

GULF FINANCE HOUSE BSC
INTERIM FINANCIAL INFORMATION
30 September 2008

Commercial registration	:	44136 (registered with Central Bank of Bahrain as an Islamic wholesale investment bank).
Office	:	Bahrain Financial Harbour PO Box 10006, Manama, Kingdom of Bahrain
Directors	:	Dr. Esam Yousif A. Janahi, <i>Chairman</i> Hamad A Aziz Al-Shaya, <i>Vice Chairman</i> Abdul Latif Abdullah Al-Meer Adel Dawood Al-Ohali Buti Bin Khalifa Al-Flasi Khalid Mohamed Najibi Samir Yacoub Al-Nefaisi Waleed A.Rahman Al-Ruwaih Yousif A.Latif Al-Sarkal Yousuf Mohammed Khayat
Acting Chief Executive Officer	:	Peter Panayiotou
Company secretary	:	Dr. Haider Majali
Auditors	:	KPMG

GULF FINANCE HOUSE BSC

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 Finance House BSC
Manama
Kingdom of Bahrain

23 October 2008

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Gulf Finance House BSC (the 'Bank') and its subsidiaries (together, the "Group") as at 30 September 2008, and the related condensed consolidated statements of income, changes in equity, cash flows and changes in restricted investment accounts for the nine month period then ended (the 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 13 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

US\$

000's

	Note	30 September 2008 (reviewed)	31 December 2007 (audited)	30 September 2007 (reviewed)
ASSETS				
Cash and bank balances		25,526	15,383	9,008
Placements with financial and other institutions		1,336,375	711,978	937,758
Islamic financing assets		73,054	96,179	78,261
Assets held-for-sale	5	624,446	446,882	522,196
Investment in associates	6	525,713	288,047	256,491
Available-for-sale investments		323,213	246,346	300,159
Receivable from investment banking services	11	225,468	171,183	3,938
Other assets	8	350,512	269,069	187,578
Total assets		3,484,307	2,245,067	2,295,389
LIABILITIES				
Investors' funds		356,424	139,876	141,807
Placements from financial and other institutions		1,068,295	355,548	590,941
Islamic financing liabilities	9	631,953	586,620	511,296
Liabilities directly associated with assets held-for-sale	5	324,605	167,019	192,000
Other liabilities		128,622	115,674	91,791
Total liabilities		2,509,899	1,364,737	1,527,835
Unrestricted investment accounts		3,828	826	-
EQUITY				
Share capital	4	262,813	238,921	238,921
Share premium		180,382	180,382	180,382
Treasury shares		(31,944)	(8,926)	(10,209)
Statutory reserve		83,529	83,529	46,075
Share grants reserve	10	22,799	-	-
Investments fair value reserve		3,048	2,799	940
Retained earnings		449,953	382,799	311,445
Total equity (page 4)		970,580	879,504	767,554
Total liabilities, unrestricted investment accounts and equity		3,484,307	2,245,067	2,295,389
Off-balance sheet items				
Restricted investment accounts (page 7)		71,949	77,038	103,203


Dr. Esam Yousif A. Janahi
Chairman

Hamad A Aziz Al-Shaya
Vice-Chairman

Salah H. Rahimi
Deputy Chief Executive Officer

The Board of Directors approved the interim financial information consisting of pages 2 to 13 on 23 October 2008.

