loss in the consolidated statement of income.

b. IFRS 9 'Financial Instruments: Classification and measurement

The Standard introduces new requirements for classification and measurement of financial assets and is effective from 1 January 2013, however early adoption is permitted. The Group has not early adopted this standard for year ended 31 December 2009.

The adoption of amendments to other standards is not expected to have material impact on the consolidated financial statements of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of The International Investor Company K.S.C. (Closed) (the Parent Company) and its subsidiaries, which are as listed below:

Name	*Place of incorporation*	*Ownership %* 2009	2008	*Principal activities*
Directly held subsidiaries				
Fleetcorp	Turkey	100	75	Automotive leasing
Bayt Al Mal Holding Company K.S.C. (Holding)	Kuwait	57	55	Holding investments
Corinthian Super Market K.S.C.C.	Kuwait	100	100	Retail trade
International Vehicles and Steel Company K.S.C. (Closed)	Kuwait	100	100	Car leasing and trading of heavy equipment and steel
TII Financial, Economical and Administration Consultancy W.L.L.	Kuwait	100	100	Consultancy and management services
PLS Holding Company K.S.C. (Holding)	Kuwait	100	100	Holding investments
Fleet Corp Holding K.S.C. (Holding)	Kuwait	100	100	Holding investments
Global Loyalty K.S.C. (Holding)	Kuwait	100	100	Holding investments
FleetCorp India Private Limited	India	100	100	Automotive leasing
TII Global USD Lease Fund I Limited	British Virgin Islands	100	100	Leasing activities
Topaz Investment Worldwide Inc.	British Virgin Islands	100	100	Holding investments
Gulf Credit Limited	Pakistan	100	100	Consumer finance
Indirectly held through subsidiaries				
GTHC Gayrimenkul Insaat Sanayi Ve Ticaret Joint Stock Company	Turkey	100	100	Real estate and investment
Fleet Corp EURL	Algeria	100	100	Automotive leasing
Procco Financial Services W.L.L.	Bahrain	100	100	Financial services
Menalco W.L.L.	Bahrain	100	100	Loyalty services
Selektpoints Marketing Limited	Isle of Man	100	100	Loyalty services
Menalco FZE	Ras Al Khaimah	100	100	Loyalty services
Global Processing and Marketing Pvt. Ltd.	Pakistan	100	100	Smart card solution provider
Selektpoints Marketing Lebanon SARL	Lebanon	100	100	Loyalty services
Flair Sales and Trading of Banking Equipments L.L.C.	Dubai	100	100	
Flair Financing Company W.L.L.	Kuwait	100	100	Consumer finance
Saalt Management and Economic	Kuwait	100	100	Consumer finance
Consultancy K.S.C. (Closed)	Kuwait	100	100	Management and economic Consultancy
Gulf Turk Holding Company K.S.C. (Holding)	Kuwait	100	100	Real estate and marketing consultancy
Bayt Al Mal Investment Company K.S.C. (Closed)	Kuwait	100	100	Investment activity Real estate investment and consultancy
Bayt Al Mal International Real Estate Development Company K.S.C. (Closed)	Kuwait	100	100	Removal and treatment of oil
Gulf Global Oil Technologies Company (Sheikh Malik Homoud Al Sabah & Partners) W.L.L.	Kuwait	53.33	53.33	Sludge
RFM Loyalty Co. (LLC)	UAE	60	60	Customer loyalty solutions
GTHC Luxembourg S.à r.l. Sociètè à responsabilitè limitèe	Luxembourg	100	100	Real estate and investment
The Investor For Securities Company S.S.C	Saudi Arabia	71.98	71.98	Investments
Al-Najat Real Estate Company W.L.L	Jordan	76.92	76.92	Real Estate Business

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company except in the case of Fleetcorp where the Group has considered the results for the year ended 30 September 2009. In the cases where subsidiaries do not prepare financial statements drawn up to the same date as that of the Group, adjustments are made for the effects of any significant events or transactions which have occurred in the months following the quarter end of these subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Group has control.

The financial statements of the subsidiary companies are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.

All inter-company balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests represent the portion of profit and loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position separately from equity attributable to the equity holders of the Parent Company. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the consolidated statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and murabaha investments redeemable within three months of the date of acquisition.

Cash and bank balances are carried at cost and murabaha investments at amortised cost.

Financial assets at fair value through income statement

Financial assets at fair value through income statement are measured initially at fair value (transaction price). Transaction costs on financial assets at fair value through income statement are expensed immediately.

Financial assets at fair value through income statement includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through income statement. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognised in the consolidated statement of income. Financial assets are designated at fair value through income statement if they are managed and their performance is evaluated on reliable fair value basis in accordance with documented investment strategy.

After initial recognition financial assets at fair value through income statement are remeasured at fair value with all changes in fair value recognised in the consolidated statement of income.

Murabaha

Murabaha is an Islamic transaction involving the purchase and immediate sale of an asset at cost plus an agreed profit. The amount due is settled on a deferred payment basis. Where the credit risk of the transaction is attributable to a bank, the amount due is classified as a murabaha investment. Where the credit risk is attributable to a party other than a bank, the amount due is classified as a murabaha receivable.

Murabaha receivables arising from the Group's financing of transactions on an Islamic basis are stated at amortised cost. Third party expenses such as legal fees, incurred in granting a murabaha are treated as part of the cost of the transaction.

All murabaha receivables are recognized when the legal right to control the use of the underlying asset is transferred to the customer.

