

QATAR INTERNATIONAL
ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2009
TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

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INDEPENDENT AUDITOR'S REVIEW REPORT

**To The Board of Directors
Qatar International Islamic Bank (Q.S.C.)
Doha – Qatar**

Introduction

We have reviewed the accompanying interim condensed financial statements of Qatar International Islamic Bank (Q.S.C.) (“the Bank”) as at March 31, 2009, comprising the interim condensed statement of financial position as at March 31, 2009 and the related interim condensed statements of income, comprehensive income, changes in shareholders’ equity, and cash flows for the three month period then ended, and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, Qatar Central Bank Regulations and International Auditing Standard 34 - Interim Financial Reporting (“IAS 34”) respectively, and the Bank’s undertaking to operate in accordance with Islamic Shari’a rules and principles. Our responsibility is to express a conclusion on these interim condensed financial statements 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 the 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 financial statements are not presented fairly, in all material respects, in accordance with Note 2 of the accompanying interim condensed financial statements and Qatar Central Bank regulations.

For **Deloitte & Touche**

Doha – Qatar
April 19, 2009

Muhammad Bahemia
License No. 103

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2009

	<u>Note</u>	<u>March 31,</u> <u>2009</u> <u>(Reviewed)</u> <u>QR.'000</u>	<u>December 31,</u> <u>2008</u> <u>(Audited)</u> <u>QR.'000</u>
ASSETS			
Cash and balances with Qatar Central Bank		546,168	599,979
Due from banks and financial institutions		2,453,178	2,121,449
Due from financing activities		9,280,051	8,252,726
Financial investments	4	751,785	894,667
Investment in associates		265,814	265,814
Investment properties		271,746	271,812
Property and equipment		237,998	235,170
Other assets		285,697	200,847
TOTAL ASSETS		14,092,437	12,842,464
LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY			
LIABILITIES			
Current accounts for banks and financial institutions		10,544	25,094
Customers' current accounts		2,495,825	2,326,867
Other liabilities		1,216,609	897,933
TOTAL LIABILITIES		3,722,978	3,249,894
HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS			
EQUITY			
Paid up share capital		1,324,477	1,261,408
Legal reserve	5	1,250,744	850,246
Fair value reserve		29,727	(32,041)
Risk reserve		114,369	114,369
Proposed bonus shares		--	504,562
Retained earnings		218,480	81,746
TOTAL EQUITY		2,937,797	2,780,290
TOTAL LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		14,092,437	12,842,464

These interim condensed financial statements were approved by the Board of Directors on April 19, 2009 and signed on its behalf by the following:

.....
Dr.Khaled Bin Thani Al Thani
Chairman and Managing Director

.....
Abdul Basit Ahmed Al Shaibei
Chief Executive Officer

The attached notes 1 to 8 form part of these interim condensed financial statements

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

	<u>Three Month Period Ended</u>	
	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
	(Reviewed)	(Reviewed)
	QR.'000	QR.'000
Income from financing activities	174,192	104,891
Income from Investing activities	31,940	87,072
	-----	-----
Total income from financing and investing activities	206,132	191,963
	-----	-----
Commission and fee income	24,020	20,856
Commission and fee expense	(1,251)	(1,186)
	-----	-----
Net commission and fee income	22,769	19,670
	-----	-----
(loss) / Gain from foreign exchange operations	(3,486)	2,704
	-----	-----
NET OPERATING INCOME	225,415	214,337
	-----	-----
General and administrative expenses	(30,142)	(24,117)
Depreciation and amortisation	(2,159)	(2,043)
Provision for impairment of financial investments	--	(515)
	-----	-----
NET PROFIT FOR THE PERIOD BEFORE SHARE OF PROFIT OF HOLDERS IN UNRESTRICTED INVESTMENT DEPOSITS	193,114	187,662
	-----	-----
Less: Share of holders of unrestricted investment accounts in the net profit	(56,380)	(52,296)
	-----	-----
NET PROFIT FOR THE PERIOD DUE TO SHAREHOLDERS	136,734	135,366
	=====	=====
BASIC EARNINGS PER SHARE (QR)	1.08	1.02
	=====	=====

The attached notes 1 to 8 form part of these interim condensed financial statements