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

US\$ 000's

	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 (note 11)	399,050	230,181	90,050	76,759
Placement, arrangement and management fees	29,543	11,747	3,602	4,973
Income from placements with financial and other institutions	22,346	26,600	9,616	10,333
Income from Islamic financing	1,157	9,008	421	4,030
Income from investment in associates	101,507	12,602	64,233	650
Income / (loss) from available-for-sale investments	1,687	9,579	923	(1,815)
Income from partial sale of a subsidiary	-	83,210	-	52,221
Other income and exchange gain/ (loss), net	(701)	5,063	(843)	5,616
Total income	554,589	387,990	168,002	152,767
Staff costs	119,039	73,217	43,215	32,219
Investment advisory expenses	38,072	26,879	9,856	10,615
Finance expense	46,910	38,960	17,842	15,746
Impairment allowance on islamic financing assets and receivables	22,500	-	9,000	-
Other expenses	25,657	14,484	5,975	5,657
Total expenses	252,178	153,540	85,888	64,237
PROFIT FOR THE PERIOD	302,411	234,450	82,114	88,530
Attributable to:				
Shareholders of the parent bank	302,411	231,255	82,114	85,335
Minority interest	-	3,195	-	3,195
	302,411	234,450	82,114	88,530
Earnings per share				
Basic earnings per share (US cents)	38.27	29.10	10.41	10.74
Diluted earnings per share (US cents)	32.21	29.10	8.47	10.74

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2008

US\$ 000's

	Share Capital	Share premium	Treasury shares	Statutory reserve	Share grants reserve	Investments fair value reserve	Retained earnings	Total equity
30 September 2008 (reviewed)								
Balance at 1 January 2008	238,921	180,382	(8,926)	83,529	-	2,799	382,799	879,504
Net fair value changes during the period	-	-	-	-	-	249	-	249
Profit for the period	-	-	-	-	-	-	302,411	302,411
Total recognised income and expense	-	-	-	-	-	249	302,411	302,660
Issue of bonus shares	23,892	-	-	-	-	-	(23,892)	-
Share grants vesting expense (note 10)	-	-	-	-	22,799	-	-	22,799
Dividend declared for 2007	-	-	-	-	-	-	(203,083)	(203,083)
Zakah contribution declared for 2007	-	-	-	-	-	-	(282)	(282)
Charity contribution declared for 2007	-	-	-	-	-	-	(3,000)	(3,000)
Board remuneration declared for 2007	-	-	-	-	-	-	(5,000)	(5,000)
Purchase of treasury shares	-	-	(23,018)	-	-	-	-	(23,018)
Balance at 30 September 2008	262,813	180,382	(31,944)	83,529	22,799	3,048	449,953	970,580

The interim financial information consists of pages 2 to 13.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2008

US\$ 000's

30 September 2007 (reviewed)

	Equity attributable to the shareholders of the parent bank								Minority Interest	Total Equity	
	Share Capital	Advance towards share capital	Share premium	Treasury Shares	Subsidiary company share grants	Statutory reserve	Investments fair value reserve	Retained earnings			Total
Balance at 1 January 2007	212,674	2,708	178,321	(14,127)	1,804	46,337	364	239,663	667,744	-	667,744
Net fair value changes during the period	-	-	-	-	-	-	319	-	319	-	319
Transfer to income statement on disposal of AFS investments	-	-	-	-	-	-	257	-	257	-	257
Net income recognised directly in equity	-	-	-	-	-	-	576	-	576	-	576
Profit for the period	-	-	-	-	-	-	-	231,255	231,255	3,195	234,450
Total recognised income and expense	-	-	-	-	-	-	576	231,255	231,255	3,195	235,026
Issue of bonus shares	25,600	-	-	-	-	-	-	(25,600)	-	-	-
Increase in share capital	647	(2,708)	2,061	-	-	-	-	-	-	-	-
Share grants vesting charge for the period	-	-	-	-	90	-	-	-	90	-	90
Dividend declared for 2006	-	-	-	-	-	-	-	(134,391)	(134,391)	-	(134,391)
Charity contribution declared for 2006	-	-	-	-	-	-	-	(1,598)	(1,598)	-	(1,598)
Board remuneration declared for 2006	-	-	-	-	-	-	-	(1,375)	(1,375)	-	(1,375)
Zakah contribution declared for 2006	-	-	-	-	-	-	-	(1,402)	(1,402)	-	(1,402)
Purchase of treasury shares	-	-	-	(51,476)	-	-	-	-	(51,476)	-	(51,476)
Sale of treasury shares	-	-	-	55,394	-	-	-	-	55,394	-	55,394
Profit on sale of treasury shares	-	-	-	-	-	2,737	-	-	2,737	-	2,737
Allocation of minority interest on partial sale of shares in the subsidiary during the period	-	-	-	-	-	-	-	-	-	192,011	192,011
De-recognition on sale of controlling stake in a subsidiary	-	-	-	-	(1,894)	(2,999)	-	4,893	-	(195,206)	(195,206)
Balance at 30 September 2007	238,921	-	180,382	(10,209)	-	46,075	940	311,445	767,554	-	767,554