Leases

Leases where the Group is lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of income on a straight line basis over the lease term. Contingent rents are recognised as an expenditure in the year in which they are incurred.

Leases where the Group is lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received under operating leases are recognised as revenue in the consolidated statement of income on a straight line basis over the lease term.

Assets used in operating leases are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on cost less residual value over the estimated useful lives of 3 to 4 years.

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Financial assets available for sale

Financial assets available for sale are those non-derivative financial assets that are designated as available for sale which are not classified as financial assets at fair value through income statement, financial assets held to maturity or loans and receivables.

Financial assets available for sale are measured initially at fair value (transaction price) plus, directly attributable transaction costs. After initial recognition, financial assets available for sale are measured at fair value with gains and losses being recognised as a separate component of equity until the financial asset is derecognised or until the financial assets is determined to be impaired at which time the cumulative gain and loss previously reported in equity is recognised in the consolidated statement of income. Financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Investment in associates

Associated company is a company over which the Group exerts significant influence, normally where it holds 20% to 50% of the voting power of the investee company. The consolidated financial statements include the Group's share of the associated company's results using the equity method of accounting.

Under the equity method, investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee. The Group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date the influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity that have not been recognised in the associate's consolidated statement of income. The Group's share of those changes is recognised d in the statement of comprehensive income.

The Group's investment in associates includes goodwill identified on acquisition, which is treated in accordance with the accounting policy for goodwill.

Whenever impairment requirements of IAS 36, indicate that investment in an associate may be impaired, the entire carrying amount of the investment is tested by comparing its recoverable amount with its carrying value. Goodwill is included in the carrying amount of an investment in associate and, therefore, is not separately tested for impairment.

The financial statements of the associates are prepared for the same reporting year as the Parent Company, using consistent accounting policies. In case where the year end of an associate is different from that of the Parent Company, adjustments are made for the effect of significant transaction or events that occur between that date and the date of Parent Company's year end. In any case, the difference between the reporting date of the associate and that of Parent Company is not more than three months.

Unrealised gains on transactions with an associate 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 of investment in an associate is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

Investment properties

Investment properties are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the property. After initial recognition, investment properties are remeasured at fair value, with the resultant unrealised gains or losses being taken to the consolidated statement of income.
Fair value is supported by indicative market prices. Periodically, valuations are carried out by independent valuers who hold recognised and relevant professional qualifications and who have recent experience in the location and category of the investment property being valued.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of income.

Depreciation is computed on a straight-line basis over the estimated useful lives of furniture and equipment and is estimated to be 3 to 5 years. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of furniture and equipment.

The carrying values of furniture and equipment are 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 values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of furniture and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of furniture and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities) of the acquired business at fair value.

Goodwill is initially measured at cost being the excess of cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

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

Where goodwill forms part of the cash generating units and part of the operations 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 the disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operations disposed of and the proportion of the cash generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation difference and goodwill is recognised in the consolidated statement of income.

Negative goodwill

Any excess, at the date of acquisition, of the Group's share in the acquiree's fair value of the net identifiable assets over the cost of the acquisition is recognised as negative goodwill. Negative goodwill arising on an acquisition is recognised directly in the consolidated statement of income.

Intangible assets

Intangible assets acquired separately are measured on initial acquisition at cost. The cost of an intangible asset acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income. Intangible assets with indefinite useful lives are tested for impairment annually. Such intangible assets are not amortised.

Amortisation is calculated on a straight- line basis over the estimated useful lives of the intangible assets which are as follows:

Computer software programs	5 years
Customer relationships	5 years
Non-compete agreements	2 years

Fair values

For investments traded in an active market, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the statement of financial position date.

For unquoted investments, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, cash flow analysis or other valuation models.

All derivatives are carried at their fair value in assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are generally obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults. If such evidence exists, an impairment loss, is recognised in the consolidated statement of income.

Impairment is determined as follows:

- for assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective interest rate;
- for assets carried at fair value, impairment is the difference between carrying amounts and fair value; and
- for assets carried at cost, impairment is the difference between actual cost and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset

For non equity financial assets the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of income. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. In addition, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

In accordance with Central Bank of Kuwait instructions, a minimum general provision is made on all applicable credit facilities (net of certain categories of collateral) that are not provided for specifically.

In March 2007, the Central Bank of Kuwait issued a circular amending the basis of making general provisions on facilities changing the rate from 2% to 1% for cash facilities and 0.5% for non cash facilities. The required rates were to be applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral, during the reporting year. In November 2008 Central Bank Kuwait instructed all investment companies that the general provision in excess of 1% for cash facilities and 0.5% on non cash facilities should be recognised as income in the consolidated statement of income and the corresponding amount to be transferred to voluntary reserve and is not available for distribution.

Financial assets available for sale

For financial assets available-for-sale the Group assesses at each statement of financial position date whether there is objective evidence that a financial assets available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as financial assets available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets available for sale previously recognised in the consolidated statement of income is removed from equity and recognised in the consolidated statement of income.

Reversal of impairment losses, except for impairment losses relating to goodwill recognised in prior years, is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal of impairment losses are recognised in the consolidated statement of income except for financial assets classified as available for sale equity investments, for which such reversals are recognised in the cumulative changes in fair values.

Murabaha payables and Interest-bearing loans and borrowings

Murabaha payables
Murabaha payable represents amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha payables are stated net of deferred profit payable. Profit payable is expensed on a time apportionment basis taking into account the profit rate attributable and the balance outstanding.

