

International Investment Group Company
K.S.C. (Closed)
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
For six months period ended 30 June 2009
And Review Report
(Unaudited)

PRICEWATERHOUSECOOPERS 

Al-Ahli Bureau
Certified Accountants

International Investment Group Company
K.S.C. (Closed))
And it subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
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International Investment Group - KSC (Closed)
State of Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of International Investment Group K.S.C. (Closed) "Parent Company" and its subsidiaries (collectively referred to as "the Group") as of 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity."

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

Conclusion

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

Emphasis of matter

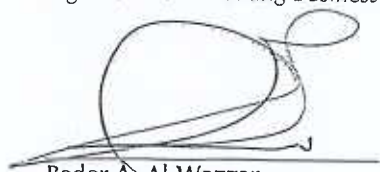
Without qualifying our conclusion mentioned above we draw attention to Note (15.3) as there is an appellant decision issued against the Group to pay the value of investments portfolio managed by the Group in favor of a third party as the Group are committed to find a purchaser for this portfolio. The Group filed a case in the court of cassation to annul the appellant decision. Subsequent to the financial information date a decision from the court of cassation to postpone the appellant decision till the issuance of final verdict.

The ultimate outcome of the matter cannot be determined at the moment although the Group had provided a provision amounted to KD 110,000 which is the value of the penalty term mentioned in the above mentioned contract as the maximum possible outcome as per the external lawyer opinion.

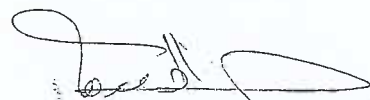
Report on Review

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the six months period ended 30 June 2009 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business and its related regulations during the six months period ended 30 June 2009.



Bader A. Al-Wazzan
Licence No. 62A
PricewaterhouseCoopers
Kuwait,
16 August 2009



Naser Abdullah Al-Muqait
R.A.A. No. 9A
Al-Ahli Audit Bureau
Chartered Accountants

International Investment Group Company
K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2009
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2009	31 December 2008 (Audited)	30 June 2008
Assets				
Cash and cash equivalents		30,197	431,785	2,000,348
Murabaha and Wakala investments	3	26,925,393	34,460,496	39,199,267
Mudarabat investments		608,780	602,450	595,820
Investments at fair value through profit or loss		46,074	40,488	2,670,737
Receivables and other debit balances	4	12,420,675	19,080,779	26,270,065
Available for sale investments	5	19,851,540	17,465,345	12,828,377
Investment in associates	6	66,751,473	76,624,308	98,717,102
Investment properties	12	10,060,122	-	-
Other assets		368,728	356,953	339,244
Total assets		137,062,982	149,062,604	182,620,960
Liabilities and Equity				
Liabilities				
Payables and other credit balances	7	10,334,347	16,208,049	19,133,612
Islamic debt instruments	8	67,927,073	67,770,072	64,327,071
Employees' end of service indemnity		619,649	600,405	443,736
Total liabilities		78,881,069	84,578,526	83,904,419
Equity				
Equity attributable to the Parent Company shareholders				
Share capital		45,670,350	45,670,350	45,670,350
Share premium		4,327,600	4,327,600	4,327,600
Treasury shares	9	(2,321,330)	(2,244,223)	(7,224,008)
Statutory reserve		7,571,867	7,571,867	7,571,867
Voluntary reserve		4,574,999	4,574,999	4,574,999
Convertible Suksuk		1,838,232	1,838,232	1,838,232
Change in fair value reserve		7,118,803	6,943,661	9,545,968
Company's share in associate's reserves		31,267	(117,691)	398,430
Gain on sale of treasury shares		-	-	1,507,863
Retained (loss) / earnings		(10,833,956)	(4,080,717)	30,505,240
		57,977,832	64,484,078	98,716,541
Non-controlling interest		204,081	-	-
Total equity		58,181,913	64,484,078	98,716,541
Total liabilities and equity		137,062,982	149,062,604	182,620,960

The accompanying notes form an integral part of this interim condensed consolidated financial information.