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

	<u>Three Months Ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
	(Reviewed)	(Reviewed)
	QR.'000	QR.'000
Net profit for the period	136,734	135,366
Other Comprehensive Income		
Available for sale investments	61,768	(24,867)
	-----	-----
Total other comprehensive income for the period	198,502	110,499
	=====	=====

The attached notes 1 to 8 form part of these interim condensed financial statements

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

	<u>Three Months Ended March 31,</u>		
	<u>Note</u>	<u>2009</u>	<u>2008</u>
		<u>(Reviewed)</u>	<u>(Reviewed)</u>
		<u>QR.'000</u>	<u>QR.'000</u>
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(490,043)	(203,721)
		-----	-----
INVESTING ACTIVITIES			
Purchase of financial investments		--	(129,087)
Purchase of property and equipment		(4,880)	(4,973)
Proceeds from sale of financial investments		263,955	151,752
Proceeds from sale of investment properties		--	14,292
Purchase of investment properties		--	(91,168)
		-----	-----
Net cash flow from (used in) investing activities		259,075	(59,184)
		-----	-----
FINANCING ACTIVITIES			
Net increase (decrease) in holders of unrestricted investment accounts		562,800	309,903
Dividends paid		(504,562)	--
Increase in share capital (special issuance)		463,567	--
		-----	-----
Net cash flow from financing activities		521,805	309,903
		-----	-----
INCREASE IN CASH AND CASH EQUIVALENTS		290,837	46,998
		-----	-----
Cash and cash equivalents at the beginning of the period		2,297,773	3,915,025
		-----	-----
CASH AND CASH EQUIVALENTS			
AT END OF THE PERIOD	7	2,588,610	3,962,023
		=====	=====

The attached notes 1 to 8 form part of these interim condensed financial statements

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2008

	<u>Share capital</u> QR'000	<u>Statutory reserve</u> QR'000	<u>General reserves</u> QR'000	<u>Fair value reserve</u> QR'000	<u>Risk reserve</u> QR'000	<u>Proposed bonus shares</u> QR'000	<u>Retained earnings</u> QR'000	<u>Total</u> QR'000
Balance at January 1, 2008	700,782	800,130	210,974	45,211	22,024	560,626	16,637	2,356,384
Total comprehensive income for the period	--	--	--	(24,867)	--	--	135,366	110,499
Balance at March 31, 2008	700,782	800,130	210,974	20,344	22,024	560,626	152,003	2,466,883

The attached notes 1 to 8 form part of these interim condensed financial statements

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

	<u>Share capital</u> QR'000	<u>Statutory reserve</u> QR'000	<u>Fair value reserve</u> QR'000	<u>Risk reserve</u> QR'000	<u>Proposed dividends</u> QR'000	<u>Retained earnings</u> QR'000	<u>Total</u> QR'000
Balance at 1 January 2009	1,261,408	850,246	(32,041)	114,369	504,562	81,746	2,780,290
Dividends paid for 2008	--	--	--	--	(504,562)	--	(504,562)
Total comprehensive income for the period	--	--	61,768	--	--	136,734	198,502
Increase in the share capital (special issuance) *	63,069	400,498	--	--	--	--	463,567
Balance at 31 March 2009	1,324,477	1,250,744	29,727	114,369	--	218,480	2,937,797

* Increase in share capital (Special Issuance):

On November 23, 2008, the extraordinary general assembly of the Bank approved the board's recommendation to issue 20% of the bank share capital to Qatar Investment Authority at October 12, 2008 closing price of (QR. 73,5 per share).

During the first quarter of 2009 the bank received the first payment which represents 5% of the total share capital. The share premium was transferred to legal reserve.

The attached notes 1 to 8 form part of these interim condensed financial statements

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
DOHA - QATAR

NOTES TO THE INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

1 STATUS AND ACTIVITIES

Qatar International Islamic Bank (Q.S.C.) (“the Bank”) was incorporated under the Amiri Decree No. 52 of 1990. The Bank operates through its head office located Grand Hamad Street in Doha and (12) local branches. The Bank is listed and its shares are traded in the Doha Securities Market.