Interest-bearing loans and borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

Derecognition of financial assets and liabilities
A financial asset (in whole or in part) is derecognised either when:
- the contractual rights to receive the cash flows from the asset have expired;
- the Group retains the right to receive the cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Treasury shares
The Parent Company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Foreign currency translation
The functional currency of the Parent Company and presentation currency for the consolidated financial statements of the Group is the Kuwaiti Dinars. Transactions in foreign currencies are initially recorded in the functional currency rate 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 statement of financial position date. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

Non-monetary items measured at fair value in 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 amount of assets and liabilities arising on acquisitions are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements
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The assets and liabilities of foreign operations are translated into Kuwait Dinar at the rate of exchange ruling at the statement of financial position date and their statement of income is translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of income.

Trade 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 or financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognised:

Murabaha income
Murabaha income is recognised on a time proportion basis.

Management fees
Management fees relating to portfolio and fund management, custody and on going advisory services are recognised on a time proportion basis. Placement fees are recognised when securities are sold or when deals are concluded or when specific advisory services are rendered.

Dividend income
Dividend income is recognised when the Group's right to receive payment is established.

Finance income
Finance income is recognised as it accrues (using the effective interest rate, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to net carrying amount of the financial asset).

Taxation
National Labour Support Tax (NLST)
The Parent Company calculates the 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.

Kuwait Foundation for the Advancement of Sciences (KFAS)
The Parent Company calculates the contribution to KFAS at 1% in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the 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.

Zakat
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.

The subsidiaries located in Turkey are assessed for taxation in accordance with the Turkish fiscal regulations. In accordance with Turkish Tax Law, agreed taxable losses may be carried forward. This may result in a deferred tax asset; however, because of the uncertainty over the recognition of this deferred tax asset the Group believes it would not be appropriate to recognise it as an asset in the consolidated financial statements.

Fiduciary assets
Assets and related deposits held in trust or in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in the consolidated statement of financial position.

Profit sharing scheme
IFRS 2 "Share-Based Payment" requires an expense to be recognised where the Group buys goods or services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The main impact of IFRS 2 on the Group is disclosed in Note 28.

The dilutive effect of the outstanding options is reflected as additional share dilution in the computation of the loss per share (Note 18).

Hedge Accounting
The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

The Group designates its foreign currency borrowings as hedging instrument in fair value hedge of the exposures to changes in foreign exchange rates of their unrecognised firm commitments. The unrecognised firm commitment to lease the fleet in return for a rental is designated as hedged item in this fair value hedge.

The fair value hedge is structured in such a way that the amount of future rental receivables equals that of the borrowings, and all cash flow dates coincide between the borrowing and the future rental receivables, therefore the hedge design is effective.

The Group discontinues fair value hedge accounting prospectively if the hedging instrument expires or is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or if the entity revokes the designation.

In the fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value for the foreign currency component of its carrying amount measured in accordance with IAS 21 is recognised in the consolidated statement of income as net finance expenses and the change in the fair value of the hedged item is accounted under "fair value of unrecognised firm commitment" in the consolidated statement of financial position under other assets if positive and accounts payable and accrual if negative and net financial expenses in the consolidated statement of income.

Segment information
The Group identifies operating segments that engages in activities that earns revenues and incur costs and they are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Operating segments are aggregated and reported as reportable segments, if the operating segments have similar economic characteristics, and if either revenue, profit or loss or assets of those segments are ten percent or more of the combined assets of all operating segments.

Notes to the Consolidated Financial Statements
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Significant accounting judgment and estimates
The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant use of judgements and estimates are as follows:

Classification of investments
Judgments are made in the classification of financial instruments based on management's intention at acquisition.

Impairment of available for sale equity financial assets
The Group treats available for sale equity financial assets 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 judgment.

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 instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

Impairment provision of receivables
An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied based on historical recovery rates.

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

Fair values of assets and liabilities acquired
The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

3- MURABAHA INVESTMENTS

Murabaha investments of KD 759,370 (2008: KD 10,944,524) earn average profit of 9% per annum (2008: 7.5 % per annum).

4- FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	2009	2008
	KD	KD
Designated on initial recognition:		
Quoted securities	130,000	105,001
Unquoted securities	7,390,409	7,161,777
	7,520,409	7,266,778

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

The fair value of certain unquoted equity securities has 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 1,144,214 (2008: KD 1,773,348).

Investments amounting to KD 2,745,875 (2008: KD Nil) have been provided as collateral towards murabaha financing facility (Note 12).

5- RECEIVABLES

	2009	2008
	KD	KD
Murabaha receivables	3,933,636	5,074,268
Lease receivables	2,538,272	3,771,859
Less: deferred income	-	(4,723)
	6,471,908	8,841,404
Less: provision	(2,034,803)	(1,483,612)
	4,437,105	7,357,792

Movement in the provision for credit losses relating to murabaha and lease receivables are as follows:-

	2009	2008
	KD	KD
At 1 January	1,483,612	777,744
Charge for the year	795,243	773,020
Provision reversed during the year	(244,052)	(67,152)
At 31 December	2,034,803	1,483,612

The average profit rate attributable to murabaha receivables during the year was 9% per annum (2008: 10% per annum) and lease receivables was 7.65% per annum (2008: 7.65% per annum).

Certain murabaha receivables amounting to KD 332,500 (2008: 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.

