

**THE  
INTERNATIONAL  
INVESTOR**

INNOVATIVE ISLAMIC SOLUTIONS

ANNUAL REVIEW 1999

## auditors' report to the shareholders

**Ernst & Young**

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13001 Safat, Kuwait

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We have audited the consolidated financial statements of The International Investor Company K.S.C. (Closed) and subsidiaries set out on pages 20 to 34. These consolidated financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of 31 December 1999, the results of its operations, changes in its equity and its cash flows for the year then ended in accordance with International Accounting Standards.

Furthermore, in our opinion proper books of account have been kept by the group and the consolidated financial statements, together with the contents of the report of the 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 law nor of the articles of association have occurred during the year ended 31 December 1999 that might have had a material effect on the business of the group or on its financial position.

We further report that, during the course of our audit, 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 1999.

Waleed A. Al Osaimi

Licence No. 68 A of Ernst & Young

Jassim Ahmad Al-Fahad

Licence No. 53 A of Deloitte & Touche

18 January 2000

Kuwait

# consolidated financial statements

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# consolidated balance sheet

31 DECEMBER 1999

	Note	1999 KD	1998 KD
<b>ASSETS EMPLOYED</b>			
<b>Assets</b>			
Cash and bank balances		246,349	366,722
Short term investments	4	15,230,367	20,779,619
Murabaha and Istisna receivables	5	3,572,037	3,831,640
Other receivables and prepayments	6	2,454,346	2,657,095
Investment in leased asset	7	2,000,000	–
Long term equity investments	8	2,859,453	–
Investment in associated companies	9	2,144,458	–
Furniture and equipment	10	271,531	182,318
		<u>28,778,541</u>	<u>27,817,394</u>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>			
<b>Liabilities</b>			
Due to banks	11	145,299	1,572,959
Accounts payable and accruals	12	814,932	1,085,884
		<u>960,231</u>	<u>2,658,843</u>
<b>Shareholders' funds</b>			
Share capital	13	17,680,000	17,000,000
Reserves	14	6,602,310	5,098,551
		<u>24,282,310</u>	<u>22,098,551</u>
Proposed dividend		3,536,000	3,060,000
		<u>27,818,310</u>	<u>25,158,551</u>
		<u>28,778,541</u>	<u>27,817,394</u>



**Adnan A. Aziz Al Bahar**  
Chairman and Managing Director



**Najeeb Abdulla Al Mulla**  
Deputy Chairman

The attached notes 1 to 28 form part of these consolidated financial statements.

## consolidated statement of income

YEAR ENDED 31 DECEMBER 1999

	Note	1999 KD	1998 KD
<b>Income</b>			
Management fees		3,417,176	3,560,025
Placement fees		4,156,284	3,462,280
Gain on sale of short term investments		2,241,283	1,440,705
Gain on sale of associated company		–	498,943
Share of profit of associated companies	9	52,433	–
Dividends		193,868	317,638
Murabaha, Istisna and Ijara		362,398	177,766
Net gain on foreign exchange		42,498	2,437
Other		12,229	40,463
		<b>10,478,169</b>	<b>9,500,257</b>
<b>Expenses</b>			
Administrative		3,162,900	2,711,880
General		1,507,789	1,360,825
Depreciation	10	179,482	155,672
Provision for diminution in value of short term investments		57,107	310,381
Provision for diminution in value of long term investments	8	270,171	150,780
		<b>5,177,449</b>	<b>4,689,538</b>
Contribution to Kuwait Foundation for the Advancement of Sciences		95,413	86,593
Directors' fees		70,000	70,000
		<b>5,342,862</b>	<b>4,846,131</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>5,135,307</b>	<b>4,654,126</b>
<b>Earnings per share</b>	<b>15</b>	<b>29 fils</b>	<b>27 fils</b>

The attached notes 1 to 28 form part of these consolidated financial statements.

## statement of changes in equity

YEAR ENDED 31 DECEMBER 1999

	Statutory reserve KD	Share premium KD	Proposed dividend KD	General reserve KD	Retained earnings KD	Total reserves KD	Share capital KD	Total KD
At 31 December 1997	1,299,498	-	2,550,000	1,139,269	1,172,208	6,160,975	17,000,000	23,160,975
Net profit for the year	-	-	-	-	4,654,126	4,654,126	-	4,654,126
Transfers during the year	481,072	-	-	481,072	(962,144)	-	-	-
Zakat paid (Note 24)	-	-	-	(106,550)	-	(106,550)	-	(106,550)
Dividend paid	-	-	(2,550,000)	-	-	(2,550,000)	-	(2,550,000)
Proposed dividend (18 fils per share)	-	-	3,060,000	-	(3,060,000)	-	-	-
At 31 December 1998	1,780,570	-	3,060,000	1,513,791	1,804,190	8,158,551	17,000,000	25,158,551
Net profit for the year	-	-	-	-	5,135,307	5,135,307	-	5,135,307
Transfers during the year	530,072	-	-	530,072	(1,060,144)	-	-	-
Issue of share capital	-	34,000	-	-	-	34,000	680,000	714,000
Zakat paid (Note 24)	-	-	-	(129,548)	-	(129,548)	-	(129,548)
Dividend paid	-	-	(3,060,000)	-	-	(3,060,000)	-	(3,060,000)
Proposed dividend (20 fils per share)	-	-	3,536,000	-	(3,536,000)	-	-	-
<b>At 31 December 1999</b>	<b>2,310,642</b>	<b>34,000</b>	<b>3,536,000</b>	<b>1,914,315</b>	<b>2,343,353</b>	<b>10,138,310</b>	<b>17,680,000</b>	<b>27,818,310</b>

The attached notes 1 to 28 form part of these consolidated financial statements.

## consolidated statement of cash flows

YEAR ENDED 31 DECEMBER 1999

	Note	1999 KD	1998 KD
<b>Operating activities</b>			
Net profit for the year		5,135,307	4,654,126
Adjustments for:			
Depreciation		179,482	155,672
Gain on disposal of furniture and equipment		(120)	(1,300)
Provision for diminution in value of investments		285,202	461,161
Gain on sale of associated companies		-	(498,943)
Share of profit associated companies		(52,433)	-
Exchange gain on investment in associated companies		(3,446)	-
		<hr/>	<hr/>
Operating profit before changes in operating assets and liabilities		5,543,992	4,770,716
Decrease in short term investments		775,432	532,131
Decrease in receivables and prepayments		202,749	1,637,997
Decrease in payables		(270,952)	(124,262)
		<hr/>	<hr/>
Net cash from operating activities		6,251,221	6,816,582
<b>Investing activities</b>			
Purchase of long term equity investments		(1,974,106)	-
Purchase of investment in leased asset		(2,000,000)	-
Purchase of investment in associated companies		(2,088,579)	-
Purchase of furniture and equipment		(271,931)	(136,429)
Sale proceeds of furniture and equipment disposals		3,356	1,300
Proceeds on sale of associated company		-	1,581,885
		<hr/>	<hr/>
Net cash (used in) from investing activities		(6,331,260)	1,446,756
<b>Financing activities</b>			
Proceeds from exercise of employees share options		714,000	-
Dividend paid		(3,060,000)	(2,550,000)
Zakat paid		(129,548)	(106,550)
		<hr/>	<hr/>
Net cash used in financing activities		(2,475,548)	(2,656,550)
		<hr/>	<hr/>
<b>(Decrease) increase in cash and cash equivalents</b>		<b>(2,555,587)</b>	<b>5,606,788</b>
Cash and cash equivalents at 1 January		18,021,644	12,414,856
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	19	<b>15,466,057</b>	<b>18,021,644</b>

The attached notes 1 to 28 form part of these consolidated financial statements.

