

CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008



CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2008	USD 000's	
	30 June 2008 (Reviewed)	31 Dec 2007 (Audited)
ASSETS		
Cash and balances with banks	682	170
Placements with financial institutions	44,127	69,823
Islamic financing receivables	5,944	6,084
Investment securities	88,713	69,376
Investment in associates and joint ventures under equity method	16,009	3,034
Assets held-for-sale	10,864	-
Investment property	9,380	9,380
Receivable from investment banking services	20,633	34,509
Other assets	24,553	26,503
Property and equipment	4,996	3,127
Total assets	225,901	222,006
LIABILITIES		
Islamic financing payables	350	8,674
Liabilities directly associated with assets held-for-sale	358	-
Employee accruals	8,089	8,821
Other liabilities	2,007	1,896
Total liabilities	10,804	19,391
EQUITY		
Share capital	165,000	165,000
Share premium	13,533	13,533
Unvested shares of employee share ownership plan (ESOP)	(15,000)	(15,000)
Statutory reserve	4,552	4,552
Investment fair value reserve	1,943	180
Employee share ownership plan reserve	2,394	1,800
Retained earnings	38,217	31,887
Total equity attributable to shareholders of the Parent	210,639	201,952
Minority interest	4,458	663
Total equity	215,097	202,615
Total liabilities and equity	225,901	222,006

OFF BALANCE SHEET ITEM

Restricted investment accounts	5,353	5,110
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Extracted from the interim financial information approved for issue by the Board on 23 July 2008 and on which KPMG have issued an unqualified review report.

Dr. Ghassan Al Sulaiman
Chairman

Abdul Latif M. Janahi
Director and Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2008	USD 000's			
	Six months ended 30 June 2008 (Reviewed)		Three months ended 30 June 2007 (Reviewed)	
Continuing operations				
Income from investment banking services	42,285	358	23,750	85
Income from placements with financial institutions	696	218	253	166
Income from Islamic financing	-	2,727	-	340
Income from investment securities	2,451	4,533	2,473	4,392
Income from investment in associates and joint ventures under equity method	257	225	157	225
Other income	4	297	4	192
Total income	45,693	8,358	26,637	5,400
Staff cost	9,834	2,671	6,524	1,422
Travel and business development expenses	978	807	525	504
Impairment losses on available-for-sale investments	1,009	576	672	576
Finance expense	14	223	7	113
Other operating expenses	2,374	994	1,270	540
Total expenses	14,209	5,271	8,998	3,155
Profit from continuing operations	31,484	3,087	17,639	2,245
Loss from assets held-for-sale (note 6)	(132)	-	(132)	-
Profit for the period	31,352	3,087	17,507	2,245
Attributable to:				
Shareholders of the Parent	31,415	3,052	17,570	2,236
Minority interest	(63)	35	(63)	9
	31,352	3,087	17,507	2,245
Earnings per share (US cents)				
Basic	20.90	4.4	11.67	3.23
Diluted	19.02	4.4	10.62	3.23

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2008	USD 000's	
	30 June 2008 (Reviewed)	30 June 2007 (Reviewed)
OPERATING ACTIVITIES		
Murabaha profits received	1,297	2,945
Dividends received	330	138
Other income received	4	168
Placement, management and advisory fees received	988	620
Investment banking fees received	61,780	-
Purchase of fair value through profit or loss investments	(17,184)	(8,595)
Purchase of available-for-sale investments	(11,643)	(6,065)
Purchase of investment property	-	(93)
Purchase of investment in joint venture	(13,618)	-
Purchase of trading investments	(2,101)	-
Net cash outflow on acquisition of assets held-for-sale	(2,300)	-
Sale of available-for-sale investments	88	-
Sale of trading investments	5	554
Sale of fair value through profit or loss investments	104	33,174
Held to maturity investments realised	8,562	-
Share of JV income under equity method	900	-
Advances paid to acquire investments	(11,972)	(3,393)
Bridge finance	-	(5,695)
Directors remuneration paid	(1,310)	(835)
Payments for staff expenses	(12,733)	(2,671)
Payments for other expenses	(3,254)	(3,237)
Cash flows from operating activities	(2,057)	7,015
INVESTING ACTIVITIES		
Payment for purchase of equipment	(2,149)	(1,179)
Cash flows from investing activities	(2,149)	(1,179)
FINANCING ACTIVITIES		
Proceeds from issue of additional shares	-	31,998
Minority interest	-	13
Murabaha financing	(76)	409
Dividends paid	(20,901)	(1,024)
Cash flows from financing activities	(20,977)	31,396
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(25,183)	37,232
Cash and cash equivalents at beginning of the period	69,993	12,638
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	44,810	49,870
Cash and cash equivalents per the balance sheet		
Cash and balances with banks	682	41,649
Placements with financial institutions	44,128	8,221
	44,810	49,870

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2008	USD 000's									
	Attributable to the shareholders of the Parent									
	Share capital	Share premium	Unvested ESOP shares	Statutory reserve	Investments fair value reserve	ESOP reserve	Retained earnings	Total	Minority interest	Total
30 June 2008										
Balance at 1 January 2008	165,000	13,533	(15,000)	4,552	180	1,800	31,887	201,952	663	202,615
Fair value changes on available-for-sale investments	-	-	-	-	1,763	-	-	1,763	-	1,763
Net income recognised directly in equity	-	-	-	-	1,763	-	-	1,763	-	1,763
Profit for the period	-	-	-	-	-	-	31,415	31,415	(63)	31,352
Total recognised income and expense	-	-	-	-	1,763	-	31,415	33,178	(63)	33,115
Dividends declared (2007)	-	-	-	-	-	-	(23,775)	(23,775)	-	(23,775)
Directors remuneration declared (2007)	-	-	-	-	-	-	(1,310)	(1,310)	-	(1,310)
Employee share ownership plan vesting charge	-	-	-	-	-	594	-	594	-	594
Minority interest attributable to assets held-for-sale (note 6)	-	-	-	-	-	-	-	-	3,398	3,398
Contributions during the period	-	-	-	-	-	-	-	-	460	460
Balance at 30 June 2008	165,000	13,533	(15,000)	4,552	1,943	2,394	38,217	210,576	4,458	215,097
30 June 2007										
Balance at 1 January 2007	66,000	-	-	1,322	-	-	11,901	79,223	614	79,837
Fair value changes	-	-	-	-	-	-	-	-	-	-
Net income recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	3,052	3,052	35	3,087
Total recognised income and expense	-	-	-	-	-	-	3,052	3,052	35	3,087
Advances for proposed increase in share capital	-	35,775	-	-	-	-	-	35,775	-	35,775
Dividends declared for 2006	-	-	-	-	-	-	(4,950)	(4,950)	-	(4,950)
Bonus shares for 2006	3,300	-	-	-	-	-	(3,300)	-	-	-
Directors remuneration declared for 2006	-	-	-	-	-	-	(835)	(835)	-	(835)
Contributions during the period	-	-	-	-	-	-	-	-	13	13
Balance at 30 June 2007	69,300	35,775	-	1,322	-	-	5,868	112,265	662	112,927

TOTAL INCOME 45,693 8,358

NET INCOME 31,352 3,087

TOTAL ASSETS 225,901 123,273

TOTAL SHAREHOLDERS' EQUITY 210,639 112,265