

**GULF ONE INVESTMENT BANK BSC (c)**

**INTERIM  
FINANCIAL INFORMATION**

**30 June 2008**

Commercial registration	:	62199 (registered with Central Bank of Bahrain as an investment bank)
Registered Office	:	Wind Tower Diplomatic Area PO Box 11172 Manama Kingdom of Bahrain Telephone +973 1753 6829
Directors	:	Mohammed A Qadir Al Fadl, Chairman Dr Ali Al Bahar Bader Al Subaei Fahad Al Hoshan Mohammed Harasani Dr Nahed Taher Zaki Farsi Ziyad F Omar Abdulaziz Al Abdul Kader
Chief Executive Officer	:	Dr Nahed Taher
Auditors	:	KPMG

GULF ONE INVESTMENT BANK BSC (c)

INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2008

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**Independent report on review of interim financial information**  
**To the Directors**  
**Gulf One Investment Bank BSC (c)**  
Manama, Kingdom of Bahrain

28 August 2008

### Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Gulf One Investment Bank BSC (c) (the 'Bank') and its subsidiary (together the 'Group') as of 30 June 2008, and the related condensed consolidated statements of income, changes in equity and cash flows for the six month period then ended (interim financial information). The Directors of the Bank are responsible for the preparation and presentation of this interim financial information set out on pages 2 to 7 in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim 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

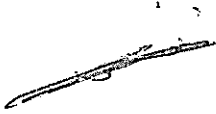
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 - Interim Financial Reporting.

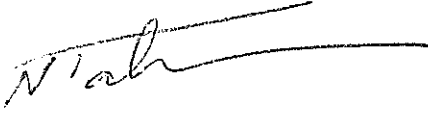
**CONDENSED CONSOLIDATED BALANCE SHEET**  
as at 30 June 2008

USD

	note	<b>30 June 2008</b> (reviewed)	31 December 2007 (audited)
<b>Assets</b>			
Cash and balances with banks		191,952	349,779
Placements with banks		110,658,502	87,733,185
Short-term financing	5	4,426,667	4,272,889
Investments designated at fair value through profit or loss	6	22,842,338	10,222,500
Available-for-sale investments	7	-	7,489,269
Other assets		8,823,427	5,403,478
Advisory fee receivable		16,250	740,859
<b>Total assets</b>		<b>146,959,136</b>	<b>116,211,959</b>
<b>Equity</b>			
Share capital		100,000,000	100,000,000
Statutory reserve		206,938	206,938
Retained earnings		7,027,447	1,862,433
<b>Total equity (page 4)</b>		<b>107,234,385</b>	<b>102,069,371</b>
<b>Liabilities</b>			
Investors' funds	8	30,216,145	9,104,828
Payables and accrued expenses		9,508,606	5,037,760
<b>Total liabilities</b>		<b>39,724,751</b>	<b>14,142,588</b>
<b>Total equity and liabilities</b>		<b>146,959,136</b>	<b>116,211,959</b>

The interim financial information, which consists of pages 2 to 7, were approved by the Board of Directors on 28 August 2008 and signed on its behalf by:

  
Mohammed A Qadir Al Fadl  
Chairman

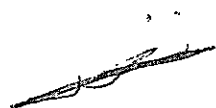
  
Dr. Nahed Taher  
Director and Chief Executive Officer

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the six months ended 30 June 2008

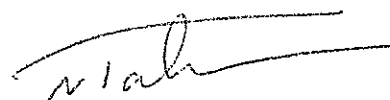
USD

	Six months ended 30 June 2008 (reviewed)	Six months ended 30 June 2007 (reviewed)	Three months ended 30 June 2008 (reviewed)	Three months ended 30 June 2007 (reviewed)
Income from investment banking services	2,470,746	289,200	2,259,818	251,700
Net interest income	1,872,832	2,690,631	732,526	1,363,378
Fair value gains on investments designated at fair value through profit or loss	4,719,838	-	-	-
Other income	254,280	-	18,890	-
<b>Total income</b>	<b>9,317,696</b>	<b>2,979,831</b>	<b>3,011,234</b>	<b>1,615,078</b>
Staff cost	2,746,098	2,342,918	1,628,297	1,057,170
Premises expenses	180,770	183,667	97,015	64,464
Other expenses	1,225,814	641,900	774,502	396,633
<b>Total expenses</b>	<b>4,152,682</b>	<b>3,168,485</b>	<b>2,499,814</b>	<b>1,518,267</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>5,165,014</b>	<b>(188,654)</b>	<b>511,420</b>	<b>96,811</b>

The interim financial information, which consists of pages 2 to 7, were approved by the Board of Directors on 28 August 2008 and signed on its behalf by:



Mohammed A Qadir Al Fadi  
Chairman



Dr. Nahed Taher  
Director and Chief Executive Officer

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2008**

USD

30 June 2008 (reviewed)

	Share Capital	Statutory reserve	Retained earnings	Total
At 1 January 2008	100,000,000	206,938	1,862,433	102,069,371
Profit for the period (page 3)	-	-	5,165,014	5,165,014
<b>Total recognised income and expense for the period</b>	-	-	<b>5,165,014</b>	<b>5,165,014</b>
<b>At 30 June 2008</b>	<b>100,000,000</b>	<b>206,938</b>	<b>7,027,447</b>	<b>107,234,385</b>