# notes to the consolidated financial statements

31 DECEMBER 1999

## 1 ACTIVITIES

The parent company, The International Investor Company, is a Kuwaiti Closed Shareholding Company and is engaged in investment and related financial services permissible under the Islamic Sharia. Its registered office is at P. O. Box 29233, 13153 Safat, Kuwait.

The group primarily operates from the Gulf Cooperation Council countries and employed 60 employees as of 31 December 1999 (1998: 57).

The company's financial statements were authorised for issue in accordance with a resolution of the directors on 18 January 2000.

## 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with International Accounting Standards. The provisions of International Accounting Standard 10 (revised 1999) events after the balance sheet date, which is effective for accounting periods commencing on or after 1 January 2000, have been adopted for the year ended 31 December 1999. Dividends proposed for approval after the balance sheet date are disclosed in the notes to the financial statements (and shown as a separate component of equity). In prior years the company adopted the accepted alternative accounting practice of treating proposed dividends as liabilities. Prior year amounts have been restated to conform with the current presentation. The significant accounting policies adopted are as follows:

### a) Accounting convention

The financial statements are prepared under the historical cost convention.

### b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and certain of its subsidiaries for the year ended 31 December. Unconsolidated subsidiaries are not significant to the group. All significant inter company balances, transactions and profits have been eliminated on consolidation.

### c) Investments

Short term investments are stated at the lower of cost or market or net realisable value on an individual basis. Gains and losses on disposal and diminutions in carrying value are taken to income.

Long-term equity investments are stated at cost less provision for any decline other than temporary in value. Investments in associated companies are accounted for under the equity method.

### d) Murabaha and Istisna receivables

Murabaha and Istisna receivables are stated in the balance sheet net of specific provisions on the basis of a continuous appraisal of the receivables, having regard to the group's past experience, current economic conditions and in compliance with instructions from the Central Bank of Kuwait. Specific provisions are made to reduce all impaired receivables to their expected realisable value.

### e) Leased assets

Leased assets are stated at amounts equal to the net investment outstanding in the lease.

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### f) Depreciation

Depreciation is provided on all furniture and equipment to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition of each asset over its expected useful life. Expected future cash flows are not discounted to their present values in determining the recoverable amount of items of furniture and equipment.

### g) Foreign currencies

Foreign currency transactions are recorded at rates of exchange prevailing at the value dates of the transactions. Monetary assets and liabilities are translated into Kuwaiti dinar at the rates of exchange prevailing at the balance sheet date. Any resultant gains or losses are taken to income.

Exchange of deposits in foreign currencies with banks and financial institutions undertaken to hedge certain assets in foreign currencies are reported on a net basis.

### h) Revenue recognition

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 is recognised when the group's right to receive payment is established. Murabaha and Istisna income is recognised on a time proportion basis. Murabaha and Istisna are Islamic financing arrangements whereby the company provides funds for the purpose of financing sales on a credit basis.

### i) 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 these financial statements.

### j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and other financial institutions, Murabahas with financial institutions and short term investments redeemable within three months of the date of acquisition.

## 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arm's length basis. With the exception of short term investments, fair values are not significantly different from book value for all other asset and liability categories. The following assumptions have been made:

- Except for unquoted equity investments, the fair value of investments is based on their net realisable value. For unquoted equity investments, where verifiable market prices are not available, fair values have been based on the net assets value based on their respective financial statements.
- Murabaha and Istisna receivables are held to maturity. Fair value approximates the book value of these receivables adjusted for provisions, if any, against bad and doubtful debts.

## notes to the consolidated financial statements

CONTINUED

### 4 SHORT-TERM INVESTMENTS

	1999		Carrying	1998
	Cost	Provision	value	Cost/carrying
	KD	KD	KD	value
				KD
Funds managed by the group:				
Investments considered				
cash equivalents (Note 19)	12,277,935	-	12,277,935	16,021,241
Quoted funds	268,735	(8,232)	260,503	273,030
Other unquoted funds	13,913	-	13,913	431,335
	<b>12,560,583</b>	<b>(8,232)</b>	<b>12,552,351</b>	<b>16,725,606</b>
Other redeemable investments	2,038,006	-	2,038,006	2,020,452
Quoted investments	758,846	(118,836)	640,010	244,379
Unquoted investments	-	-	-	1,789,182
	<b>15,357,435</b>	<b>(127,068)</b>	<b>15,230,367</b>	<b>20,779,619</b>

The market or net realisable value of the investments, excluding unquoted investments, at 31 December 1999 amounted to KD 16,302,530 (1998: KD 20,418,219).

During the year certain investments amounting to KD 885,347 (net of provisions) were transferred from short term to long term investments at their carrying value.

### 5 MURABAHA AND ISTISNA RECEIVABLES

The composition of the receivables portfolio is as follows:

	1999	1998
	KD	KD
Financial institutions – International (Note 19)	3,087,072	3,206,640
Commercial and business – International	432,433	428,708
– Local	484,965	625,000
	<b>4,004,470</b>	<b>4,260,348</b>
Provision for doubtful receivables	(432,433)	(428,708)
	<b>3,572,037</b>	<b>3,831,640</b>

### 6 OTHER RECEIVABLES AND PREPAYMENTS

	1999	1998
	KD	KD
Accrued income	1,604,761	537,546
Prepayments and refundable deposits	50,247	59,272
Receivable on foreign exchange hedge (Note 8)	-	554,799
Receivable on sale of long-term equity investment (Note 8)	-	1,241,011
Receivable from associated companies	419,434	-
Other receivables	379,904	264,467
	<b>2,454,346</b>	<b>2,657,095</b>

## notes to the consolidated financial statements

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### 7 INVESTMENT IN LEASED ASSET (IJARA)

This represents the group's participation in the lease of an aircraft to Kuwait Airways Corporation. The original lease period expiring on 19 May 2003 covers a major part of the estimated useful life of the aircraft. The lease agreement also gives a purchase option to the lessee at a price equal to the residual value of the gross investment outstanding at the time when the option is exercised. The net investment comprises:

	<u>Non-current</u>	<u>Current</u>	<u>Total</u>
	31 December	31 December	31 December
	1999	1999	1999
	KD	KD	KD
Gross investment	1,763,770	599,343	2,363,113
Deferred income	(212,562)	(150,551)	(363,113)
	<u>1,551,208</u>	<u>448,792</u>	<u>2,000,000</u>

### 8 LONG-TERM EQUITY INVESTMENTS

	1999	1998
	KD	KD
Cost	<b>3,327,968</b>	2,097,295
Provision for decline in value – brought forward	<b>(198,344)</b>	(150,705)
Provision for decline in value – current year	<b>(270,171)</b>	(150,780)
Exchange adjustment	-	(554,799)
Amount receivable	-	(1,241,011)
	<u><b>2,859,453</b></u>	<u>-</u>

### 9 INVESTMENT IN ASSOCIATED COMPANY

	1999	1998
	KD	KD
Cost	<b>2,088,579</b>	1,082,942
Share of profit	<b>52,433</b>	-
Proceeds on sale	-	(1,581,885)
Exchange adjustment	<b>3,446</b>	-
Gain on disposal	-	498,943
	<u><b>2,144,458</b></u>	<u>-</u>

## notes to the consolidated financial statements

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### 10 FURNITURE AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are 4 to 5 years.