6- ASSETS USED IN OPERATING LEASES

	2009	2008
	KD	KD
Balance as at 1 January, net of depreciation	49,540,338	61,374,051
Additions	16,652,637	14,511,625
Disposals	(27,937,180)	(14,017,478)
Depreciation	(4,947,151)	(8,002,257)
Foreign currency translation	(2,542,975)	(4,325,603)
Balance as at 31 December, net of depreciation	30,765,669	49,540,338

Assets used in operating leases are pledged as security in connection with bank borrowings (Note 12).

7- OTHER ASSETS

	2009	2008
	KD	KD
Trade receivables	541,424	12,490
Accrued income	73,726	21,796
Prepaid expenses and other receivables	10,151,727	7,889,748
VAT receivables	2,695,388	4,870,766
Amounts due from related parties (Note 21)	4,960	237,487
Fair value hedge (Note 31)	1,656,362	-
Intangible assets	205,839	1,476,770
	15,329,426	14,509,057

8- FINANCIAL ASSETS AVAILABLE FOR SALE

	2009 KD	2008 KD
Quoted securities	**4,150,795**	3,741,165
Unquoted securities	**2,867,537**	3,251,967
	7,018,332	6,993,132

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 (2008: 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.

Certain investments amounting to KD 112,500 (2008: KD 971,880) are registered in the name of a nominee on behalf of the Parent Company.

Investments amounting to KD 3,159,296 (2008: KD 498,227) have been provided as collateral towards murabaha payables (Note 12).

An impairment of KD 907,641 (2008: KD 4,983,422) has been recognised in respect of certain financial assets available for sale, on which there has been a significant or prolonged decline in value.

9- INVESTMENT IN ASSOCIATES

The details of the associates are as follows:

Name	Purpose	Country of Incorporation	Voting capital held % 2009	Voting capital held % 2008	2009 KD	2008 KD
Credit One Kuwait for Trading and Programming Company K.S.C. (Closed)	Consultancy, feasibility studies, patents in relation with production of magnetic cards and other investment activities	Kuwait				
		Kuwait	25	25	**7,603,538**	7,060,048
Asia Retail Group Limited	Holding investments	Isle of Man	32.81	38.28	**13,585,550**	18,706,041
Global Education K.S.C. (Closed)	Educational activities	Kuwait	25	25	**287,500**	162,500
Awan Real Estate Development W.L.L.	Real Estate	Saudi Arabia	38	38	**27,132**	27,132
					21,503,720	25,955,721

Due to the restructuring of Asia Retail Group Limited's murabaha facility, the Group disposed off 5.47% (2008: 5.47%) voting right in this associate and has recognised as restructuring cost of KD 2,102,687 (2008: KD 2,701,013) in the consolidated statement of income in this respect.

As per audited consolidated financial statements of an associate Asia Retail group Limited (ARG) for the period ended 30 September 2009,audited by another firm, during the year ARG increased its holding in one of its existing subsidiaries. As a result of this acquisition the associate ARG has recognised a total negative goodwill of KD 965,655 (31 December 2008: KD 3,030,039). The Group's share in the results of the ARG includes an amount of KD 316,832 (31 December 2008: KD 1,325,642) relating to this negative goodwill.

The following provides summarised financial information of Group's investments in its associates:

	2009 KD	2008 KD
Share of associates' statement of financial position:		
Assets	**53,913,278**	65,986,747
Liabilities	**(32,409,558)**	(40,031,026)
Net assets	**21,503,720**	25,955,721
Share of associates' revenue and profit:		
Revenue	**36,799,733**	57,850,141
Loss for the year	**(3,497,929)**	(2,607,797)

10- GOODWILL

	2009 KD	2008 KD
At 1 January	**10,370,972**	11,292,290
Addition on acquisition of subsidiaries (Note 19)	**3,142,796**	419,504
Disposal	**-**	(1,208,798)
Provision for impairment	**(200,000)**	-
Foreign currency translation	**(151,359)**	(132,024)
	13,162,409	10,370,972

11- ACCOUNTS PAYABLE AND ACCRUALS

	2009 KD	(Restated) 2008 KD	(Restated) At 1 January 2008 KD
Trade payables	2,629,745	4,788,035	2,325,259
Amount due to former shareholders of Fleetcorp-Turkey (Note19)	3,384,773	-	-
Dividends payable	723,534	1,003,119	1,424,033
Accrued expenses	5,091,636	2,903,045	3,123,795
Provision for legal expenses	1,400,000	-	-
End of service benefits	966,149	646,559	527,292
Other miscellaneous payables	1,715,538	1,454,973	2,404,064
Zakat	287,344	305,517	295,643
Deferred tax liability	-	1,506,544	402,833
Fair value hedges (Note 31)	-	554,097	996,619
	16,198,719	13,161,889	11,499,538

12- DUE TO BANKS

	2009 KD	(Restated) 2008 KD	(Restated) At 1 January 2008 KD
Murabaha payables	25,281,728	25,362,773	27,770,542
Mudaraba payable	316,263	3,280,074	9,202,926
Other bank borrowings	42,143,626	53,104,962	54,317,700
	67,741,617	81,747,809	91,291,168

The murabaha payables carry an effective profit in the range of 7% to 9.8 % (2008: 9.3% to 9.8% per annum) for those denominated in Kuwaiti Dinars and 5.8% (2008: 4.4%) for those denominated in US Dollars. These are repayable in semi-annual instalments over a period of 3 to 4 years. Financial assets at fair value through income statement amounting to KD 2,745,875 (2008: KD Nil) (Note 4) and financial assets available for sale amounting to KD 3,159,296 (2008: KD 498,227) (Note 8) have been provided as collateral towards murabaha financing facilities.