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

US\$ 000's

	30 September 2008 (reviewed)	30 September 2007 (reviewed)
OPERATING ACTIVITIES		
Proceeds of income from investment banking services	315,689	292,396
Receipts from financial and other institutions	715,094	311,081
Net increase in customers' current accounts	-	63,682
Islamic financing assets, net	7,361	(119,124)
Financing of projects, net	(111,026)	(42,656)
Investors' funds, net	209,054	(152,544)
Placement, arrangement and management fees received	29,543	8,434
Income from placements and islamic financing received	22,767	35,609
Finance expense paid	(36,583)	(38,960)
Payment for expenses and project costs	(131,318)	(101,187)
Cash flows from operating activities	1,020,581	256,731
INVESTING ACTIVITIES		
Cash flows from partial sale of shares in a subsidiary	-	(93,140)
Cash out flows on acquisition of a subsidiary (note 7)	(8,351)	-
Purchase of available-for-sale investments	(57,937)	(192,506)
Income from investments	-	7,981
Dividends received	1,470	-
Payments in relation to assets held-for-sale	(33,713)	(150,000)
Proceeds from sale of available-for-sale investments	1,536	83,651
Advance paid for purchase for property	-	(41,501)
Proceeds from sale of trading property	-	34,783
Payments for equipment and capital work-in-progress	(12,131)	(5,631)
Distributions received from associates	28,032	-
Purchase of investment in associates	(132,107)	(152,446)
Proceeds from sale of investment in associates	9,584	-
Cash flows from investing activities	(203,617)	(508,809)
FINANCING ACTIVITIES		
Acquisition of treasury shares, net	(23,018)	12,823
Islamic financing liabilities, net	39,045	511,296
Cash paid to charitable organisations	(1,237)	-
Board remuneration paid	(5,000)	(1,375)
Dividends paid	(195,216)	(130,022)
Net receipts from unrestricted investment accounts	3,002	82,120
Cash flows from financing activities	(182,424)	474,842
INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at 1 January	727,361	724,002
CASH AND CASH EQUIVALENTS at 30 September	1,361,901	946,766
Cash and cash equivalents comprise:		
Cash and bank balances	25,526	9,008
Placements with financial and other institutions	1,336,375	937,758
	1,361,901	946,766

The interim financial information consists of pages 2 to 13.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the nine months ended 30 September 2008

30 September 2008 (reviewed)	Balance at 1 January 2008			Movements during the period						Balance at 30 September 2008			
	No of units (000)	Average value per share US\$	Total US\$ 000's	Investment/ (withdrawal) US\$ 000's	Revaluation US\$ 000's	Gross income US\$ 000's	Dividends paid US\$ 000's	Bank's fees as an agent US\$ 000's	Administration expenses US\$ 000's	No of units (000)	Average value per share US\$	Total US\$ 000's	Total % ownership
Company													
Mena Real Estate Company KSCC	150	0.37	58	-	2	-	-	-	-	150	0.37	60	1%
Kuwait National Real Estate Investment & Services Co. KSCC	1,130	0.37	414	(711)	11	380	-	-	-	250	0.37	94	0.1%
Gulf Holding Company	10,000	0.37	3,663	-	68	-	-	-	-	10,000	0.37	3,731	1%
Gulf North Africa Holding Company KSCC	11,500	0.37	4,212	-	77	318	(318)	-	-	11,500	0.37	4,289	8%
Gulf Real Estate Development Company	936	13.33	12,471	-	1	843	(843)	-	-	936	13.33	12,472	31%
Al Basha'er Fund	245	13.72	3,365	10	(776)	255	-	(20)	-	246	11.52	2,834	2%
Pan European Fund	35.85	1,474.40	52,855	-	(4,386)	2,834	(2,834)	-	-	35.85	1,351.99	48,469	90%
			77,038	(701)	(5,003)	4,630	(3,995)	(20)	-			71,949	