	1999 KD	1998 KD
Cost:		
At 1 January	1,087,205	953,276
Additions	271,931	136,429
Disposals	(5,028)	(2,500)
At 31 December	1,354,108	1,087,205
Depreciation:		
At 1 January	904,887	751,715
Provided during the year	179,482	155,672
Disposals	(1,792)	(2,500)
At 31 December	1,082,577	904,887
Net book amounts at 31 December	271,531	182,318

### 11 DUE TO BANKS

Gross amounts of deposits exchanged and reported on a net basis in the financial statements are as follows:

	1999 KD	1998 KD
Due to banks and financial institutions	5,551,075	8,468,623
Due from banks and financial institutions	(5,405,776)	(6,895,664)
Net due to banks (Note 19)	145,299	1,572,959

In accordance with Islamic Sharia, no interest is payable or receivable on the above amounts.

### 12 ACCOUNTS PAYABLE AND ACCRUALS

	1999 KD	1998 KD
Accounts payable	588,912	627,455
Accrued expenses	60,607	121,297
Directors' fees	70,000	70,000
Contribution to the Kuwait Foundation for the Advancement of Sciences	95,413	267,132
	814,932	1,085,884

## notes to the consolidated financial statements

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### 13 SHARE CAPITAL

The share capital of the parent company consists of 176,800,000 authorised, issued and fully paid up shares of 100 fils each (1998: 170,000,000).

The ordinary general assembly meeting of the shareholders held on 11 April 1999 approved an increase in the authorised share capital from KD 17,000,000 to KD 17,680,000 by way of issue of 6,800,000 shares. The shares were issued under the employees' share option scheme at 105 fils each and the premium arising has been credited to share premium account (Note 27).

### 14 RESERVES

As required by the Law of Commercial Companies and the parent company's articles of association, 10% of the net profit for the year has been transferred to statutory reserve. Distribution of this reserve is limited to the amount required to enable a payment of a 5% of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

### 15 EARNINGS PER SHARE

Earnings per share are computed by dividing net profit for the year by the weighted average number of ordinary shares outstanding during the period.

	<b>1999</b>	1998
	<b>KD</b>	KD
Net profit for the year	<b>5,135,307</b>	4,654,126
Weighted average number of the company's ordinary shares outstanding	<b>Shares</b> <b>174,359,451</b>	Shares 170,000,000
Primary and fully diluted earnings per share	<b>29 fils</b>	27 fils

No separate figure for diluted earnings per share has been presented because the company has no outstanding dilutive potential ordinary shares.

### 16 RELATED PARTY TRANSACTIONS

These represent transactions with shareholders and entities under common ownership or management. Pricing policies and terms of payment relating to these transactions are approved by management.

	<b>1999</b>	1998
	<b>KD</b>	KD
Management fees	<b>1,623,252</b>	1,581,711
Placement fees	<b>1,365,755</b>	1,556,917
Income from short-term investments	<b>1,874,213</b>	396,584
Dividends	<b>10,720</b>	303,652

In addition, short-term investments amounting to KD 12,552,351 (1998: KD 16,725,606) are currently invested in funds managed by certain of the subsidiaries listed in Note 18.

## notes to the consolidated financial statements

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### 17 FIDUCIARY ASSETS

The group manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts which are not reflected in the group's balance sheet. Assets under management at 31 December 1999 amounted to KD 803,099,092 (1998: KD 797,288,645)

### 18 SUBSIDIARY COMPANIES

The group comprises the parent and the following subsidiary companies:

Name	Country of incorporation	Voting capital held %	Purpose
SAALT 1 EC	Bahrain	100	Special purpose company for fiduciary assets
SAALT 2 EC	Bahrain	100	Special purpose company for fiduciary assets
SAALT 3 EC	Bahrain	100	Special purpose company for fiduciary assets
SAALT 4 EC	Bahrain	100	Special purpose company for fiduciary assets
TII USD I Fund Limited	B.V.I.	100	Investment fund
TII KD Fund I Limited	B.V.I.	100	Investment fund
TII Short Term Sterling Fund Limited	B.V.I.	100	Investment fund
TII Global USD Lease Fund I Limited	B.V.I.	100	Investment fund
United Residential Real Estate Limited	B.V.I.	100	Investment fund
Al Khawarizmi Fund	Cayman Islands	100	Investment fund
TII Small-Cap Equity Fund	Cayman Islands	100	Investment fund
TII USD II Fund Limited	B.V.I.	100	Investment fund
TII Advisory Group (London) Limited	U.K.	100	Investment management company
TII International Investor Real Estate Fund Limited	B.V.I.	50	Investment fund
TII UK Property Fund Limited	B.V.I.	100	Investment fund
TII Property Management Limited	B.V.I.	100	Investment management company
Ibn Majid Emerging Markets Fund	Cayman Islands	100	Investment fund
ALBAIT S.A.	Switzerland	60	Investment management company

The carrying value of the investments in subsidiary companies included in long term equity investments, in the parent company's financial statements at 31 December 1999 amounted to KD 207,182 (1998: KD 199,751).

The parent company holds voting capital in the special purpose companies and investment funds to manage the funds and fiduciary assets and does not have a beneficial interest in the underlying assets in its capacity as a holding company.

### 19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	1999 KD	1998 KD
Cash and bank balances	246,349	366,722
Short-term investments (Note 4)	12,277,935	16,021,241
Murabaha receivables (Note 5)	3,087,072	3,206,640
Due to banks (Note 11)	(145,299)	(1,572,959)
	<b>15,466,057</b>	<b>18,021,644</b>

## notes to the consolidated financial statements

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### 20 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

	Up to 1 month KD 000	1-3 months KD 000	3-12 months KD 000	Over 1 year KD 000	Total KD 000
At 31 December 1999					
<b>Assets</b>					
Cash and bank balances	246	-	-	-	246
Short term investments	14,963	-	267	-	15,230
Murabaha and Istisna receivables	-	3,087	314	171	3,572
Other receivables and prepayments	2,174	-	280	-	2,454
Investment in leased asset	-	-	-	2,000	2,000
Long term equity investments	-	-	-	2,859	2,859
Investment in associated companies	-	-	-	2,145	2,145
Furniture and equipment	-	-	-	272	272
	17,383	3,087	861	7,447	28,778

