

**United International Bank B.S.C. (c)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**STATEMENTS**

**31 March 2008**

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

***Introduction***

We have reviewed the accompanying interim condensed consolidated financial statements of United International Bank B.S.C. (c) ("the Bank") and its subsidiaries (together the "Group") as of 31 March 2008, comprising of the interim balance sheet as at 31 March 2008 and the related interim statements of income, changes in equity and cash flows 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.

21 May 2008  
Manama, Kingdom of Bahrain

# United International Bank B.S.C. (c) and Subsidiaries

## CONSOLIDATED BALANCE SHEET

31 March 2008

		<i>(Unaudited)</i> <b>31 March</b> <b>2008</b> <b>US\$ '000</b>	<i>(Audited)</i> <b>31 December</b> <b>2007</b> <b>US\$ '000</b>
	<i>Notes</i>		
<b>ASSETS</b>			
Cash and balances with banks		<b>705</b>	11,897
Due from banks and other financial institutions		<b>130,287</b>	172,922
Trading investments		<b>33,245</b>	30,913
Non-trading investments	3	<b>50,661</b>	49,504
Assets of disposal group classified as held for sale	4	<b>189,372</b>	90,023
Investment property		<b>17,460</b>	17,460
Other assets		<b>3,650</b>	2,693
Property and equipment		<b>7,881</b>	7,952
<b>TOTAL ASSETS</b>		<b>433,261</b>	383,364
<b>LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>			
Due to banks and other financial institutions		<b>108,024</b>	47,449
Liabilities directly associated with the assets classified as held for sale	4	<b>2,799</b>	3,858
Other liabilities		<b>2,252</b>	3,378
<b>TOTAL LIABILITIES</b>		<b>113,075</b>	54,685
<b>UNRESTRICTED INVESTMENT ACCOUNTS</b>		<b>-</b>	10,000
<b>EQUITY</b>			
Share capital		<b>291,286</b>	291,286
Retained earnings		<b>13,045</b>	11,594
Reserves		<b>8,426</b>	8,426
		<b>312,757</b>	311,306
Minority Interest of disposal group	4	<b>7,429</b>	7,373
<b>TOTAL EQUITY</b>		<b>320,186</b>	318,679
<b>TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>		<b>433,261</b>	383,364

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors 21 May 2008.

Mr. Asaad Al Banwan  
Chairman

Mr. Khaled Al Nasser  
Board Member

Mr. Abdulla Janahi  
GM and Acting CEO

The attached explanatory notes 1 to 4 form part of these consolidated financial statements.

# United International Bank B.S.C. (c) and Subsidiaries

## CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2008 (Unaudited)

	<b>31 March 2008 US\$ '000</b>	<b>31 March 2007 US\$ '000</b>
<b>Income</b>		
Rental income from investment in leases	<b>8,947</b>	-
Profit on amounts due from banks and other financial institutions	<b>1,827</b>	2,867
Profit on amounts due from non banks	-	919
Trading gains	<b>2,332</b>	-
Income from non-trading investments	<b>815</b>	-
Fee income	<b>12</b>	-
<b>TOTAL INCOME</b>	<b>13,933</b>	<b>3,786</b>
<b>Expenses</b>		
Rental expense from investment in leases	<b>6,436</b>	-
Staff compensation and benefits	<b>3,289</b>	2,170
General and administration expenses	<b>713</b>	775
Management fees relating to leases	<b>421</b>	-
Profit on amounts due to banks and other financial institutions	<b>1,300</b>	13
Depreciation	<b>130</b>	91
<b>TOTAL EXPENSES</b>	<b>12,289</b>	<b>3,049</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>1,644</b>	<b>737</b>
Attributable to:		
Equity holders of the Parent	<b>1,451</b>	737
Minority interest	<b>193</b>	-

The attached explanatory notes 1 to 4 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2008 (Unaudited)

	<b>31 March 2008 US\$ '000</b>	<b>31 March 2007 US\$ '000</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	<b>1,644</b>	737
Adjustments for:		
Provision for employees' end of service benefits	<b>61</b>	187
Depreciation	<b>130</b>	91
Loss on sale of property and equipment	<b>13</b>	-
Revaluation of trading investments	<b>(2,332)</b>	-
	<b>(484)</b>	1,015
Changes in operating assets and liabilities:		
Due from banks and other financial institutions	<b>(58,018)</b>	(30,126)
Due from non-banks	-	(17)
Unrestricted investment accounts	<b>(10,000)</b>	-
Due to banks and other financial institutions	<b>54,798</b>	-
Other assets	<b>(957)</b>	(16,426)
Other liabilities	<b>(1,187)</b>	657
Net cash used in operating activities	<b>(15,848)</b>	(44,897)
<b>INVESTING ACTIVITIES</b>		
Investment in non-trading investments	-	(9,823)
Investments in net assets held for sale	<b>(95,788)</b>	-
Purchase of property and equipment	<b>(129)</b>	(562)
Disposal of property and equipment	<b>57</b>	-
Net cash used in investing activities	<b>(95,860)</b>	(10,385)
<b>FINANCING ACTIVITY</b>		
Minority interest	<b>(137)</b>	-
Net cash used in financing activities	<b>(137)</b>	-
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(111,845)</b>	(55,282)
Cash and cash equivalents at beginning of the period	<b>169,720</b>	216,525
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>57,875</b>	161,243