The interim financial information consists of pages 2 to 13.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the nine months ended 30 September 2008 (continued)

30 September 2007 (reviewed)	Balance at 1 January 2007			Movements during the period						Balance at 30 September 2007			
	No of units (000)	Average value per share US\$	Total US\$ 000's	Investment/ (withdrawal) US\$ 000's	Revaluation US\$ 000's	Gross income US\$ 000's	Dividends paid US\$ 000's	Bank's fees as an agent US\$ 000's	Administration expenses US\$ 000's	No of units (000)	Average value per share US\$	Total US\$ 000's	Total % ownership
Company													
Gulf Development Real Estate Company KSCC	10,910	0.35	3,772	(7)	(2)	-	-	-	-	10,884	0.35	3,763	7%
Kuwait National Real Estate Investment & Services Co. KSCC	6,870	0.35	2,376	(1,430)	(340)	-	-	-	-	1,750	0.35	605	23%
Bayan Holding Company KSCC	18,266	0.35	6,316	(4,418)	(1,052)	-	-	-	-	2,448	0.35	846	2%
Gulf Holding Company	23,919	0.35	8,271	(3,832)	(912)	-	-	-	-	10,200	0.35	3,527	1%
Gulf North Africa Holding Company KSCC	11,500	0.35	3,977	-	199	-	-	-	-	11,500	0.36	4,177	8%
Saudi Real Estate Company	936	13.33	12,472	-	29	-	-	-	-	936	13.36	12,501	31%
Al Basha'er Fund	753	8.97	6,751	(45)	-	1,983	-	(56)	-	748	11.54	8,633	2%
Pan European Fund	35.85	1,315.40	47,157	-	3,994	3,629	(3,629)	-	-	35.85	1,426.80	51,151	90%
Energy City Qatar Holding Company	-	-	-	18,000	-	-	-	-	-	617.90	29.13	18,000	9%
Al Hareth French Property Fund	24.65	1,310.40	32,301	(34,129)	1,077	2,378	(1,585)	(42)	-	-	-	-	-
			123,393	(25,861)	2,993	7,990	(5,214)	(98)	-			103,203	

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

- 1 The interim financial information has been prepared in condensed form in accordance with International Accounting Standard 34, *Interim Financial Reporting*. The interim financial information 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 for the year ended 31 December 2007.
- 2 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 and the reviewed interim financial information for the nine months ended 30 September 2007. The comparatives for the condensed consolidated statements of income, cash flows, changes in equity and restricted investment accounts have been extracted from the reviewed interim financial information for the nine months ended 30 September 2007.
- 3 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.
- 4 During the period, the paid up capital of the Bank increased from US\$ 238,921 thousand to US\$ 262,813 thousand as a result of issue of bonus shares (ten shares for every hundred shares held) for 2007 amounting to US\$ 23,892 thousand.

5 Assets and liabilities held-for-sale

	30 September 2008 US\$ 000's	31 December 2007 US\$ 000's	30 September 2007 US\$ 000's
Assets of a subsidiary	624,446	396,882	398,000
Investments in associates	-	50,000	74,196
Investment in a water park	-	-	50,000
	624,446	446,882	522,196
Liabilities of a subsidiary directly associated with assets held-for-sale	324,605	167,019	192,000

Assets and liabilities of a subsidiary held-for-sale represent the Group's investment in a development infrastructure project. The assets of the subsidiary held-for-sale primarily include the freehold project land and the liability mainly represents payables to the owner / master developer towards the land cost. At 30 June 2008, the Bank has negotiated an agreement to assign its participating interest in the project company over eight quarterly instalments for a consideration exceeding the net investment in the subsidiary, subject to the master plan and other related approvals by the master developer. The Bank shall continue to retain performance obligation to the master developer for the project.