Mudaraba payable is secured by 49,100,000 (31 December: 49,100,000) shares of the Parent Company (Note 15).

The other bank borrowings represent funds borrowed by the subsidiary companies which bear average interest rates of 8.5 %, 9.7 %, 22 % and 6.3% per annum for borrowings in US Dollar, Euro, Turkish Lira and Swiss Franc respectively (2008: 8.2%, 7.5%, 19.2% and 5.9% respectively). These are maturing over a period of 1 to 4 years (2008: 1 to 4 years) from the reporting date. These borrowings are secured by assets used in operating leases (Note 6).

13- LEASE OBLIGATIONS

The total lease payments at the reporting date are due as follows:

	2009		2008	
	Minimum payments KD	Present value of payments KD	Minimum payments KD	Present value of payments KD
Not later than one year	648,721	591,606	1,187,408	1,026,780
One to five years	221,874	211,385	872,378	846,793
Total minimum lease payments	870,595	802,991	2,059,786	1,873,573
Less: finance charges	(67,604)	-	(186,213)	-
Present value of minimum lease payments	802,991	802,991	1,873,573	1,873,573

The contingent rents recognised as an expense in connection with leases during the year amounted to KD 117,002 (2008: KD 251,610).

14- SHARE CAPITAL AND SHARE PREMIUM

	Authorised		Issued and fully paid	
	2009 KD	2008 KD	2009 KD	2008 KD
Shares of 100 fils each	49,222,195	49,222,195	49,222,195	49,222,195

The share premium is not available for distribution.

15- TREASURY SHARES

	2009	2008
Number of treasury shares	49,105,313	49,105,313
Percentage of treasury shares	9.98	9.98
Cost of treasury shares (KD)	11,817,466	11,817,466
Market value of treasury shares (KD)	2,357,055	3,437,372

Out of the above treasury shares, 49,100,000 (31 December: 49,100,000) shares are pledged as security for the mudaraba payable amounting to KD 316,263 (2008: KD 3,280,074) (Note 12).

16- STATUTORY RESERVE

In accordance with the Law of Commercial Companies and the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, NLST, Zakat and directors' fees has to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital. No transfer has been made to statutory reserve, since losses have been incurred for the year ended 31 December 2009.

Distribution of this reserve is limited to the amount required to enable payment of a dividend of 5% of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

17- LOSS ON DISPOSAL OF A SUBSIDIARY

During the year 2008, the Group disposed off its 60% stake in Fleet Corp Jordan at a loss of KD 1,045,137.

The results of discontinued operation for the year 2008 are presented below:

	2008 KD
Revenue	65,054
Expenses	(79,622)
Loss on disposal of net assets	(1,045,137)
Loss for the year 2008	(1,059,705)

18- LOSS PER SHARE

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

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

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18- LOSS PER SHARE (continued)

	2009 KD	(Restated) 2008 KD
Loss for the year attributable to the equity holders of the Parent Company (KD)	(19,359,359)	(24,966,197)
Weighted average number of ordinary shares outstanding for basic earnings per share	492,221,950	492,221,950
Less: weighted average number of treasury shares	(49,105,313)	(30,317,397)
	443,116,637	461,904,553
Effect of dilution from weighted average number of share options outstanding	-	3,029,341
Adjusted weighted average number of ordinary shares for diluted earnings per share	443,116,637	464,933,894
Basic loss per share	(43.69) fils	(54.05) fils
Diluted loss per share	(43.69) fils	(53.70) fils

19- ACQUISITION OF SUBSIDIARIES

During the year, 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 within 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 to 56.99%. 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.

These acquisitions have been accounted for using the purchase method of accounting, as required by International Financial Reporting Standard (IFRS) 3: Business Combinations.

19- ACQUISITION OF SUBSIDIARIES (continued)

The carrying value of identifiable assets and liabilities of Fleetcorp - Turkey and the goodwill arising from the acquisition are disclosed below:

	KD
Assets	
Cash and bank balances	871,966
Receivables	879,227
Assets used in operating lease	31,732,356
Other assets	10,046,748
Property and equipment	136,802
Intangible assets	1,256,462
	44,923,561
Liabilities	
Accounts payable and accruals	3,905,028
Due to banks	40,236,002
Lease obligations	1,006,457
	45,147,487
Net fair value of assets and liabilities	(223,926)
Goodwill arising on acquisition	3,065,286
Cost of acquisition	3,065,286
Less: Balance of purchase consideration payable	(3,065,286)
Cash flow on acquisition	-

At 31 December 2009 the purchase consideration payable, net of foreign exchange differences, is KD 3,384,773 (Note 11).

During 2008, the Parent Company acquired equity interests in Gulf Global Oil Technologies Company (Sheikh Malik Homoud Al Sabah & Partners) ("GGOTC") W.L.L, Najat Real Estate Company and The Investor for Securities Company, on which the Group recognised goodwill of KD 419,504.

20- CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows consist of the following amounts:

	2009 KD	2008 KD
Cash and bank balances	2,837,522	3,667,971
Murabaha investments	759,370	10,944,524
	3,596,892	14,612,495

21- RELATED PARTY TRANSACTIONS

Related parties represents 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:

	2009			2008		
	Associates	Other related parties	Total	Associates	Other related parties	Total
	KD	KD	KD	KD	KD	KD
Consolidated statement of income						
Finance income	1,243,816	-	1,243,816	1,379,769	-	1,379,769
Consolidated statement of financial position						
Amounts due from related parties	4,960	-	4,960	237,487	-	237,487

	2009 KD	2008 KD
Key management compensation		
Salaries and other short term benefits	1,191,771	1,806,423
Employees' end of service benefits	118,914	511,822
	1,310,685	2,318,245

22- FIDUCIARY ASSETS

The Parent Company 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 consolidated statement of financial position. Assets under management at 31 December 2009 amounted to KD 15,713,614 (2008: KD 25,969,910). Management fees from fiduciary activities during the year amounted to KD 64,708 (2008: KD 465,303).

23- FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount at which an asset, liability or financial instrument could be exchanged or settled between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The methodologies and assumptions used to determine fair values of financial instruments is described in fair value section of Note 2: Significant Accounting Policies

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: Quoted prices in active market for the same instrument.
Level 2: Quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data ; and
Level 3: Valuation techniques for which any significant input is not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level: 1	**Level: 2**	**Level: 3**	**Total fair value**
31 December 2009	**KD '000**	**KD '000**	**KD '000**	**KD '000**
Financial assets at fair value through income statement	**130**	**-**	**7,390**	**7,520**
Financial assets available for sale	**4,151**	**-**	**178**	**4,329**
	4,281	**-**	**7,568**	**11,849**

	Level: 1	Level: 2	Level: 3	Total fair value
31 December 2008	KD '000	KD '000	KD '000	KD '000
Financial assets at fair value through income statement	105	-	7,162	7,267
Financial assets available for sale	3,741	-	1,038	4,779
	3,846	-	8,200	12,046

24- 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

31 December 2009	**Investment management and advisory services**	**Leasing**	**Total**
	KD '000	**KD '000**	**KD '000**
Segment revenue	**4,551**	**6,971**	**11,522**
Segment expenses	**17,938**	**15,658**	**33,596**
Segment results before tax	**(13,387)**	**(8,687)**	**(22,074)**
Total assets	**66,930**	**43,498**	**110,428**
Total liabilities	**38,595**	**46,148**	**84,743**

31 December 2008 - Restated	Investment management and advisory services	Leasing	Total
	KD '000	KD '000	KD '000
Segment revenue	12,008	6,886	18,894
Segment expenses	25,119	21,666	46,785
Segment results before tax	(13,111)	(14,780)	(27,891)
Total assets	78,284	66,238	144,522
Total liabilities	36,347	60,436	96,783

At 1 January 2008 - Restated

	Investment management and advisory services	Leasing	Total
	KD '000	KD '000	KD '000
Total assets	101,454	97,299	198,753
Total liabilities	46,822	59,858	106,680

25- MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through income statement, financial assets available for sale and investment in associates is determined based on management's estimate of liquidation of those investments.

The maturity profile of assets and liabilities at 31 December was as follows:

31 December 2009

	Within 3 months KD '000	3 to 12 months KD '000	1 to 5 Years KD '000	Over five years KD '000	Total KD '000
ASSETS					
Cash and bank balances	2,837	-	-	-	2,837
Murabaha investments	759	-	-	-	759
Financial assets at fair value through income statement	-	7,521	-	-	7,521
Receivables	35	1,680	551	2,171	4,437
Assets used in operating leases	3,660	13,920	13,186	-	30,766
Other assets	4,532	4,145	6,652	-	15,329
Financial assets available for sale	-	2,470	4,548	-	7,018
Investment in associates	-	7,604	13,586	314	21,504
Investment property	-	-	-	931	931
Furniture and equipment	-	-	-	6,163	6,163
Goodwill	-	-	-	13,162	13,162
TOTAL ASSETS	11,823	37,340	38,523	22,741	110,427

LIABILITIES

31 December 2009	Within 3 months KD '000	3 to 12 months KD '000	1 to 5 years KD '000	Over five years KD '000	Total KD '000
Accounts payable and accruals	2,458	5,955	7,462	324	16,199
Due to banks	4,234	12,266	51,241	-	67,741
Lease obligations	316	380	107	-	803
TOTAL LIABILITIES	7,008	18,601	58,810	324	84,743
Commitments	-	-	7,981	-	7,981

31 December 2008 (Restated)	Within 3 months KD '000	3 to 12 months KD '000	1 to 5 years KD '000	Over five years KD '000	Total KD '000
ASSETS					
Cash and bank balances	3,668	-	-	-	3,668
Murabaha investments	10,945	-	-	-	10,945
Financial assets at fair value through income statement	-	7,266	-	-	7,266
Receivables	1,492	3,510	2,356	-	7,358
Amount paid to Dallah Albaraka	-	251	-	-	251
Assets used in operating leases	4,226	2,055	43,260	-	49,541
Other assets	3,817	7,385	3,307	-	14,509
Financial assets available for sale	-	-	6,993	-	6,993
Investment in associates	-	-	-	25,956	25,956
Investment property	-	-	-	931	931
Furniture and equipment	-	-	-	6,733	6,733
Goodwill	-	-	-	10,371	10,371
TOTAL ASSETS	24,148	20,467	55,916	43,991	144,522

LIABILITIES

31 December 2008 (Restated)	Within 3 months KD '000	3 to 12 months KD '000	1 to 5 years KD '000	Over five years KD '000	Total KD '000
Accounts payable and accruals	2,850	7,152	2,930	230	13,162
Due to banks	6,066	19,195	56,486	-	81,747
Lease obligations	344	813	717	-	1,874
TOTAL LIABILITIES	9,260	27,160	60,133	230	96,783
Commitments	-	8,263	-	-	8,263

25- MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

At 1 January 2008 (Restated)	Within 3 months KD '000	3 to 12 months KD '000	1 to 5 years KD '000	Over five years KD '000	Total KD '000
ASSETS					
Cash and bank balances	20,743	-	-	-	20,743
Mutual fund investments	5,492	-	-	-	5,492
Murabaha investments	-	380	-	-	380
Financial assets at fair value through income statement	249	2,377	-	-	2,626
Receivables	5,548	-	2,938	-	8,486
Amount paid to Dallah Albaraka	7,016	10,160	-	-	17,176
Assets used in operating leases	-	-	61,375	-	61,375
Other assets	6,204	19,977	2,170	-	28,351
Financial assets available for sale	-	-	5,738	-	5,738
Investment in associates	-	-	32,780	167	32,947
Furniture and equipment	-	-	-	4,147	4,147
Goodwill	-	-	-	11,292	11,292
TOTAL ASSETS	45,252	32,894	105,001	15,606	198,753

LIABILITIES

At 1 January 2008 (Restated)	Within 3 months KD '000	3 to 12 months KD '000	1 to 5 Years KD '000	Over five years KD '000	Total KD '000
Accounts payable and accruals	5,386	4,187	1,743	184	11,500
Due to banks	6,530	26,883	57,878	-	91,291
Lease obligations	499	1,501	1,889	-	3,889
TOTAL LIABILITIES	12,415	32,571	61,510	184	106,680
Commitments	-	1,175	5,000	-	6,175

26- RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into foreign currency risk, interest rate risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

Risk management structure

The Board of Directors are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Each subsidiary of the Group is responsible for managing its own risks and has its own Board Committees, other risk management committees with responsibilities generally analogous to the Group's committees.

A. 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 attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. It also obtains security when appropriate.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party. These procedures include the non-concentration of credit risk.

Maximum exposure to credit risk

The Group's policy is to enter in to murabaha investment and leasing transactions only with recognised, creditworthy third parties. The maximum exposure is the carrying amount as disclosed in Notes 3, 5 and 7. In addition, other receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and cash, mutual fund investment, murabaha investment, receivables and other assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position, without taking account of any collateral and other credit enhancements. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements.

	Gross maximum exposure 2009 KD'000	Gross maximum exposure 2008 KD'000
Cash and bank balances (excluding cash in hand)	**2,838**	3,667
Murabaha investments	**759**	10,944
Receivables, net of provisions	**4,437**	7,358
Amount paid to Dallah Albaraka	**-**	251
Other assets	**15,124**	13,032
Total credit risk exposure	**23,158**	35,252

Risk concentration of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group's geographical and industry sector concentrations of assets without taking into account any collateral held or credit enhancements can analysed as follows:

	2009 Assets KD'000	2008 Assets KD'000
Geographic region:		
Kuwait	5,434	8,820
Other Middle East	8,577	11,387
Turkey	9,021	14,238
Rest of Asia	126	807
	23,158	35,252
Industry Sector:		
Investment management and advisory services	11,530	20,509
Leasing	11,628	14,743
	23,158	35,252

Credit quality of financial assets that are neither past due nor impaired

For assets subject to credit risk, neither internal credit grading system nor external credit grades are used by the Group as these are one off transactions and are granted only to credit worthy customers.

The Group seeks to avoid undue concentrations of risks with individuals or Groups of customers in specific locations or business through diversification of financing and investing activities.

Analysis of past due but not impaired

The Group does not have any past due but not impaired financial assets at 31 December 2009 and 31 December 2008.

B. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

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

The maturity profile based on the expected maturities of assets and liabilities at 31 December 2009 and 31 December 2008 is reflected in Note 25.

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligations:

31 December 2009	Within 3 months KD'000	3 to 12 months KD'000	1 to 5 years KD'000	Total KD'000
Accounts payable and accruals	2,458	5,955	7,785	16,198
Due to banks	4,234	15,194	54,272	73,700
Lease obligations	316	333	221	870
TOTAL LIABILITIES	7,008	21,482	62,278	90,768
Commitments	-	7,981	-	7,981

31 December 2008	Within 3 months KD'000	3 to 12 months KD'000	1 to 5 Years KD'000	Total KD'000
Accounts payable and accruals	2,850	7,152	3,160	13,162
Due to banks	6,572	30,043	66,136	102,751
Lease obligations	417	771	872	2,060
TOTAL LIABILITIES	9,839	37,966	70,168	117,973
Commitments	-	8,263	-	8,263

C. Market Risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

C.1 Foreign exchange risk

Foreign exchange risk is managed on the basis of limits determined by the Board of Directors and a continuous assessment of the Group's open positions and current and expected exchange rate movements and natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

The management closely monitors the foreign exchange exposure of the Group. The Group mitigates the risk of currency exposure by mostly hedging its borrowings against future lease receivable.

The effect on loss (due to change in the fair value of monetary assets and liabilities) and on equity, as a result of 5% change in currency rate, with all other variables held constant is shown below:

Currency	2009 Effect on equity KD '000	2009 Effect on loss KD '000	2008 Effect on equity KD '000	2008 Effect on loss KD '000
US Dollar	51	-	368	258
New Turkish Lira	-	-	494	-
Euro	824	-	668	-
Jordanian Dinars	11	-	-	23
Saudi Riyals	74	-	89	711

Sensitivity to currency rate movements will be on a symmetric basis as financial instruments giving rise to non symmetrical movements are not significant.