Dr. Abdul Aziz B. Al Jenaai
Chairman

Dr. Mohammed Al-Tabtabae'e
Vice Chairman

International Investment Group Company
K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Statement of Income
For the six months period ended 30 June 2009
(All amounts are in Kuwaiti Dinars)

		Three months ended		Six months ended	
		30 June		30 June	
	Note	2009	2008	2009	2008
Revenues					
Gain on investments	10	264,423	1,027,535	266,933	2,588,252
Gain from Murabaha		609,406	831,979	1,217,931	1,634,106
Company's share in associates results	6.1	(2,259,817)	2,296,364	(5,817,546)	4,273,158
Gain / (loss) from sale of shares in associates	6.3,6.6	2,147,361	(831,331)	2,147,361	(1,672,321)
Gain from sale of shares in subsidiary	12.1	1,773,420	-	1,773,420	-
Foreign currency exchange		991,124	120,753	(2,341,415)	1,665,651
Reverse provisions		-	-	404,678	-
Management, consulting and subscription fees		15,369	2,818,497	15,369	6,003,333
		<u>3,541,286</u>	<u>6,263,797</u>	<u>(2,333,269)</u>	<u>14,492,179</u>
Expenses and other charges					
Finance costs		1,668,307	1,484,642	3,284,235	2,968,743
General and administrative expenses and other		447,914	575,510	1,036,507	1,038,416
Provisions for claims	15.3	110,000	-	110,000	-
Kuwait Foundation for Advancement of Science share "KFAS"		-	14,601	-	54,988
National Labor Support Tax		-	38,413	-	155,554
Zakat		-	16,475	-	63,999
		<u>2,226,221</u>	<u>2,129,641</u>	<u>4,430,472</u>	<u>4,281,700</u>
Net profit / (loss) for the period		<u>1,315,065</u>	<u>4,134,156</u>	<u>(6,764,011)</u>	<u>10,210,479</u>
Attributable to:					
Shareholders of the Parent Company		1,410,984	4,134,156	(6,668,092)	10,210,479
Non-controlling interest		(95,919)	-	(95,919)	-
		<u>1,315,065</u>	<u>4,134,156</u>	<u>(6,764,011)</u>	<u>10,210,479</u>
Basic earnings / (loss) per share (fils)	11	3.17	9.55	(15.01)	23.48

The accompanying notes form an integral part of this interim condensed consolidated financial information.

International Investment Group Company
K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months period ended 30 June 2009
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Profit / (loss) for the period	1,315,065	4,134,156	(6,764,011)	10,210,479
Other comprehensive income				
Change in fair value of available for sale investments	182,744	-	175,142	-
Transferred to the statement of income as a result of sale of available for sale investments	-	-	-	(2,181,600)
Group's share in associates' reserve	148,958	-	148,958	154,223
Other comprehensive revenues / (losses) for the period	<u>331,702</u>	<u>-</u>	<u>324,100</u>	<u>(2,027,377)</u>
Total comprehensive revenues / (losses) for the period	<u>1,646,767</u>	<u>4,134,156</u>	<u>(6,439,911)</u>	<u>8,183,102</u>
Attributable to :				
Parent Company shareholders	1,742,686	4,134,156	(6,343,992)	8,183,102
Non-controlling interest	(95,919)	-	(95,919)	-
	<u>1,646,767</u>	<u>4,134,156</u>	<u>(6,439,911)</u>	<u>8,183,102</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