The Bank is engaged in banking, financing and investing activities in accordance with its Articles of Incorporation, Islamic Shari’a principles and regulations of Qatar Central Bank

2 ACCOUNTING POLICIES

These interim condensed financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, Qatar Central Bank regulations and presented in accordance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2008 except for the adoption of revised standards, which are as following:

IAS 1 (Revised), “Presentation of Financial Statements ”

The revised standard requires to present statement of comprehensive income which includes all income and expenses items that presented directly in the statement of changes in equity, this standard are effective beginning on or after January 1, 2009.

IFRS 8, “Operating Segments”

The new standard, which replaced IAS 14 Segment Reporting are effective from January 1, 2009.

The bank concluded that the segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). In addition, the results for the three months ended 31 March 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

3 SEGMENT INFORMATION

The Bank is organised into one main business segment, which comprises providing financing in accordance with the rules of the Islamic Sharia.

The geographical distribution of the Bank’s income is summarised as follows:

	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
	(Reviewed)	(Reviewed)
	QR.’000	QR.’000
Income and expenditure:		
International portfolio	21,111	63,168
Local portfolio	185,021	128,795
Other income	19,283	22,374
	-----	-----
Total income	225,415	214,337
Expenses and provisions	(32,301)	(26,675)
Depositor’s share of profits	(56,380)	(52,296)
	-----	-----
Net profit for the period	136,734	135,366
	=====	=====

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

4 FINANCIAL INVESTMENTS

During the period, the Bank has sold its investments in local shares at a sum amount of QR. 261.7 million to the government. According to the agreement with the government, the Bank is eligible to repurchase those investments at the same price within a period of 5 years.

5 STATUTORY RESERVE

In accordance with Qatar Central Bank regulations, 10% of the profit for the period shall be taken to a statutory reserve until this reserve equals 100% of the capital. No transfer has been made for the period ended 31 March 2009 as the bank will transfer the total amount by 31 December 2009.

6 CONTINGENT LIABILITIES

	March 31, 2009	December 31, 2008
	(Reviewed)	(Audited)
	QR.'000	QR.'000
(a) Deferred or contingent commitments		
Documentary credits	176,158	118,163
Acceptances	9,286	15,638
Letters of guarantees	541,981	473,863
Collection notes	13,978	14,051
	741,403	621,715
(b) Other contracts and commitments		
Commitments and unused credit limits	714,153	676,621
Restricted investments balances	13,255	41,571
Istesna commitments	416,126	341,750
	1,143,534	1,059,942
TOTAL	1,884,937	1,681,657

7 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents include cash and balances with Qatar Central Bank, excluding the cash reserve, and due from banks and other financial institutions.

QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

8 RELATED PARTY TRANSACTIONS

The Bank carries out various transactions in the ordinary course of business with shareholders or with members of the Board of Directors and the companies in which they have significant interests, on terms similar to those carried out with unrelated third parties.

The amount outstanding/transactions during the period year with members of the Board or the companies in which they have significant interests were as follows:

	March 31, 2009		December 31, 2008	
	(Reviewed)		(Audited)	
	Board of	Others	Board of	Others
	Directors	QR'000	Directors	QR'000
	QR'000	QR'000	QR'000	QR'000
Balance sheet items				
Assets				
Murabaha	110,444	--	78,009	--
Musawama	32,136	--	68,162	508
Istesna	15,917	--	15,956	--
Ijara	177,054	--	30,927	--
	-----	-----	-----	-----
	335,551	--	193,054	508
	=====	=====	=====	=====
Liabilities				
Current account balances	16,004	--	42,747	557
Unrestricted investment deposits	81,286	--	214,218	11,053
	-----	-----	-----	-----
	97,290	--	256,965	11,610
	=====	=====	=====	=====
Off balance sheet items:				
Letter of credits, letter of guarantees and acceptances	9,378	--	30,396	108
	=====	=====	=====	=====
<u>Three Months Ended March 31,</u>				
<u>2009</u>				
<u>(Reviewed)</u>				
<u>QR.'000</u>				
<u>2008</u>				
<u>(Reviewed)</u>				
<u>QR.'000</u>				
Income statement elements				
Fees and commission income	23,489	--	15,444	43
	=====	=====	=====	=====