During the period, due to changes in the programme to sell, investments in associates of USD 50 million has been reclassified from assets held-for-sale to investment in associates at 31 March 2008 (refer note 6).

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

6 Investment in associates

	30 September 2008 US\$ 000's	31 December 2007 US\$ 000's	30 September 2007 US\$ 000's
Designated at fair value through profit or loss	53,882	60,361	35,993
Equity accounted	471,831	227,686	220,498
	525,713	288,047	256,491

Income from investment in associates include fair value changes of Nil (30 September 2007: US\$ 11,952 thousand) on 'investment in associates designated at fair value through profit or loss' and the Group's share of profits of US\$ 101,507 thousand (30 September 2007: Nil) from investment in associates – equity accounted.

In February 2008, the Group indirectly acquired 49.88% equity stake in Bahrain Financial Harbour Holding Company BSC (c) ('BFH') for US\$ 125 million from its investors and immediately sold 50% of that resulting in a holding of 24.94% in BFH as at 31 March 2008. Subsequently, in April 2008, the Group re-acquired the investment sold resulting in the Group holding 49.88% in BFH as at 30 June 2008. The investment has been classified as investment in associates, and accounted for under the equity accounting method.

During the period, investment in an associate of US\$ 50 million has been reclassified from assets held-for-sale as at 30 September 2008 (refer note 5).

7 Acquisition of a subsidiary

In July 2008, through a series of purchases the Bank acquired an additional 61% stake in Injazat Capital Limited (ICL), an existing associate – designated at fair value through profit or loss. ICL is now a wholly owned subsidiary of the Group and is being consolidated with the financial statements of the Bank. ICL is an asset management and investment banking institution registered in the Dubai International Financial Centre.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Amount on date of acquisition US\$ 000's
Net fair value of assets acquired	3,184
Net fair value of liabilities acquired	(1,156)
Net identifiable assets and liabilities	2,028
Goodwill on acquisition	15,135
Less: Carrying value of investment on the date of acquisition	(8,333)
Net consideration paid	8,830
Less: Cash acquired on date of acquisition	(479)
Net cash out flows on acquisition for the purposes of cash flow statement	8,351

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force, and the synergies expected to be achieved from integrating the license of ICL into the Group's existing business.

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

7 Acquisition of a subsidiary (continued)

The value of assets and liabilities recognised on acquisition are their estimated fair values which are not considered to be different from their carrying value on the date of acquisition. The pre-acquisition carrying value of the assets and liabilities was determined based on applicable IFRS's immediately before the acquisition. The fair values of identifiable assets and liabilities acquired have been determined provisionally for the purposes of the 30 September 2008 interim financial information. The management is currently in the process of completing the transaction related due diligence and identification of potential intangible assets.

8 Other assets

	30 September 2008 US\$ 000's	31 December 2007 US\$ 000's	30 September 2007 US\$ 000's
Project costs recoverable	26,849	38,831	8,814
Project financing	184,642	109,881	97,295
Receivable from sale of shares of subsidiary	-	-	60,195
Advance paid for acquisition of properties	41,706	41,706	-
Operating property and equipment of a water park	47,195	47,812	-
Other equipment	22,664	12,042	6,445
Prepayments and other receivables	27,456	18,797	14,829
	350,512	269,069	187,578

9 Islamic financing liabilities

Islamic financing liabilities comprise murabaha financing facility from financial institutions and financing raised through issue of Sukuk. During the period, the Bank raised additional short term funding of US\$ 150 million from a financial institution to support its investment activities.