C.2 Equity price risks

Equity price risk arises from changes in the fair values of equity investments. Equity price risk is managed by the direct investment department of the Parent Company. The unquoted equity price risk exposure arises from the Group's investment portfolio. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration.

The effect on equity (as a result of a change in the fair value of financial assets available for sale) and Group's loss (as a result of a change in the fair value of investments at fair value through income statement) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

Market indices	2009 Change in equity price %	2009 Effect on equity KD '000	2009 Effect on loss KD '000	2008 Change in equity price %	2008 Effect on equity KD '000	2008 Effect on loss KD '000
Kuwait	5	208	7	5	187	5

Sensitivity to equity price movements will be on a symmetric basis as financial instruments giving rise to non symmetrical movements are not significant.

C.3 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 only on its due to banks as interest bearing assets are at fixed rate and not market driven.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant.

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The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's loss for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2009. There is no impact on equity.

	Change in basis points	Effect on loss for the year KD '000
2009		
KD	25	(103)
2008		
KD	25	(43)

Sensitivity to interest rate movements will be on a symmetric basis as financial instruments giving rise to non symmetrical movements are not significant.

D. Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not significantly exposed to prepayment risk.

27- CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years end 31 December 2009 and 31 December 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 100%. The Group includes within total debts murabaha payables, bank borrowings and accrued interest thereon. Capital includes equity attributable to the equity holders of the Parent Company less cumulative changes in fair values.

	2009 KD'000	(Restated) 2008 KD'000
Due to banks	67,741	81,748
Accrued interest thereon	3,690	2,298
Total debt	71,431	84,046
Less: Bank balances and cash	(3,597)	(3,668)
Net debt	67,834	80,378
Equity attributable to the equity holders of the Parent Company	16,138	37,513
Less/Add: Cumulative changes in fair values	(471)	154
Add: Foreign currency translation reserve	5,091	2,449
Total capital	20,758	40,116
Capital and net debt	88,592	120,494
Gearing ratio	76.57 %	66.71%

28- PROFIT-SHARING SCHEME

The Parent Company operates an employee's share option scheme (as explained in its Articles of Association). Under this scheme the Parent Company can increase its share capital up to 12% of the total shares outstanding within a period of 10 years from the date of incorporation.

In 2002, this period expired and Parent Company did not issue share options up to the 12% limit. Accordingly, under the terms of this scheme and as provided by the Articles of Association, this period was renewed for a further 10 years, as approved by the Board of Directors and will now expire in 2012.

	2009		2008	
	Number of options	**Weighted Average Exercise price in KD**	Number of Options	Weighted Average Exercise price in KD
Outstanding at the beginning of the year	**9,761,211**	**0.100**	9,761,211	0.100
Exercisable at the end of the year	**9,761,211**	**0.100**	9,761,211	0.100

The options outstanding at 31 December 2009 had a weighted average exercise price of KD 0.100 and a remaining contractual life of options of 3 years after the date of termination of employees. There were no options granted or exercised during the year 2009.

All outstanding options were either granted on or before 7 November 2002 or have vested before 31 December 2004 and, accordingly, have not been expensed in accordance with IFRS 2. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

29- RENTAL INCOME FROM OPERATING LEASE

The future minimum lease rent receivable on the operating lease is KD 16,818,921(2008: KD 41,511,789) and is receivable as follows:

	2009 KD	2008 KD
Income receivable within one year	**10,561,898**	14,065,240
Income receivable within one year to five years	**6,257,023**	27,446,549
	16,818,921	41,511,789

30- CONTINGENCIES AND COMMITMENTS

Menalco, FZE a wholly owned subsidiary which specialises in loyalty solutions has filed a legal case in the US District Court for the District of Nevada against several parties including a vendor, SCTN and Phoenix Technology Holdings Inc. for attempting to illegally conspire to infringe its proprietary rights. Damages of US$ 100 million are being sought in this matter. The company is represented by counsel in the United States and expects to vigorously litigate this claim.

SCTN and Phoenix Technology Holdings Inc. have predictably filed a counter claim which is without merit in the same jurisdiction for US$ 21.5 million alleging loss of future revenue (US$ 20 million) and disputed liabilities (US$ 1.5 million) and has not been provided for in the books. The Management is of the opinion that the likelihood of any loss being incurred as a result of this lawsuit is remote.

There are commitments in respect of uncalled capital amounting to KD 7,980,888 (31 December 2008: KD 8,262,600) in connection to the investment in associates.

At 31 December 2009, the Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to KD 2,365,000 (31 December 2008: KD 2,365,000).

31- FAIR VALUE HEDGE

Fair value hedges are used by the Group to protect it against changes in the fair value of an unrecognised firm commitments due to movements in exchange rates. The unrecognised firm commitments being future lease rental receivables. The financial instruments used to hedge the exchange risk are bank borrowings. For the year ended 31 December 2009, the Group recognised a gain of KD 1,656,362 (2008: loss of KD 554,097) representing the gain on the hedging instruments. The total gain on hedged items attributable to the hedged risk amounted to KD 1,656,362 (2008: loss of KD 554,097).

32- 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 December 2008. 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 beyond the control of the Parent Company.

During the year ended 31 December 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:-

	At 1 January 2008 KD	At 31 December 2008 KD
Net decrease in liabilities	352,074	4,365,788
Net decrease in loss	239,207	3,968,608
Net increase in total equity	352,075	4,365,788

The effect on loss per share and diluted loss per share related to the restatement in 2008 was less than 9 fils.