

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

**INTERIM  
FINANCIAL INFORMATION**

**30 September 2008**

Commercial registration	:	62199 (registered with Central Bank of Bahrain as an investment bank)
Registered Office	:	15 <sup>th</sup> Floor, West Tower, Bahrain Financial Harbour, PO Box 11172, Manama, Kingdom of Bahrain Telephone +973 1710 2555
Directors	:	Mohammed A Qadir Al Fadel, Chairman Bader Al Subaei, Vice Chairman Abdulla Abdulaziz Ohaly Abdulaziz Al Abdul Kader Dr Ali Al Bahar Ali H.Alireza Fahad Al Hoshan Mohammed Harasani Zaki Farsi Dr Nahed Taher Ziyad F Omar
Chief Executive Officer	:	Dr Nahed Taher
Auditors	:	KPMG

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

**INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2008**

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

22 October 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 September 2008, and the related condensed consolidated statements of income, changes in equity and cash flows for the nine month period then ended (interim financial information). The Board of Directors of the Bank is 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**

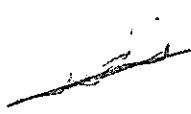
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 - Interim Financial Reporting.

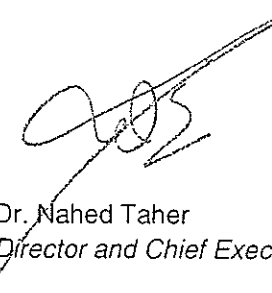
**CONDENSED CONSOLIDATED BALANCE SHEET**  
as at 30 September 2008

USD

	note	30 September 2008 (reviewed)	31 December 2007 (audited)
<b>Assets</b>			
Cash and balances with banks		412,314	349,779
Placements with banks		122,877,638	87,733,185
Short-term financing	5	4,483,911	4,272,889
Investments designated at fair value through profit or loss	6	25,277,880	10,222,500
Available-for-sale investments	7	-	7,489,269
Other assets		7,146,059	5,403,478
Advisory fee receivable		28,350	740,859
<b>Total assets</b>		<b>160,226,152</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		7,872,656	1,862,433
<b>Total equity (page 4)</b>		<b>108,079,594</b>	<b>102,069,371</b>
<b>Liabilities</b>			
Investors' funds	8	45,216,146	9,104,828
Payables and accrued expenses		6,930,412	5,037,760
<b>Total liabilities</b>		<b>52,146,558</b>	<b>14,142,588</b>
<b>Total equity and liabilities</b>		<b>160,226,152</b>	<b>116,211,959</b>

The interim financial information, which consists of pages 2 to 7, was approved by the Board of Directors on 22 October 2008 and signed on its behalf by:

  
Mohammed A Qadir Al Fadl  
Chairman

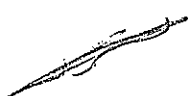
  
Dr. Nahed Taher  
Director and Chief Executive Officer

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the nine months ended 30 September 2008


USD

	Nine months ended		Three months ended	
	30 September 2008 (reviewed)	30 September 2007 (reviewed)	30 September 2008 (reviewed)	30 September 2007 (reviewed)
Income from investment banking services	2,637,430	461,650	166,684	172,450
Net interest income	2,488,374	4,130,428	615,542	1,439,797
Fair value gain on investments designated at fair value through profit or loss	7,155,380	-	2,435,542	-
Other (loss) / income	(143,069)	159,195	(397,349)	159,195
<b>Total income</b>	<b>12,138,115</b>	<b>4,751,273</b>	<b>2,820,419</b>	<b>1,771,442</b>
Staff cost	3,821,915	3,476,018	1,075,817	1,133,100
Premises expenses	670,447	272,329	489,677	88,662
Other expenses	1,635,530	1,038,975	409,716	397,075
<b>Total expenses</b>	<b>6,127,892</b>	<b>4,787,322</b>	<b>1,975,210</b>	<b>1,618,837</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>6,010,223</b>	<b>(36,049)</b>	<b>845,209</b>	<b>152,605</b>

The interim financial information, which consists of pages 2 to 7, was approved by the Board of Directors on 22 October 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 nine months ended 30 September 2008**

USD

30 September 2008 (reviewed)

At 1 January 2008

Profit for the period (page 3)

Total recognised income and expense for the period

At 30 September 2008

	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)	-	-	6,010,223	6,010,223
Total recognised income and expense for the period	-	-	6,010,223	6,010,223
At 30 September 2008	100,000,000	206,938	7,872,656	108,079,594

30 September 2007 (reviewed)

At 1 January 2007

Loss for the period (page 3)

Total recognised income and expense for the period

At 30 September 2007

	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)	-	-	(36,049)	(36,049)
Total recognised income and expense for the period	-	-	(36,049)	(36,049)
At 30 September 2007	100,000,000	41,589	338,247	100,379,836

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the nine months ended 30 September 2008

USD

	note	30 September 2008 (reviewed)	30 September 2007 (reviewed)
<b>OPERATING ACTIVITIES</b>			
Income from investment banking services received		7,081,272	374,859
Net interest income received		2,000,665	3,940,654
Project costs (paid) / recovered		(1,610,193)	763,451
Staff advances paid		(677)	(32,755)
Short-term financing		-	(4,000,000)
Payment for staff costs		(3,662,084)	(3,123,683)
Payment for premises costs		(670,447)	-
Payment for other expenses		(3,693,399)	(2,272,049)
Net advance for a project		(1,580,024)	-
Investors funds received		36,890,004	5,411,563
<b>Cash flows from operating activities</b>		<b>34,755,117</b>	<b>1,062,040</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment		(108,015)	(95,484)
Investment in available-for-sale investments		-	(7,092,034)
Proceeds from sale of available-for-sale investments	6	559,886	-
<b>Cash flows from investing activities</b>		<b>451,871</b>	<b>(7,187,518)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>35,206,988</b>	<b>(6,125,478)</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>123,289,952</b>	<b>94,083,639</b>
Represented by:			
Cash and balances with banks		412,314	299,230
Placements with banks		122,877,638	93,784,409
		<b>123,289,952</b>	<b>94,083,639</b>

The interim financial information consists of pages 2 to 7.

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2008**

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 nine months ended 30 September 2007.
4. The accounting policies applied in the preparation of the interim financial information are same as those applied 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 31 December 2008.
6. **Investments designated at fair value through profit or loss**

	USD			
	Cost	Fair value gain	Carrying value as at 30 Sept 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	2,435,542	12,658,042	10,222,500
	<b>18,122,500</b>	<b>7,155,380</b>	<b>25,277,880</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 7 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. In exchange for the investments sold to the fund, bank received a 28.48% stake in the fund (refer 6 above).

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2008**

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 September 2008, the Group has a commitment to invest US\$ 4 million (31 December 2007: Nil) in a fund promoted by the Group.
10. Due to the nature of the Bank's business, the nine 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\$ 57,007,698 (31 December 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*

	USD	
	30 September 2008	31 December 2007
<b>Balance sheet</b>		
Investors funds	26,655,853	7,735,933
Payables	468,382	2,803
	Nine months ended 30 September 2008	Nine months ended 30 September 2007
<b>Income statement</b>		
Rent	95,491	71,618

- 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:

	USD	
	Nine months ended 30 September 2008	Nine months ended 30 September 2007
<b>Income statement</b>		
Salaries and other short-term benefits	1,269,585	870,813
Post employment benefits	45,497	70,567

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