International Investment Group Company
K.S.C. (Closed)
And its subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity
For the six months period ended 30 June 2009
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company									Non-controlling interest	Total		
	Share Capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Convertible Sukuk	Change in fair value reserve	Company share in associate's reserves	Gain on sale of treasury share			Retained earnings / (loss)	Total equity
Balance as of December 2007	36,536,280	4,327,600	(9,311,773)	7,571,867	4,574,999	1,838,232	11,727,568	244,207	2,062,904	32,912,957	92,484,841	-	92,484,841
Total comprehensive (losses) / revenues	-	-	-	-	-	-	-	154,223	-	10,210,479	8,183,102	-	8,183,102
Cash dividend (note 13)	-	-	-	-	-	-	-	-	-	(3,484,126)	(3,484,126)	-	(3,484,126)
Bonus dividend (note 13)	9,134,070	-	-	-	-	-	-	-	-	(9,134,070)	-	-	-
Purchase of treasury share	-	-	(6,292)	-	-	-	-	-	-	-	(6,292)	-	(6,292)
Sale of treasury share	-	-	2,094,057	-	-	-	-	-	(555,041)	-	1,539,016	-	1,539,016
Balance as of 30 June 2008	<u>45,670,350</u>	<u>4,327,600</u>	<u>(7,224,008)</u>	<u>7,571,867</u>	<u>4,574,999</u>	<u>1,838,232</u>	<u>9,545,968</u>	<u>398,430</u>	<u>1,507,863</u>	<u>30,505,240</u>	<u>98,716,541</u>	<u>-</u>	<u>98,716,541</u>
Balance as of 31 December 2008	45,670,350	4,327,600	(2,244,223)	7,571,867	4,574,999	1,838,232	6,943,661	(117,691)	-	(4,080,717)	64,484,078	-	64,484,078
Total comprehensive profit/ (loss) for the period	-	-	-	-	-	-	175,142	148,958	-	(6,668,092)	(6,343,992)	(95,919)	(6,439,911)
Non-controlling interest resulted from consolidate subsidiary (note 1)	-	-	-	-	-	-	-	-	-	-	-	300,000	300,000
Purchase of treasury shares	-	-	(227,255)	-	-	-	-	-	-	-	(227,255)	-	(227,255)
Sale of treasury shares	-	-	150,148	-	-	-	-	-	-	(85,147)	65,001	-	65,001
Balance as of 30 June 2009	<u>45,670,350</u>	<u>4,327,600</u>	<u>(2,321,330)</u>	<u>7,571,867</u>	<u>4,574,999</u>	<u>1,838,232</u>	<u>7,118,803</u>	<u>31,267</u>	<u>-</u>	<u>(10,833,956)</u>	<u>57,977,832</u>	<u>204,081</u>	<u>58,181,913</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**International Investment Group Company
K.S.C. (Closed)
And its subsidiaries**

**Interim Condensed Consolidated Statement of Cash Flows
For the six months period ended 30 June 2009
(All amounts are in Kuwaiti Dinars)**

	The six months ended 30 June	
	2009	2008
Cash flows from operating activities		
Net (loss) / profit for the period	(6,764,011)	10,210,479
<i>Adjustments:</i>		
Depreciation and amortization	44,574	14,143
Gain on investments	(266,933)	(2,588,252)
Murabaha income	(1,217,931)	(1,634,106)
Group's share in associates' results	5,817,546	(4,273,158)
Gain from sale of investments in associates	(2,147,361)	1,672,321
Gain from sale of investments in subsidiary	(1,773,420)	-
Finance costs	3,284,235	2,968,743
Reverse provisions	(404,678)	-
Provisions for claims	110,000	-
Employees' end of service indemnity	19,244	171,494
Operating (loss) / profit before changes in operating assets and liabilities	(3,298,735)	6,541,664
Investments at fair value through profit or loss	-	1,956,595
Receivables and other debit balances	7,680,703	(6,095,651)
Payables and other credit balances	(8,054,410)	2,859,800
Net cash (used in) / generated from operating activities	(3,672,442)	5,262,408
Cash flows from investing activities		
Mudarat investments	-	4,860
Paid for purchase of shares in associates	(62,967)	(24,765,005)
Proceeds from sale of shares in associates	439,802	23,678,424
Proceeds from Murabahat and Wakala investment	2,479,503	253,490
Proceed from sale of available for sale investments	414,054	-
Paid for purchase of available for sale investments	(26,766)	(50,000)
Paid for purchase of property and equipment	(56,349)	(8,753)
Murabaha income and dividends received	6,006	420,431
Net cash generated from / (used in) investing activities	3,193,283	(466,553)
Cash flows from financing activities		
Net Islamic debt instruments	3,090,841	(1,426,692)
Finance costs paid	(3,097,330)	(2,968,743)
Cash dividends paid	(53,686)	(2,181,162)
Non-controlling interest	300,000	-
Purchase of treasury shares	(227,255)	(6,292)
Sale of treasury shares	65,001	1,539,016
Net cash generated from / (used in) financing activities	77,571	(5,043,873)
Net change in cash and cash equivalents	(401,588)	(248,018)
Cash and cash equivalents at beginning of period	431,785	2,248,366
Cash and cash equivalents at end of period	30,197	2,000,348