The attached explanatory notes 1 to 4 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2008 (Unaudited)

	<i>Share capital</i> US\$ '000	<i>Retained earnings</i> US\$ '000	<i>Statutory reserve</i> US\$ '000	<i>Investment fair value reserve</i> US\$ '000	<i>Total Equity</i> US\$ '000
Balance at 1 January 2008	291,286	11,594	2,002	6,424	311,306
Net income for the period	-	1,451	-	-	1,451
Dividends paid by subsidiaries	-	-	-	-	-
<b>Balance at 31 March 2008</b>	<b>291,286</b>	<b>13,045</b>	<b>2,002</b>	<b>6,424</b>	<b>312,757</b>
Balance at 1 January 2007	291,286	3,871	-	-	295,157
Net income for the period	-	737	-	-	737
Balance at 31 March 2007	291,286	4,608	-	-	295,894

The attached explanatory notes 1 to 4 form part of these consolidated financial statements.

# United International Bank B.S.C. (c) and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2008

### 1 INCORPORATION AND ACTIVITIES

United International Bank B.S.C (c) ("the Bank") was incorporated on 5th August 2006, under commercial registration number 62003 as a Bahrain Joint Stock Company (closed). The Bank's registered office is Building 2431, Road 2831, Block 428, Seef, Kingdom of Bahrain. The Bank operates under a Wholesale Banking Licence issued by the Central Bank of Bahrain.

The core business activities of United International Bank B.S.C. (c) and subsidiaries ("the Group") 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

These interim condensed consolidated financial statements have been prepared using accounting policies which are in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). For matters for which no AAOIFI standards exist, including interim financial reporting, the Group uses the relevant International Financial Reporting Standard issued by the International Accounting Standards Board.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007.

Results for the three month period ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

#### b) Assets of disposal group classified as held for sale

Assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of their carrying amount or fair value less cost of sale.

### 3 NON-TRADING INVESTMENTS

	31 March 2008			(Audited) 31 December 2007
	Available- for-sale US\$ '000	Held-to- maturity US\$ '000	Total US\$ '000	US\$ '000
<b>Unquoted investments</b>				
Equity investments	25,638	-	25,638	24,485
Sukuk	-	25,023	25,023	25,019
	<u>25,638</u>	<u>25,023</u>	<u>50,661</u>	<u>49,504</u>

The equity investment comprises of:

An investment amounting to US\$ 15,724 thousand in Real Maroc, a subsidiary of Real Capita. The Group owns 19.18% of this entity. The fair value of which cannot be reliably estimated due to uncertainty of cash flows.

The balance represents an investment in an unquoted investment relating to a private equity investment. The fair value of which cannot be reliably estimated due to uncertainty of cash flows.

# United International Bank B.S.C. (c) and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2008

### 4 DISPOSAL GROUP

	<b>31 March 2008 US\$ '000</b>	<i>(Audited)</i> <b>31 December 2007 US\$ '000</b>
Falak Investments Limited (note 4.1)	<b>113,252</b>	90,023
KC Cayman Limited (note 4.2)	<b>76,120</b>	-
	<b><u>189,372</u></b>	<b><u>90,023</u></b>

#### 4.1 Falak Investments Limited

Falak Investments Limited is a company incorporated in Bahamas which has created subsidiaries and has entered into arrangements to lease aircrafts. The Group decided to sell the subsidiary to Falak Aviation Fund Company B.S.C.(c), a close-ended Shari'a compliant exempt collective investment undertaking registered under the laws of the Kingdom of Bahrain.

The Group has issued a private placement memorandum dated April 2008 and is actively marketing for selling down the majority stake in Falak Investments Limited, in which it holds a majority stake. Falak Investments Limited holds majority stake of each of Falak Lease One Limited, Falak Lease Two Limited, Falak Lease Three Limited, Falak Lease Four Limited, Falak Lease Five Limited and Falak Lease Six Limited, Falak Lease Seven Limited, Falak Lease Eight Limited, Falak Lease Nine Limited, Falak Lease Ten Limited and Falak Lease Eleven Limited each of which sublease the aircraft to operating airlines, in some cases through further subsidiaries established for this purpose.

As at 31 March 2008 the assets of disposal group classified as held for sale relating to Falak Investments Limited amounted to US\$ 113,252 thousand (2007: US\$ 90,023 thousand). Liabilities directly associated with the assets classified as held for sale as at amounted to US\$ 2,799 thousand (2007: US\$ 3,858 thousand) and the Minority interest relating to the disposal group amounted to US\$ 7,429 thousand (2007: US\$ 7,373 thousand).

#### 4.2 KC Cayman Limited

KC Cayman Limited is a company incorporated in Cayman Island which has a stake of 92.02% of Kosan Crisplant A.S., a global leader in the provision of systems and solutions for filling and reconditioning of liquefied petroleum gas cylinders. The Group has prepared a private placement memorandum to actively sell the majority stake in KC Cayman Limited to private investors. As at 31 March 2008, Kosan's total assets and liabilities amounted to US\$ 72,371 thousand and US\$ 44,520 thousand respectively and the minority interest resulting from the acquisition of the company amounted to US\$ 2,223 thousand.