#### **Liabilities**

Due to banks	-	145	-	-	145
Accounts payable and accruals	339	-	119	357	815
	339	145	119	357	960

At 31 December 1998

#### **Assets**

Cash and bank balances	367	-	-	-	367
Short term investments	16,021	272	4,486	-	20,779
Murabaha and Istisna receivables	-	3,207	573	52	3,832
Other receivables and prepayments	2,383	5	269	-	2,657
Furniture and equipment	-	-	-	182	182
	18,771	3,484	5,328	234	27,817

#### **Liabilities**

Due to banks	944	629	-	-	1,573
Accounts payable and accruals	181	454	341	110	1,086
	1,125	1,083	341	110	2,659

## notes to the consolidated financial statements

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### 21 CONCENTRATION OF ASSETS AND LIABILITIES

	1999		1998	
	Assets KD 000	Liabilities and equity KD 000	Assets KD 000	Liabilities and equity KD 000
Geographic region:				
GCC	27,356	28,717	23,050	27,802
Europe	1,062	56	2,102	15
USA	359	4	822	-
Asia	1	1	1,824	-
Latin America	-	-	19	-
	<b>28,778</b>	<b>28,778</b>	<b>27,817</b>	<b>27,817</b>

### 22 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 company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk 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 of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry or geographic location.

Approximately 10% (1998: 20%) of the group's assets directly or indirectly represent Murabaha receivables from three counterparties.

### 23 SEGMENTAL ANALYSIS

The group's activities are in two primary business segments: investment management and advisory services (comprising non-discretionary portfolio management, fund management and structured finance advisory services) and proprietary investment management activities. The Group operates in two geographical regions – GCC (Kuwait and other GCC countries) and International (non-Arab regions).

#### Revenue and Net Profit

	GCC Revenue KD 000	International Revenue KD 000	Total Revenue KD 000	Net Profit KD 000
<b>31 December 1999</b>				
Investment management and advisory services	6,858	770	7,628	3,776
Proprietary investment management	2,766	84	2,850	1,359
<b>Total</b>	<b>9,624</b>	<b>854</b>	<b>10,478</b>	<b>5,135</b>
<b>31 December 1998</b>				
Investment management and advisory services	5,176	1,587	6,763	3,572
Proprietary investment management	2,649	88	2,737	1,082
<b>Total</b>	<b>7,825</b>	<b>1,675</b>	<b>9,500</b>	<b>4,654</b>

## notes to the consolidated financial statements

CONTINUED

### 23 SEGMENTAL ANALYSIS (Continued)

#### Assets and Liabilities

	GCC KD 000	International KD 000	Total KD 000
<b>31 December 1999</b>			
<b>Assets:</b>			
Investment management and advisory services	2,484	344	2,828
Proprietary investment management	22,764	3,186	25,950
<b>Total Assets</b>	<b>25,248</b>	<b>3,530</b>	<b>28,778</b>

#### Liabilities:

Investment management and advisory services	145	22	167
Proprietary investment management	793	-	793
<b>Total liabilities</b>	<b>938</b>	<b>22</b>	<b>960</b>

	GCC KD 000	International KD 000	Total KD 000
<b>31 December 1998</b>			
<b>Assets:</b>			
Investment management and advisory services	2,488	335	2,823
Proprietary investment management	21,777	3,217	24,994
<b>Total Assets</b>	<b>24,265</b>	<b>3,552</b>	<b>27,817</b>

#### Liabilities:

Investment management and advisory services	218	31	249
Proprietary investment management	2,410	-	2,410
<b>Total liabilities</b>	<b>2,628</b>	<b>31</b>	<b>2,659</b>

### 24 ZAKAT

The International Investor's articles of association do not authorise management to pay zakat directly, the responsibility of paying zakat is that of the shareholders. However, in accordance with a resolution of the annual general assembly meeting, the board of directors is empowered to compute and pay zakat on behalf of the shareholders. Zakat is computed on the basis of the net current assets of the company based on the latest available financial statements.

### 25 COMMITMENTS

The group has commitments in respect of uncalled capital contributions amounting to KD 1,300,000 (31 December 1998: nil) relating to an investment in an associated company.

### 26 COMPARATIVE AMOUNTS

Certain comparative amounts have been restated to conform to the current year's presentation.

## notes to the consolidated financial statements

CONTINUED

### **27 EMPLOYEES' SHARE OPTION SCHEME**

The company operates an employees' share option scheme (as explained in its articles of association). Under this scheme the company may increase its share capital by up to 12% of the total shares outstanding by the year 2002. Share options of 6,800,000 shares granted to employees were exercised on 11 May 1999 at an average price of 105 fils. The shares carry full dividend and voting rights. The fair value of the shares at the exercise date was 325 fils per share (Note 13).

### **28 YEAR 2000 COSTS**

The year 2000 problem is caused by the inability of many systems to handle four digit years. For example, without correction, the two digit year '00' meaning 2000 could be recognised as the year 1900 or some other date, resulting in errors when the dates are used in computations and comparisons. This is not limited to business systems, but also affects other technology, such as telephones, alarms, and other equipment. There are other potential date-related concerns, such as systems failing to recognise Year 2000 as a leap year. In this regard, instructions have been issued by the Central Bank of Kuwait and guidelines by the Bank for International Settlements - Joint Year 2000 Council.

Systems and applications critical to the Company's operations and financial information have been reviewed by management to consider the impact which Year 2000 may have on the accuracy of the calculations and reporting, and plans have been developed to improve the systems. The Company's management is aware that even if the Company verifies and tests all its systems and applications, it may still be affected by the state of readiness of its vendors and third party service providers; the public utilities upon which it relies, particularly the telecommunications and electricity suppliers; and the counterparties and customers with which it does business.

During 1999, expenses incurred specifically for the Year 2000 project were not significant to be separately identified.

## our offices

### The International Investor (TII)

#### The International Investor – Kuwait

PO Box 29233 Safat  
13153 Kuwait  
Telephone: (+965) 243 7070  
Facsimile: (+965) 242 8080

#### The International Investor – Qatar

PO Box 16034  
Salam Tower, 10th Floor,  
Corniche Street  
Doha, Qatar  
Telephone: (+974) 838 494  
Facsimile: (+974) 838 797

#### The International Investor – Emirates

(under establishment)  
PO Box 25238  
Dubai, UAE  
Telephone: (+971) 4 331 0990  
Facsimile: (+971) 4 331 0503

#### Al Khaleej Islamic Investment Bank

PO Box 597  
Manama, Bahrain  
Telephone: (+973) 538 666  
Facsimile: (+973) 540 015

#### The International Investor Advisory Group Limited

103 Mount Street  
London, W1Y 5HE  
United Kingdom  
Telephone: (+44) 20 7495 4707  
Facsimile: (+44) 20 7499 1992

**TII e-mail: [info@tii.com](mailto:info@tii.com)**

**TII website: [www.tii.com](http://www.tii.com)**

# The International Investor

**The International Investor (TII) is a Kuwaiti shareholding company which was formed in 1992 by institutional and private investors with a capital of US\$ 55.5 million.**

We are a specialist financial institution that provides entrepreneurs, corporates, asset managers and distributors of financial services with the expertise, knowledge and tools to efficiently access the fast-expanding Islamic market.