The accompanying notes form an integral part of this interim condensed financial information.

Notes to the Interim Condensed Consolidated Financial Information
For the six months period ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation of the Company

International Investment Group Company is a closed Kuwaiti Shareholding Company established in 1987, and registered as an investment company in the Central Bank of Kuwait. The shares of the Company were listed in the Kuwait Stock Exchange on 23 November 1997.

The Company's office is located at Kuwait Stock Exchange Building – fifth floor, P.O. Box 29448 Safat, 13155 - State of Kuwait.

The principal activities of the Group are investments, managing financial portfolios and investments funds for other and real estate activities and general trading. The activities of the company are carried out in accordance with Nobel Islamic Shariaa principles.

The interim condensed consolidated financial information include the financial information of the Parent company and its subsidiaries refer as a "Group".

	Ownership (%)		
	30 June 2009	31 December 2008	30 June 2008
Marafeh Holding International Company- K.S.C.C	100	100	100
Grand aviation Company K.S.C.C.	70	70	70
Al-Ana'am International for General Trade & Contracting- W.L.L (note 12.1)	-	100	100

During the period, the Group finished the establishment of Grand Aviation Company.

The interim condensed consolidated financial information was approved for issue by the Board of Directors on 16 August 2009.

2. Basis of preparation

These interim condensed consolidated financial information have been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and notes that are required for complete financial as per the International Financial Reporting Standards as adopted for use by the Government of Kuwait for financial institutions regulated by the Central Bank of Kuwait.

In the opinion of the management, all necessary adjustments including recording accruals have been included in the interim condensed consolidated financial information for fair presentation.

The operating results for the period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. For further information, refer to the financial statements and its related notes for the year ended 31 December 2008.

The interim condensed consolidated financial information were prepared in accordance with the same accounting policies and methods of computation followed in the latest annual financial statements which were prepared in accordance with the International Financial Reporting Standards as adopted in the State of Kuwait, except of the following:

Investment properties

Land and real estate acquired for capital appreciation in future or for rental purpose are classified as investment properties. Investment properties are stated at cost at acquisition and remeasured at fair value which is determined annually based on independent valuers. Gain and loss arising from change in fair value is recognized in the consolidated statement of income in the period in which it arises.

Notes to the Interim Condensed Consolidated Financial Information

For the six months period ended 30 June 2009

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

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

The revised standard require changes in equity arising from transaction with owners in their capacity as owner (i.e. Owner changes in income) to be presented in the statement of change in equity. All other change in equity (i.e. non-owner change in equity) are required to be presented separately in a performance statements (consolidated statement of comprehensive of income).

IFRS (8) 'Operating Segments':

The new standard which replaced IAS (14)' Segment Reporting' require a ' management approach' under which segment information is presented on the same basis as that used for internal reporting provided to the chief operating decision- maker. This has resulted in an increase in the details of segment information as the previously reported (Note 12).

