

United International Bank B.S.C. (c)

INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2007 (UNAUDITED)

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL
STATEMENTS TO THE BOARD OF DIRECTORS OF
UNITED INTERNATIONAL BANK B.S.C. (c)**

Introduction

We have reviewed the accompanying interim balance sheet of United International Bank B.S.C. (c) [the "Bank"] as of 31 March 2007 and the related statement of income, statement of cash flows, and statement of changes in equity for the three-month period then ended, and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements. 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 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 prepared, in all material respects, in accordance with note 2.

26 April 2007
Manama, Kingdom of Bahrain

United International Bank B.S.C. (c)

INTERIM STATEMENT OF INCOME

For the three month period ended 31 March 2007 (Unaudited)

	<i>2007</i>
	<i>US\$ '000</i>
Profit on amounts due from banks and other financial institutions	2,867
Profit on amounts due from non banks	919
TOTAL INCOME	3,786
Staff compensation and benefits	2,170
General and administration expenses	775
Profit on amounts due to banks and other financial institutions	13
Depreciation	91
TOTAL EXPENSES	3,049
NET PROFIT FOR THE PERIOD	737

The attached explanatory notes 1 to 5 form part of these financial statements.

United International Bank B.S.C. (c)

INTERIM BALANCE SHEET

31 March 2007

		<i>(Unaudited)</i> 31 March <i>2007</i> US\$ '000	<i>(Unaudited)</i> 31 December <i>2006</i> US\$ '000
ASSETS			
Cash and balances with banks		314	53
Due from banks and other financial institutions		200,892	216,472
Due from non banks		60,109	60,092
Investment in fund	3	9,823	-
Other assets	4	17,200	774
Property and equipment		18,762	18,291
TOTAL ASSETS		307,100	295,682
LIABILITIES AND EQUITY			
Due to a bank		9,837	-
Provision for employees' end of service benefits		455	268
Other liabilities		914	257
TOTAL LIABILITIES		11,206	525
EQUITY			
Share capital		291,286	291,286
Retained earnings		4,608	3,871
TOTAL EQUITY		295,894	295,157
TOTAL LIABILITIES AND EQUITY		307,100	295,682

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2007.

Dr. Ahmad Aldosari
Chairman

Hussain Sarhan
Acting Chief Executive Officer

United International Bank B.S.C. (c)

INTERIM STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2007 (Unaudited)

	<i>31 March 2007 US\$ '000</i>
OPERATING ACTIVITIES	
Net profit for the period	737
Adjustments for:	
Provision for employees' end of service benefits	187
Depreciation	91
	<u>1,015</u>
Changes in operating assets and liabilities:	
Due from banks and other financial institutions	(30,126)
Due from non banks	(17)
Other assets	(16,426)
Other liabilities	657
	<u>(44,897)</u>
Net cash used in operating activities	<u>(44,897)</u>
INVESTING ACTIVITIES	
Investment in fund	(9,823)
Purchase of property and equipment	(562)
	<u>(10,385)</u>
Net cash used in investing activities	<u>(10,385)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(55,282)
Cash and cash equivalents at beginning of the period (restated)	<u>216,525</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>161,243</u>

The attached explanatory notes 1 to 5 form part of these financial statements.

United International Bank B.S.C. (c)

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2007 (Unaudited)

	<i>Share capital</i> US\$ '000	<i>Retained earnings</i> US\$ '000	<i>Total</i> US\$ '000
Balance at 1 January 2007	291,286	3,871	295,157
Net profit for the period	-	737	737
Balance at 31 March 2007	291,286	4,608	295,894

The attached explanatory notes 1 to 5 form part of these financial statements.

31 March 2007

1 INCORPORATION AND ACTIVITIES

United International Bank B.S.C (c) ("the Bank") was incorporated on 2nd of August 2006, under commercial registration number 62003 as a Bahrain Joint Stock Company (closed). The Bank's registered office is at Flat 141, Building 3, Road 365, Block 316, Manama , Kingdom of Bahrain.

The Bank operates under a Wholesale Banking Licence issued by the Central Bank of Bahrain. The core business activities of the Bank include investing on its own account and providing a full range of investment banking products and services that are in conformity with Islamic Shari'a.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The interim condensed financial statements are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The interim condensed financial statements do not include all the information and disclosures required in the full financial statements, and should be read in conjunction with the Bank's financial statements for the period ended 31 December 2006, prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and International Financial Reporting Standards. In addition, results for the three month period ended 31 March 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

b) New accounting policy

During the period, the Bank adopted a policy for accounting for its investment in fund. The investment in fund is classified as available for sale, and recorded in the balance sheet at cost since a reliable fair value cannot be determined.

3 INVESTMENT IN FUND

This represents an indirect investment in the equity of Varidian Group Plc, privately placed by Arcapita.

4 OTHER ASSETS

This includes a balance of USD 17,104 thousand (Dec 06: nil) in an escrow account with Arab Banking Corporation for the establishment of entities to facilitate future investing and fiduciary activities.

5 COMPARATIVE FIGURES

These financial statements cover the period from 1st of January 2007 to 31 March 2007. Since the Bank only commenced operations on 2 August 2006, comparative information is only presented for the balance sheet and related notes.