We do this by tapping our distinctive competencies, primarily our Islamic structuring expertise and extensive knowledge of the Islamic financial marketplace.

With fiduciary and advisory assets approaching US\$ 3 billion, as at 31 December 1999, TII is a leading regional investment bank and the world's leading wholesale Islamic investment bank.

Our activities primarily comprise structured finance and advisory services.

## **Our mission**

**Our mission is to be the leading wholesale investment bank in the GCC and the premier regional and global wholesale Islamic investment bank. We will achieve our vision through:**

- Remaining at the forefront of the fast-growing Islamic capital market by providing our clients and business partners with superior financial and investment solutions
- Focusing on activities where we can add value by tapping our core competencies, primarily our Islamic structuring expertise and knowledge of the Islamic market
- Making TII an exciting, interesting and rewarding place to work where committed and talented people can realise their professional ambitions
- Identifying and realising prospective business opportunities in a proactive, creative and innovative manner
- Working with our shareholders, clients, business allies and staff in a partnership of mutual trust and respect.

## **Our values**

**TII has a set of shared values that help to define our culture and govern the way we operate.**

**These five pillars of trust are the foundations on which we will build a successful business:**

- **Islam:** upholding the principles of honesty, integrity and partnership
- **Privacy:** preserving the confidentiality of all our relationships
- **Client focus:** continually exceeding the expectations of our clients
- **Innovation:** managing change and adopting a creative approach in all we do
- **Cooperation:** working in partnership with our shareholders, clients, business allies and staff.

قَالَ تَعَالَى :

وَمَنْ يَتَّقِ اللَّهَ يَجْعَلْ لَهُ مَخْرَجاً وَيَرْزُقْهُ مِنْ حَيْثُ لَا يَحْتَسِبُ وَمَنْ يَتَوَكَّلْ عَلَى اللَّهِ فَهُوَ حَسْبُهُ  
إِنَّ اللَّهَ بَالِغُ أَمْرِهِ قَدْ جَعَلَ اللَّهُ لِكُلِّ شَيْءٍ قَدْرًا. صَدَقَ اللَّهُ الْعَظِيمُ (سُورَةُ الطَّلَاقِ الْآيَاتِ ٢ وَ ٣)

*And for those who fear God (ever), He prepares a way out. And he provides for him from sources he never could imagine. And if anyone puts his trust in God, sufficient is (God) for him, for God will surely accomplish his purpose verily, for all things has God appointed a due proportion.*





**HH Sheikh Jaber Al-Ahmad  
Al Jaber Al-Sabah**

AMIR OF THE STATE OF KUWAIT



**HH Sheikh Saad Al-Abdallah  
Al-Salem Al-Sabah**

CROWN PRINCE AND PRIME MINISTER

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**our mission**

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- Net profit grows by 10 per cent.
- Return on capital up by 7 per cent.
- Cash dividends raised by 11 per cent.
- New affiliate company – TII Qatar – incorporated.
- Approval granted by Central Bank of UAE to set up TII Emirates in 2000.
- Al Khaleej Islamic Investment Bank established in Bahrain as new joint venture company with the Bank of Bahrain and Kuwait.
- Landmark Islamic advisory agreement signed with Dallah AlBaraka Group.
- Distribution agreement signed with Qatar Ladies Investment Company.
- FTSE Global Islamic Indices rebranded from TII Global Islamic Index Series.
- TII USA SmallCap Index launched.
- Major structured finance transactions concluded in Kuwait, UAE, Egypt, Lebanon and UK.

## A message from the Chairman

**Despite the continued volatility of the global and regional economies, I am pleased to report that 1999 was another successful year for The International Investor (TII), not just financially but also strategically.**

Financially, TII enjoyed an improvement over 1998 in net profit, total assets, return on capital and shareholders' equity. This has enabled us to propose an increased dividend of 20 per cent for this year, maintaining TII's sustained record for increasing dividends year on year since our inception.

Strategically, TII made encouraging progress on all fronts. We successfully formed new strategic alliances, expanded our regional presence and strengthened our distribution network. In addition, our ongoing investment in research and development enabled the introduction of further innovative products and services. We also continued to enhance our human and technical resources.

During the year there was growing awareness of the increasing importance of the role of capital markets in developing the financial infrastructure to support the economic growth of the region. TII's geographic growth during the year – a key plank of our strategy – means that we are well placed to take advantage of the opportunities afforded by this trend, particularly in the area of structured finance.

Our unique strategic approach and distinctive competencies will help ensure TII's continued success and prosperity, enabling us to face with confidence the challenges and opportunities of the twenty-first century.

I would like to thank all our partners – directors, shareholders, clients, business allies and staff – whose resolute support has made yet another successful year possible.



**Adnan Al Bahar**

Chairman and Managing Director

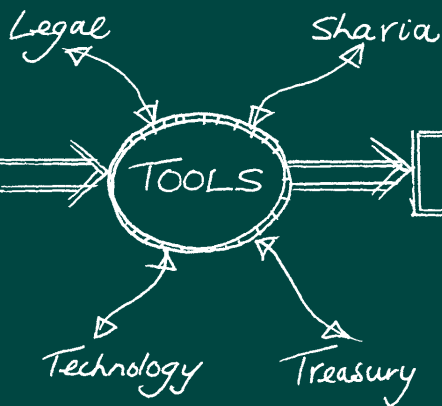
INDUSTRY  
 Consolidation & Convergence → **CHANGE** → Technology & new entrants