The following Standards and amendments have been issued, but are not yet effective and have not been early adopted by the group:

- IFRS (3) (revised), "Business combinations" and consequential amendments to IAS (27), "Consolidated and separate financial statements", IAS (28), "Investments in associates" and IAS (31), "Interest in joint ventures".

The amendments is effective prospectively to business combinations for which the acquisitions date is on or after the beginning of first annual reporting period beginning on or after 1 July 2009. The Group is assessing the impact of this amendment on the Group.

- IFRIC (17), "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009.
- IFRIC (18), "Transfers of assets from customers", effective for transfers of assets received on or after 1 July 2009.

3. Murabaha and Wakhala investments

- This balance represents in contracts of investments in Murabaha and Wakhala due in one year. The effective rate of return is 8% as of 30 June 2009 (8% as of 31 December 2008, 7% as of 30 June 2008).
- The Group have guarantee with fair value amounted to KD 81,338,980 as of 30 June 2009 (KD 71,202,510 as of 31 December 2008, KD 201,009,628 as of 30 June 2008).

4. Receivables and other debit balances

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Margin deposit for letter of guarantee*	-	5,752,026	6,261,314
Due from related parties (Note 12)	8,990,173	10,235,613	15,598,047
Paid and acquisition of subsidiary	-	700,000	700,000
Trade receivables (Net)	15,000	-	454,276
Accrued income	3,273,990	2,276,837	3,132,007
Prepaid expenses	89,359	38,618	87,673
Other debit balances	52,153	77,685	36,748
	<u>12,420,675</u>	<u>19,080,779</u>	<u>26,270,065</u>

* During the period, the Group settled some legal cases filed against the Group, by liquidating the margin of the deposit restricted for the letter of guarantee (note 15.1, 15.2).

Notes to the Interim Condensed Consolidated Financial Information
For the six months period ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

5. Available for sale investments

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Investments in unquoted shares	17,306,906	15,386,234	12,041,646
Investments in funds	1,584,986	1,584,988	786,731
Investments in quoted shares	959,648	494,123	-
	<u>19,851,540</u>	<u>17,465,345</u>	<u>12,828,377</u>

5.1 Investments in unquoted shares include investment with an amount of KD 8,576,513 as of 30 June 2009 (KD 6,655,841 as of 31 December 2008 and KD 655,841 as of 30 June 2008) carried at cost less impairment losses.

5.2 Investments in unquoted shares include investments with an amount of KD 8,730,393 (KD 8,730,393 as of 31 December 2008, KD 11,385,805 as of 30 June 2008) the fair value of these shares are determined based on external valuer as of 31 December 2008, there is no indication of impairment in value of these investments.

6. Investment in associates

	Ownership %	30 June 2009	Ownership %	31 December 2008	Ownership %	30 June 2008
Ajal Holding Company K.S.C.C	34.90	21,394,323	34.9	19,842,129	34.90	25,653,237
Grand Real Estate Project Company - K.S.C.C	17.22	11,625,204	17.54	12,873,908	17.91	21,712,506
Gulf Petroleum Investment Company - K.S.C.C	27.92	18,748,262	27.988	20,417,668	27.60	19,564,703
Osoul investment Company - K.S.C.C	23.99	10,394,118	24.10	12,462,495	31.06	20,361,596
Ajal Finance & Investment Company - K.S.C.C (note 12.1)	-	-	46.67	5,867,290	46.67	6,384,848
Marrafee' Al Emdad international Projects Company - K.S.C.C	21.25	1,616,163	45.00	3,296,947	45.00	3,304,687
Management Services Group Company - W.L.L	60.00	-	60.00	-	60.00	650,000
Oscar for General Trading and Constructions - W.L.L.	18.84	426,541	55.05	1,863,871	28.34	1,085,525
Al-Ana'am General Trading Company - W.L.L. (note 12.1)	40.91	1,521,226	-	-	-	-
Grand Real Estate Project Company - Jordan (note 12.2)	45.00	1,025,636	-	-	-	-
		<u>66,751,473</u>		<u>76,624,308</u>		<u>98,717,102</u>