10 Share based payments

In the annual general meeting on 18 February 2008, the shareholders resolved to approve a management incentive plan ('the plan') which involves the issue of the Bank's shares of up to 25% (181 million shares) of the Bank's paid-up capital to senior executive management on achievement of certain market and non-market based performance conditions set by the Board of Directors. As per the terms of the plan, 181 million share awards were granted to eligible employees during the period.

The share awards are in the nature of options and have been fair valued as such. The fair value of the share awards with market conditions is measured using a simulation based model (Monte Carlo simulation). The model inputs used include share price on the measurement date of US\$ 3.15 per share, exercise price of US\$ 0.65 per share, expected volatility of 38% and risk free rate of 2.1%. The dividend yield was set at zero as the share awards will be entitled to dividends during the vesting period. The fair value per share award at the grant date was US\$ 0.90 per share. Service and non-market performance conditions attached to the awards are not taken into account in determining fair value. The share awards have an initial lock-in period of 3 years and shall vest rateably over varied vesting periods of up to 10 years as per the terms of the plan. The vesting charge during the period amounted to US\$ 22,799 thousand and the corresponding amount has been credited to equity under the 'share grant reserve'.

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

11 Income from investment banking services

Income from investment banking services includes US\$ 64 million receivable in-kind in the form of shares in a cement investment company promoted by the Bank in lieu of cement rights and permits secured and transferred by the Bank to the investment company. This income is measured at the fair value of the shares received. The value of the rights and permits transferred in its current form and condition is supported by valuation prepared by a firm of independent cement industry consultants. Revenue has been recognised to the extent of the value of the rights and permits that have been secured.

12 Significant related party transactions

During the course of the Group's investment and advisory activities, the Group enters into transactions with entities over which the Group exercises influence as well as with other related parties such as major shareholders, directors and executive management of the Group.

For the nine months ended 30 September 2008, the Group has recognised income from investment banking services of US\$ 399 million (30 September 2007: US\$ 230 million) arising from transactions with related parties.

13 Commitments and contingencies

The commitments contracted in the normal course of business of the Group:

	30 September 2008 US\$ 000's	31 December 2007 US\$ 000's
Commitments to invest	31,562	-
Capital commitments	17,011	7,667

The Group potentially has a commitment under a constructive obligation to extend finance to one of its projects of up to US\$ 170 million. In the opinion of management, based on the assessment of expected cash flows from the project, the financing is not expected to be drawn down. In the event of a drawdown, the Group would have a charge over the assets of the project.

During 2005, the Group exited one of its investment projects and issued a corporate guarantee of up to £ 57 million, securing the buyer against specific tax indemnities of £ 15 million and providing a guarantee to cover general corporate affairs. This guarantee expires in December 2008. In the opinion of management, the possibility of the guarantee being invoked is negligible. The Group has also issued financial guarantees to financial institutions to secure credit facility arrangements of US\$ 22,831 thousand (31 December 2007: 128,440 thousand) on behalf of projects managed by the Group.

Performance obligations

During the ordinary course of business, the Group may enter into performance obligations in respect of its real estate development projects. It is the usual practice of the Group to pass these performance obligations, wherever possible, on to the companies that own the projects. In the opinion of management, no liabilities are expected to materialise on the Group at 30 September 2008 due to the performance of any of its projects.

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

- 14** Due to the inherent nature of the Group's business, the nine month results reported in this interim financial information may not represent a proportionate share of the overall annual results.
- 15** Appropriations of net profit, if any, are made only at the year end.
- 16** Certain prior period amounts have been reclassified to conform to the current period's presentation. Such reclassifications do not affect previously reported net profit or equity.

In 2007, the Bank sold 59.995% stake in Khaleeji Commercial Bank BSC (c), which was previously a wholly owned subsidiary of the Group. With effect from 30 September 2007, the subsidiary's financial statements were de-consolidated from the consolidated financial statements of the Group. Accordingly, the comparative consolidated balance sheet as at 30 September 2007 and income statement and cash flows for the period ended 30 September 2007 are not directly comparable with the current period figures.