- Islamic financial engineering
- Knowledge of Islamic Market



Combination of skills, techniques and experience in an organisation

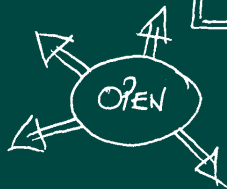
**DISTINCTIVE COMPETENCIES.**



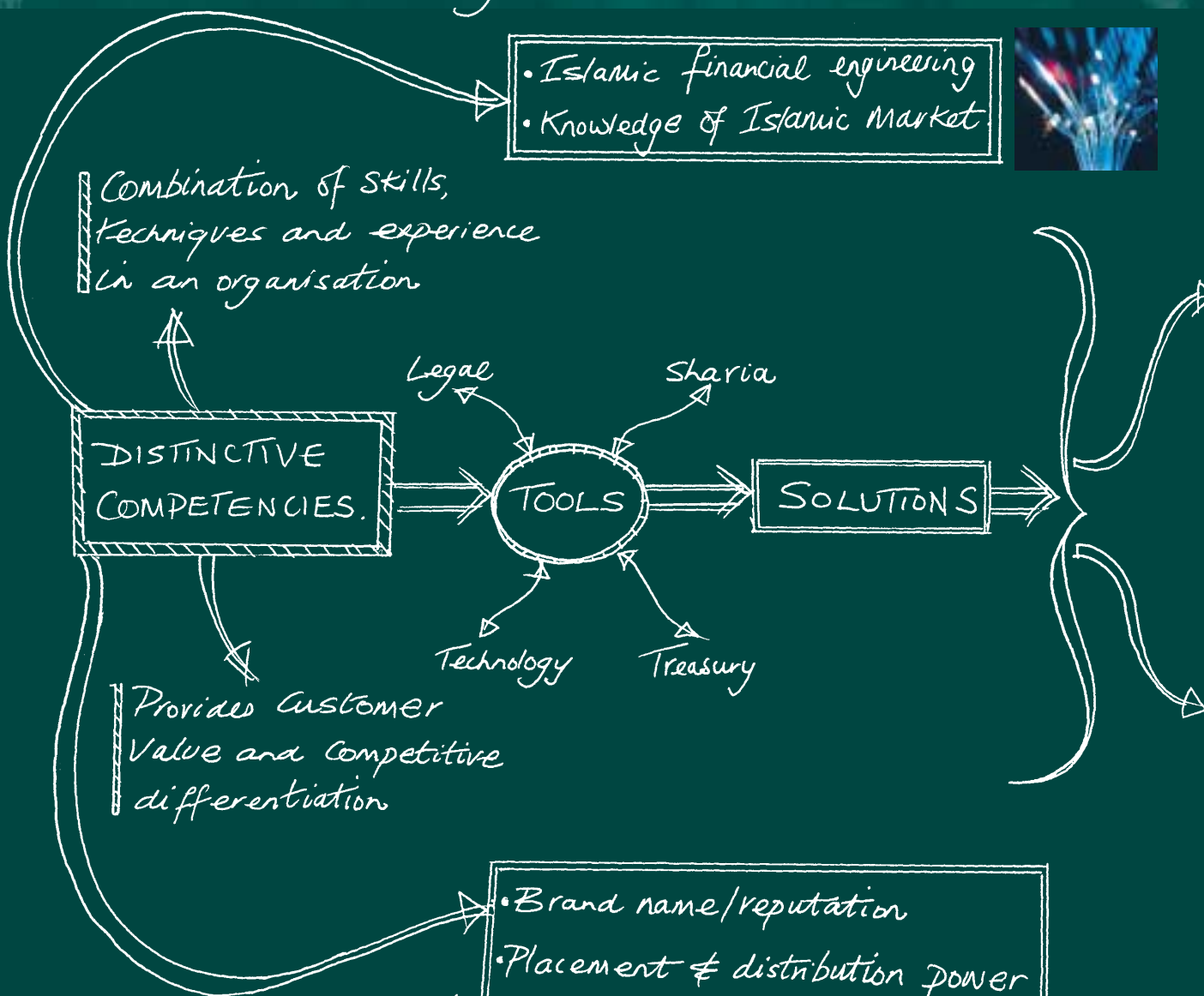
**SOLUTIONS**

Provides customer value and competitive differentiation

- Brand name/reputation
- Placement & distribution power



Communications, shared knowledge, Infrastructure workflow.



\* Globalise... Informationalise... Individualise.\*



STRUCTURED FINANCE

- Corporate finance
- project financing
- Venture capital
- IPOs
- Mergers & acquisitions.



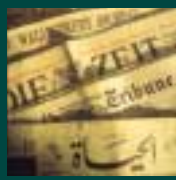
• Islamic capital market instruments

ADVISORY SERVICES.

Specialist Services to financial institutions and asset managers worldwide.

- ~~• Franchising~~
- ~~• Wholesaling~~

Distribution!



Marketing Islamically Correct products and Services with financial institutions to end-consumers



## a unique approach

As a premier wholesale Islamic investment bank, TII's mission is to provide entrepreneurs, corporates, asset managers and distributors of financial services with the expertise, knowledge and tools to efficiently *access the fast expanding Islamic market*

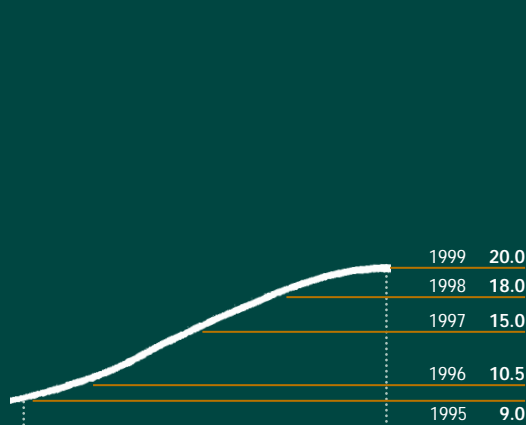
In support of this mission, we have *developed a strategic philosophy* that will enable us to maintain our position as a differentiated specialist operator, committed to delivering a unique range of innovative Islamic financial and investment solutions.

To achieve this, we will focus only on activities where we can add value by *tapping our distinctive competencies*, primarily Islamic structuring expertise and extensive knowledge of the Islamic financial marketplace.

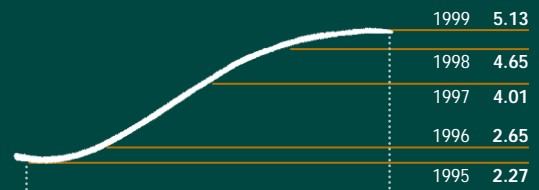
We will also pursue a policy of *focused geographic expansion*, growing our global alliances and entering new regional markets through joint ventures with leading financial institutions.

	1999 KD million	1998 KD million	Percentage change
Funds under management	803	797	1
Total assets	28.78	27.80	4
Net profit	5.13	4.65	10
Total shareholder equity	24.3	22.1	10

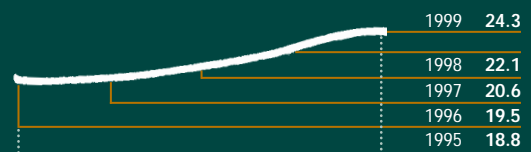
The KD-US\$ exchange rate, as at 31 December 1999, was 0.30418.



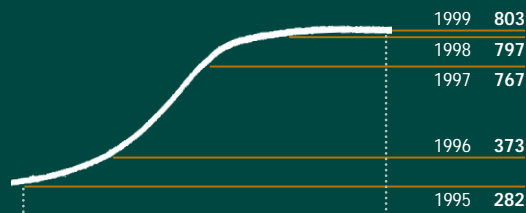
Cash dividends percentage



Net profit KD million



Total shareholder equity KD million



Funds under management KD million



Total assets KD million

**We are pleased to present the seventh annual review and consolidated financial statements of The International Investor (TII) for the year ended 31 December 1999.**

Against the regional backdrop of sluggish economic growth and under-performing capital markets, 1999 proved to be yet another successful year for TII, with continued improvements across all areas of our business.

Net profit increased from KD 4.65 million to KD 5.13 million (US\$ 15.30 million to US\$ 16.87 million) while our return on capital grew from 27 per cent to 29 per cent. At the end of the year, our fiduciary and advisory assets stood at KD 803 million (US\$ 2.64 billion). This has enabled TII to propose an increased dividend of 20 per cent, up 11 per cent from 1998.

A major highlight of the year was the successful implementation of TII's regional expansion strategy. A new TII affiliate company was established in Qatar, approval was received from the Central Bank of the UAE to set up a similar affiliate in Dubai, and discussions commenced regarding an affiliate company in Saudi Arabia. In Bahrain, TII joined forces with the Bank of Bahrain and Kuwait to form Al Khaleej Islamic Investment Bank.