6.1 The Group has recorded its shares of results from Grand Real Estate Project Company, Gulf Petroleum Investment Company and Osoul investment Company based on unaudited financial information for the period ended 31 March 2009, also the Group recorded its share from other companies based on management accounts. The Group share from associates, resulted in losses amounted to KD 5,817,546 are recorded in the statement of income for the period ended 30 June 2009 (KD 4,273,158 as of 30 June 2008).

Notes to the Interim Condensed Consolidated Financial Information

For the six months period ended 30 June 2009

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

- 6.2 Investment in associate include goodwill amounted to KD 17,792,052 as of 30 June 2009 (KD 13,527,844 as of 31 December 2008, KD 24,268,277 as of 30 June 2008).
- 6.3 In terms of settlement the amount due from and due to a related party (associate Company), the Group disposed a percentage of 36.21% of Group's investment in "Oscar for general trading and contracting" also a percentage of 23.75% of Group's investment in "Marafee Al Emadad International Project" which realized a profit of KD 936,783, an amount of KD 107,903 of this gain has been eliminated based on the Group's share in this party (Note 12.2).
- 6.4 Investment in associates include investments amounting to KD 51,186,241 as of 30 June 2009 pledged in portfolio managed by local company against Islamic Sukuk.
- 6.5 Although the Group share in "Grand Real Estate Project" and "Oscar for General Trading and Construction" are less than 20%, the Group has significant influence over the financial and operating policies of these Companies.
- 6.6 Previously, the Group deferred unrealized profit resulted from sale of one of its investments to "Ajaj Holding Company" based on the Group share in Ajaj Holding amounted to KD 1,553,195. Ajaj Holding Company has sold this investment to an external party, based on this transaction the Group has recorded the unrealized profit as gain from sale of investment in associate by the same amount.

7. Payables and other credit balances

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Due to related parties	248,970	1,594,799	4,034,319
Provision for claims (note 15)	1,064,106	5,555,577	5,555,577
Investment funds payable	1,592,029	2,005,286	2,005,286
Dividends payable	5,268,603	5,322,289	5,460,300
Accrued expense	1,280,967	943,117	805,353
Others	879,672	786,981	1,272,777
	<u>10,334,347</u>	<u>16,208,049</u>	<u>19,133,612</u>

The Group has reversed an amount of KD 413,257 which represents the amount due to investment fund payables, as the Group settled their credit accounts during the period (note 15.2).

8. Islamic debt instruments

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Convertible Islamic Sukuk	56,419,873	53,720,075	51,631,865
Wakala contracts	3,801,064	5,032,353	8,417,683
Mudarba contracts	1,291,686	2,796,919	4,277,523
Murabaha contracts	6,414,450	6,220,725	-
	<u>67,927,073</u>	<u>67,770,072</u>	<u>64,327,071</u>

The average effective yield rate is 8% as of 30 June 2009 (8% as of 31 December 2008, 8% as of 30 June 2008).

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The Islamic debt instruments are pledged against assets as follows:

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Available for sale investments	959,647	434,688	-
Investments at fair value through profit or loss	-	-	1,819,000
Investment in associates	51,186,241	54,326,379	64,564,616
	<u>52,145,888</u>	<u>54,761,067</u>	<u>66,383,616</u>

The movement on Sukuk during the period ended 30 June as follows:

	2009	2008
Beginning balance	53,720,075	52,574,296
Finance cost transferred to statement of income	2,241,458	2,373,607
Finance cost paid	(1,919,363)	(1,818,956)
Foreign currencies	2,377,703	(1,497,082)
Ending balance	<u>56,419,873</u>	<u>51,631,865</u>