30 June 2007 (reviewed)

	Share Capital	Statutory reserve	Retained earnings	Total
At 1 January 2007	100,000,000	41,589	374,296	100,415,885
Loss for the period (page 3)	-	-	(188,654)	(188,654)
Total recognised income and expense for the period	-	-	-	(188,654)
At 30 June 2007	100,000,000	41,589	185,642	100,227,231

The interim financial information consists of pages 2 to 7.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2008**

USD

	note	<b>30 June 2008 (Reviewed)</b>	<b>30 June 2007 (Reviewed)</b>
<b>OPERATING ACTIVITIES</b>			
Income from investment banking services received		5,193,256	179,000
Net interest income received		1,462,140	2,712,966
Project costs (paid) / recovered		(1,043,882)	552,792
Staff advances recovered / (paid)		3,302	(17,925)
Short-term financing		-	(4,000,000)
Payment for staff costs		(2,504,711)	(2,207,059)
Payment for premises costs		(180,770)	-
Payment for other expenses		(1,559,696)	(1,111,879)
Net advance for a project		(790,024)	-
Investors funds received		21,925,489	5,178,591
<b>Cash flows from operating activities</b>		<b>22,505,104</b>	<b>1,286,486</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment		(297,500)	(84,245)
Proceeds from sale of available-for-sale investments	6	559,886	-
<b>Cash flows from investing activities</b>		<b>262,386</b>	<b>(84,245)</b>
<b>Net increase in cash and cash equivalents</b>		<b>22,767,490</b>	<b>1,202,241</b>
Cash and cash equivalents at beginning of the period		88,082,964	100,209,117
<b>Cash and cash equivalents at end of the period</b>		<b>110,850,454</b>	<b>101,411,358</b>
Represented by:			
Cash and balances with banks		191,952	811,913
Placements with banks		110,658,502	100,599,445
		<b>110,850,454</b>	<b>101,411,358</b>

The interim financial information consists of pages 2 to 7.

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2008**

USD

1. The interim financial information has been prepared in summarised form in accordance with International Accounting Standard 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2007.
2. The interim financial information comprise the interim financial information of the Bank and its subsidiary (together the "Group").
3. The interim financial information is not audited but has been reviewed by KPMG. The comparatives for the condensed consolidated balance sheet have been extracted from the audited consolidated financial statements for the year ended 31 December 2007. The comparatives for the condensed consolidated statements of income, cash flows and changes in equity have been extracted from the reviewed interim financial information for the six months ended 30 June 2007.
4. The accounting policies used in the preparation of the interim financial information are consistent with those used in the preparation of the audited consolidated financial statements for the year ended 31 December 2007.
5. Short-term financing represents financing provided to a company in Saudi Arabia with which the Bank intends to develop a new project. The financing is secured by assignment of cash flows of the projects of the company and is repayable by 30 September 2008.
6. **Investments designated at fair value through profit or loss**

	Cost	Fair value gain	Carrying value as at 30 June 2008	Carrying value as at 31 Dec 2007
Investment in associate, unquoted	7,900,000	4,719,838	12,619,838	-
Other equity investment, unquoted	10,222,500	-	10,222,500	10,222,500
<b>Total</b>	<b>18,122,500</b>	<b>4,719,838</b>	<b>22,842,338</b>	<b>10,222,500</b>

Investment in associate represents a 28.48% stake in Gulf One Buchanan Industrial Technologies Fund I LP, a fund managed by the Group (refer 6 below).

Associate is an enterprise in which the Group has significant influence, but not control, over the financial and operating policies. On initial recognition of investment in associate, the Bank makes an accounting policy choice as to whether the associate shall be equity accounted or designated as an investment at fair value through profit or loss.

The Group, being a venture capital organisation, designated its investment in associate as allowed by IAS 28 'Investments in Associates', as 'Investments designated at fair value through profit or loss' in accordance with IAS 39.

Investments designated at fair value through profit or loss are investments that are managed and their performance is evaluated and reported internally on a fair value basis.

7. In March 2008, the Group sold two available-for-sale investments to Gulf One Buchanan Industrial Technologies Fund I LP, a fund managed by the Group. One of the investments has been transferred in exchange for a 28.48% stake in the fund (refer 6 above).

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2008**

USD

8. Investors' funds represent subscriptions received from investors for investing in funds to be launched by the Group, pending the formation of these funds.
9. As of 30 June 2008, the Group has a commitment to invest US\$ 4 million (2007: Nil) in a fund promoted by the Group.
10. Due to the nature of the Bank's business, the six months results reported in this interim financial information may not represent a proportionate share of the overall annual results.

**11. Assets under management**

The Bank provides corporate administration, investment management and advisory services to its project companies/investors, which involve the Bank making decisions on behalf of such entities. Assets that are held in such capacity are not included in these financial statements. At the balance sheet date, the Bank had assets under management of US\$ 39,711,418 (31 Dec 2007: US\$ 5,044,820).

**12. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Bank exercises significant influence, major shareholders, directors and executive management of the Bank.

- a. *The transactions and balances with the related parties included in this interim financial information are as follows:*

	30 June 2008	31 December 2007
<b>Balance sheet</b>		
Investors funds	26,655,853	7,735,933
Payables	474,264	2,803
	Six months ended 30 June 2008	Six months ended 30 June 2007
<b>Income statement</b>		
Rent	66,843	47,748

- b. Key management personnel of the Bank comprise of the Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Bank. Transactions with key management personnel are as follows:

	Six months ended 30 June 2008	Six months ended 30 June 2007
<b>Income statement</b>		
Salaries and other short-term benefits	851,443	595,992
Post employment benefits	30,220	38,809

13. Appropriations, if any, will be made only at the year end.