Additional highlights include the signing of a landmark advisory agreement with Dallah AlBaraka Group, the appointment of TII as Sharia Advisor for BAREP's new Al-Sila Fund, and the introduction of new Islamic indices.

During the year we further strengthened our human and technical resources, continuing to attract the best talent from the industry, ensuring Y2K compliance and launching a new knowledge management system and website.

These achievements played a major part in enabling us to continue to implement our strategy and fulfil our mission to be a leading player in the Islamic market. We therefore enter the new millennium with increased confidence in TII's ability to successfully face the competitive challenges and opportunities that lie ahead.

## review of business activities – structured finance

### **During 1999, we continued to take advantage of the growing demand for Islamic structured finance services throughout the Middle East.**

In a joint venture with prominent Qatari partners, our first regional affiliate company – TII Qatar – was formally established and has become fully operational. Approval was received from the Central Bank of the UAE to set up a similar affiliate in Dubai, while discussions commenced regarding an affiliate company in Saudi Arabia.

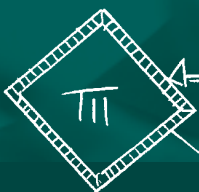
Following the joint venture agreement signed in 1998 with the Bank of Bahrain and Kuwait (BBK), Al Khaleej Islamic Investment Bank was incorporated in Bahrain. This partnership seals our close working relationship with BBK over the past few years and will combine TII's Islamic structuring expertise and knowledge of the Islamic financial marketplace with BBK's extensive distribution network.

In the first agreement of its kind between two Islamic financial institutions, TII was appointed financial advisor and placement agent for Jeddah-based Dallah AlBaraka Group. TII will assist in restructuring the Group's Bahrain-based financial services sector – AlBaraka Banking Group (ABG) – from a holding company to an active banking entity, with a fully paid-up capital of US\$ 550 million. As part of the mandate, TII will manage a private placement and eventually, a planned public flotation of ABG for up to 55 per cent of the shareholding.

In Egypt, Heads of Terms were agreed with a consortium of Egyptian and US companies for the financing of major petrochemical-related projects. In addition, we continued to draw upon our distinctive competencies in structuring, placement and market knowledge to take advantage of business opportunities both inside and outside the region.

In Kuwait, Lebanon, UAE and the UK, TII acted as financial advisor, arranger and placement agent for a number of major assignments and transactions which involved advising on merger and takeover deals, raising debt and equity, and arranging istisna and ijara lease financing.

Particularly encouraging was the successful continuation of our business relationships with major regional clients such as Kuwait Catalyst Company and Dubai Wire, for whom we provided additional structured finance services in 1999.



US \$ 11.7 million total funding for expansion project.



Parallel equity-type funding solution

MUSHARAKA

Manufacturers of 400 varieties of nails, fasteners and screws.

MUDARIB

two part lease facility  
re financing

US \$ 4.4M purchase of equipment  
US \$ 3.6M Sale and lease-back of existing plant and equipment.

IJARA

RABBULMAL

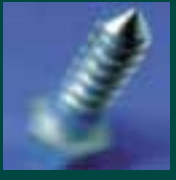
TII and other investors stand to gain dividend subordinated to lease rentals and capital gain on project completion.

MUSHARAKA

Very flexible partnership financing Capital for project financing

US \$ 3.7M.

Raise additional 'capital' through Musharaka-based offshore partnership. Investors have equity-type participation in Dubai Wire.



## review of business activities – advisory services

**The expansion of TII's range of specialist advisory services continued during the year, especially in the areas of Sharia consultancy, Islamic index constituents and benchmarks, and product distribution channels.**

During 1999, we increased the number of our relationships with leading international asset managers and also the number of funds for which we act as Sharia Advisor. For example, we assisted BAREP – the wholly-owned subsidiary of Société Générale – with the successful launch of the Al-Sila Fund, a commodities-based investment vehicle.

Also in 1999, we signed an advisory agreement with the investment banking division of UBS for the launch of a capital-guaranteed, property-linked index fund. In addition, TII signed an agreement with Qatar Ladies Investment Company (QLIC) in Doha for the provision of Sharia consultancy and the development of the QLIC Islamic Portfolio.

A key element of TII's advisory services strategy is the provision of Islamic index constituents and benchmarks and during 1999 we made good progress in this area. Following the agreement signed with FTSE International Limited in December 1998, the TII Global Islamic Index Series was launched in January 1999, the first of its kind in the world.

This index includes four additional sub-component indices covering the Americas, Europe, Pacific Basin and South Africa, and tracks over 1,000 companies from 29 countries, offering investment in no less than 24 currencies spread across a broad selection of 31 different sectors. The index was renamed the FTSE Global Islamic Indices in October, following a joint-ownership and marketing agreement between TII and FTSE International Limited, designed to provide investors with a broader investment opportunity and greater diversification than ever before.

March 1999 saw the launch of the TII USA SmallCap Index in conjunction with HSBC Investment Bank. This follows the TII European SmallCap Index which was introduced a year earlier and which tracks the Islamically-approved components of the HSBC James Capel Smaller Europe (including UK) Index. Additional Islamic indices, such as those covering the MENA region and global emerging markets are currently under development.

It is not TII's intention, however, just to be an Islamic index provider. The continued introduction of new indices illustrates our long-term strategy to provide asset managers worldwide with the most comprehensive range of specialist advisory services to enable them to access the Islamic market.



FTSE GLOBAL ISLAMIC INDICES

TII USA & EUROPEAN SMALL CAP INDICES.

**RULES**

- No TII products
- TII as partner not competitor
- Unlimited distribution

INDICES

OTHERS?

- Regional Markets
- Emerging Markets.



ASSET MANAGERS



SHARIA CONSULTANCY

TII ADVISORY SERVICES

DISTRIBUTION

- PICTET & CIE
- Al Bait Islamic Private Banking

MENA REGION

الشركة القطرية الإستثمارية للسيدات  
Qatar Ladies Investment Co.

CORE COMPETENCIES
Creative Islamic Structuring
Knowledge of Islamic Market
Technical expertise
Distribution Capability
Brand name/reputation



GULF BANK.  
Al Deema Islamic Investment Services.

QATAR LADIES INVESTMENT COMPANY  
QLIC Islamic Portfolio



BANK OF BAHRAIN AND KUWAIT.  
Al Khaleej Islamic Investment Bank.



## review of business activities – distribution

**TII is committed to building long-term relationships with global and regional financial institutions to develop and market Islamically-approved products and services to end-consumers.**

During the year, discussions regarding distribution agreements with major financial institutions in the UK, Jordan, UAE, Bahrain and Saudi Arabia made good progress. In Qatar, TII signed an agreement with Qatar Ladies Investment Company (QLIC) to develop the QLIC Islamic Portfolio as part of the overall investment portfolio offered to their clients.

TII's ground-breaking distribution agreement with the Gulf Bank in Kuwait, which resulted in the launch of the Al Deema range of five Islamic investment portfolios in June 1998, continued to prosper during the year. Funds under management have now increased by over 200 per cent since inception and the introduction of additional portfolios to meet consumer demand is under discussion.