9. Treasury shares

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Number of treasury shares (share)	12,497,732	10,337,732	21,197,732
Percentage to share capital (%)	2.74	2.26	3.71
Market value (KD)	949,828	423,847	5,257,038

10. Gain on investments

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Gain on sale of investments at fair value through profit or loss	-	622,908	-	267,543
Change in fair value of investments at fair value through profit or loss	3,076	(15,804)	5,586	(12,463)
Gain on sale of available for sale investments	255,341	-	255,341	1,912,741
Dividends	6,006	420,431	6,006	420,431
	<u>264,423</u>	<u>1,027,535</u>	<u>266,933</u>	<u>2,588,252</u>

11. Earnings / (loss) per share

- Basic earning / (loss) per share:

Basic earnings / (loss) per share are calculated by dividing net profit / (loss) for the period by the weighted average number of outstanding shares during the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Net profit / (loss) for the period attributable to the shareholders of the Parent Company	1,410,984	4,134,156	(6,668,092)	10,210,479
Weighted average number of issued and outstanding shares (share)	<u>445,516,537</u>	<u>432,987,086</u>	<u>444,205,768</u>	<u>434,883,314</u>
Basic earnings / (loss) per share (fils)	<u>3.17</u>	<u>9.55</u>	<u>(15.01)</u>	<u>23.48</u>

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12. Related parties' transactions

The related parties are the Parent Company's shareholders who have representation in the board of directors, members of the board of directors, senior management, and associates. In the normal course of business, subject to the Company's management approval, there were transactions with related parties during the period ended 30 June 2009.

- 12.1 The Group sold its share in one of its subsidiary with 59% to its associates companies and to a related parties with an amount of KD 5,399,230 accordingly, the Group share in this subsidiary decreased to 41% and it was reclassified to investment in associate. This sale transaction resulted in a gain amounted to KD 2,025,916, the unrealized profit amounted to KD 252,496 to the extent of the Group share in the associate was eliminated. The Group is in the process of transferring the ownership to the purchaser. Based on this transaction, the Group disposed its share in Ajal Investment Company held indirectly through Al-Ana'am Company (formerly a subsidiary).

The following represents the net assets of the subsidiary:

	<u>2009</u>
Investment in associate	5,719,497
Other credit balances	<u>(11,000)</u>
Net assets	5,708,497
Less : transfer to investment in associate	<u>(2,335,183)</u>
Book value of the disposed portion	3,373,314
Add:	
Gain on sale	<u>2,025,916</u>
Sale price of the subsidiary	5,399,230
The settlement of the selling price are as follows:	
Reduce Wakala payable	(622,240)
Reduce the due to related parties	(4,757,883)
Reduce the account receivables	<u>(19,107)</u>
Cash resulted from the disposal	<u>-</u>

- 12.2 During the period ended 30 June 2009, the Group signed a preliminary contract to purchase lands in Egypt from an associate company with an amount of KD 10,060,122, classified as investment properties. Currently the Group is in the process of signing a letter of assignments in favor of the Group. During the period, the Group purchase available for sale investments in unquoted shares amounted to KD 2,343,000 and investment in associates amounted to KD 1,025,636 from the same party. The Group is in the process of transferring the ownership to purchaser, these deals to be settled as follows:

- Sale of share in associate amounted to KD 3,971,250 (note 6.3).
- Settle a Murabaha receivable due from that party amounted to KD 4,006,413.
- Settle the remaining amount of KD 5,451,095 from receivable due from the same party.

- 12.3 During the period, the Group sold investment in unquoted shares to a related party amounted to KD 127,330 to be paid during the year, this amount was recorded as due from related party, and there is no profit from this transition. The ownership is not transferred to this party, which represent a guarantee for the collection.

All of above transactions are ignored for the preparation of the statement of cash flows as these are all non-cash transactions.