The Al Dar Islamic Fund, launched in February 1998 by Pictet & Cie, and which is listed on the Luxembourg Stock Exchange, also continued to grow. A significant achievement during the year was the signing of agreements with two leading Swiss private and investment banks to distribute the Al Dar Islamic Fund to Pictet's clients.

To ensure that TII continues to provide clients and business partners with the most effective distribution and marketing channels, development started during 1999 of new Islamic internet banking services.

## the future

TII's successful performance during 1999 underlines the success of our unique approach to doing business. This is the result of careful planning over several years to ensure that we had a solid strategy in place to develop our market position and take advantage of new opportunities.

But while we are proud of our achievements, we know that we cannot afford to be complacent. In today's rapidly changing business scenario, the option to stand still simply does not exist.

Which is why we will continue to refine and evolve our strategy – not protecting and extending the past, but creating the future.

In line with TII's consistent predictions, the recent *rapid growth* of the *global Islamic financial and Capital market* (collectively referred to as the 'Islamic market') continued during 1999 and, at a rate of between 12 and 15 per cent, also continued to *outstrip* the growth of the *Conventional market*.

The trend of increasing competition also gathered pace during the year, with no less than ten new Islamic financial institutions being established in the GCC region alone, bringing the total number in the Middle East to fourteen.

Regionally, major growth will increasingly be focused in the capital market-related areas. This is because developing economies cannot rely solely on the banking and financial intermediation sectors to promote and sustain growth.

For example, as GCC countries enter the next stages of their economic development, private sector capital will be needed to replace public spending, first to soften the economic landing and then to finance new infrastructure development.

Much of this growth will be financed by regional investors who want their funds placed in Islamic capital market instruments. Capital markets bring credibility and liquidity, provide an alternative exit strategy and attract more players, therefore making more money available to generate higher levels of business activity. Investment banks are playing an increasingly important role in this process, complementing the shorter-term financing provided by commercial banks with more sophisticated and longer-term sources of funding.

Capital markets will also help to attract more non-regional private capital investment, either directly or through trading on regional stock markets. They should also help to bring back some of the estimated US\$ 500 billion liquid assets held by GCC citizens outside the region and give the private sector the resources it needs to develop and restructure.

This trend will also encourage the development of Islamic capital market instruments such as long-term debt instruments, dollar or regional currency-denominated paper, calls, puts, hedging solutions and derivatives, as well as encouraging public participation in the ownership of listed companies.

## our board of directors

### **Adnan Abdulaziz Al Bahar** Chairman and Managing Director

Before founding The International Investor in 1992, Adnan was Managing Director of the Al Rajhi Company for Islamic Investments in London and prior to this, General Manager of the Kuwait Finance House. He holds a number of directorships and is also a member of the Kuwaiti Higher Planning Commission, the Executive Committee of the Islamic Development Bank and the Kuwait Stock Exchange. A Kuwaiti national, Adnan holds a BA in International Business from the American College in Switzerland.

### **Najeeb Abdulla Al-Mulla** Deputy Chairman

Chairman of the Al Mulla Group, one of Kuwait's leading companies, Najeeb is also a member of the Board of Investcorp's Strategic Ownership Group and on the Board of Directors of the Kuwait Chamber of Commerce and Industry. A Kuwaiti national, Najeeb was educated in England, Switzerland and Lebanon.

### **Abdulatif Youssef Al Hamad** Director

Abdulatif is Director General and Chairman of the Board of the Arab Fund for Economic and Social Development. A past Finance and Planning Minister of the Government of Kuwait, he holds numerous directorships. A Kuwaiti national, Abdulatif was educated in America at the Harvard Graduate School for Arts and Sciences.

### **Khaled Rashed Al-Hajeri** Director

Deputy Secretary General for Investment at the Kuwait Awqaf Public Foundation, Khaled is also Chairman of the International Leasing and Investment Company, and a Director of First Islamic Investment Bank. Prior to this, he was Vice Chairman of International Investment Group (IIG). A Kuwaiti national, Khaled holds an MBA in Business Administration from the USA and a PhD in Accounting from the UK.

### **Fahad Mazyad Al-Rajaan** Director

Director General of Kuwait's Public Institution for Social Security since 1984, Fahad is also Chairman of the United Bank of Kuwait in London and Chairman of Saif Limited and Wafra Investment Advisory Group in New York. Prior to this, he was with Kuwait Investment Company. A Kuwaiti national, Fahad holds a BA in Business Administration from the American University in Washington DC.

### **Sayer Bader Al-Sayer** Director

Sayer is a Director of the Al-Sayer Group and holds numerous other directorships. These include Computers and Communications Concepts Company in Kuwait, Europhenix Management Company in Luxembourg, ACFIT Limited in South Africa and Jersey, FIMBANK in Malta and Lebanon Invest in Beirut. A Kuwaiti national, Sayer was educated in Scotland and at Stanford University in the USA.

### **Salah Mohammed Al Wazzan** Director

Managing Director of the Arabian Motors Group, Salah is also Vice Chairman of both the Al Wazzan Holding Group and the First Al Wazzan Group. In addition, he is Managing Director of Al Wazzan Family International Investments and General Manager of Al Wazzan and Partners Company. A Kuwaiti national, Salah was educated in the USA, and holds a BSc in Civil Engineering from North Carolina State University.

## In the Name of God, the Merciful, the Compassionate

### Report of the Fatwa and Sharia Supervisory Committee for the period 2 January 1999 through 31 December 1999

Praise be to God, the Lord of the Worlds, and prayer and peace be upon our Prophet Mohammed, his family, companions and followers.

The Fatwa and Sharia Supervisory Committee of The International Investor held several meetings during 1999. During these regular meetings, all matters such as enquiries and contracts relating to the company's new operations of the year, which were referred to the committee by the Management of the company, were discussed and appropriate recommendations, decisions and Fatwas were made.

In the light of the statements made and submitted by the committee's secretary, the committee hereby declares that the company has acted in compliance with the rules and regulations of the Islamic Sharia in respect of all its contracts and transactions.

**Ahmed Bezai'a Al-Yaseen** Chairman **Dr Khalid Al-Madhkour** Member

**Dr Mohammed Fawzi Faidhulla** Member **Dr Mohammed Abdul Ghaffar Al-Sharif** Member

In addition to The Fatwa and Sharia Supervisory Committee, The International Investor has been privileged to be guided, since its inception, by an International Advisory Sharia Committee, outside Kuwait. This Committee has assisted with further scrutinising of the company's activities, to ensure that they are compatible with the principles of Islamic Sharia.

This Committee is comprised of their Eminences:

**Sheikh Abdulla Ibn Abdul Aziz Ibn Aqeel** Chairman

**Sheikh Saleh Ibn Abdul Rahman Al-Hussain** Deputy Chairman

**Sheikh Abdul Rahman Ibn Abdulla Ibn Aqeel** Member and Secretary

The International Investor takes this opportunity to extend its thanks to the Ulema, for its efforts in directing the company.