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12.4 The significant transactions and outstanding balances with related parties are as follows:

	Six month ended 30 June	
	2009	2008
Transactions		
Management, consulting and subscription fees	15,369	5,982,670
Cash dividends	-	420,431
Gain on sale of available for sale investments	255,341	1,912,741
Murabaha income	1,217,931	1,634,106
Gain on sale of investment in subsidiary	1,773,420	-
Finance cost	410,556	550,798
Balances		
Murabaha receivables	26,925,393	39,199,267
Investment in Mudarabat	608,780	601,838
Due from related parties	8,990,173	15,598,047
Accrued income	3,273,990	5,460,300
Due to related parties	198,158	4,034,319
Mudarabat and wakalat payable	5,092,750	10,041,206
Investment fund payables	1,592,029	2,005,286
Portfolios managed on behalf related parties	114,666,118	195,103,205

All related parties transactions are subject to the approval of the general assembly of the shareholders.

13. Dividends

The General Assembly Meeting held on 20 May 2009 approved the financial statement for the year ending 31 December 2008 and approved not to distribute dividends for the year ended 31 December 2008 (10 fils cash dividends and 25% bonus share – 31 December 2007).

International Investment Group Company
K.S.C. (Closed)
And its subsidiaries

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14. Segment reporting

The Group carries out the majority of its activities through two major segments:

- Investment segment: represents in investment in associate, available for sale investment, and investments at fair value through profit or loss and management of portfolios.
- Finance segment: represented in financing Companies according to contracts complying with Noble Islamic Shari'a principles.

The analysis of the financial information according to segments for the six months period ended 30 June is as follows:

	Investments		Finance		Unallocated items		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Segment income	(3,453,272)	6,441,881	699,956	2,046,965	420,047	6,003,333	(2,333,269)	14,492,179
Segment expenses	(1,991,364)	(1,796,952)	(1,264,142)	(1,142,984)	(1,175,236)	(1,341,764)	(4,430,742)	(4,281,700)
Segment results	(5,444,636)	4,644,929	(564,186)	903,981	(755,189)	4,661,569	(6,764,011)	10,210,479
Segment assets	96,929,209	114,436,216	27,534,173	39,795,087	12,599,600	28,389,657	137,062,982	182,620,960
Segment liabilities	52,900,037	47,729,264	15,027,036	16,597,807	10,953,996	19,577,348	78,881,069	83,904,419

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15. Contingent liabilities

- 15.1 During the period, a final verdict has been taken for one of a legal cases filed against the company which resulted in a commitment against the Group to pay an amount of KD 3,748,774 to the litigant. The provision provided during the previous years for this purpose was KD 2,794,668. The Group has provided the provision with an amount of KD 954,106 charged to the statement of income in the current period.
- 15.2 During the current period, the company has signed a settlement contract with one of the litigant of legal case, this settlement resulted the Group to pay an amount of KD 1,815,382 to this litigant. The provision provided in the previous years for this case was KD 2,760,909. According to that, the company has reversed the excess amount of KD 945,277 charged to the statement of income for the current period.
- 15.3 During the period, an appellant decision has been issued against the Group to pay an amount of KD 3,247,780 to a third party, which represents the selling price of an investments portfolio. The Group files case in the cassation convert to annual the appellant decision, as the contracts signed with this party to find out a purchaser. As of 6 July 2009, verdict court has been issued a decision to postpone the appellant decision till the issuance of final verdict. The Group provide a provision of liability for this case with an amount of 110,000 Kuwaiti Dinars which represent the penalty term as mentioned in the above contract which represents the maximum outcome as per the opinion of the lawyer of the Group.

16 Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the statement of financial position of the Company. The total net value of the managed assets on behalf of others amounted to KD 128,649,865 as of 30 June 2009 (KD 122,014,124 as of 31 December 2008 and KD 195,103,205 as of 30 June 2008).