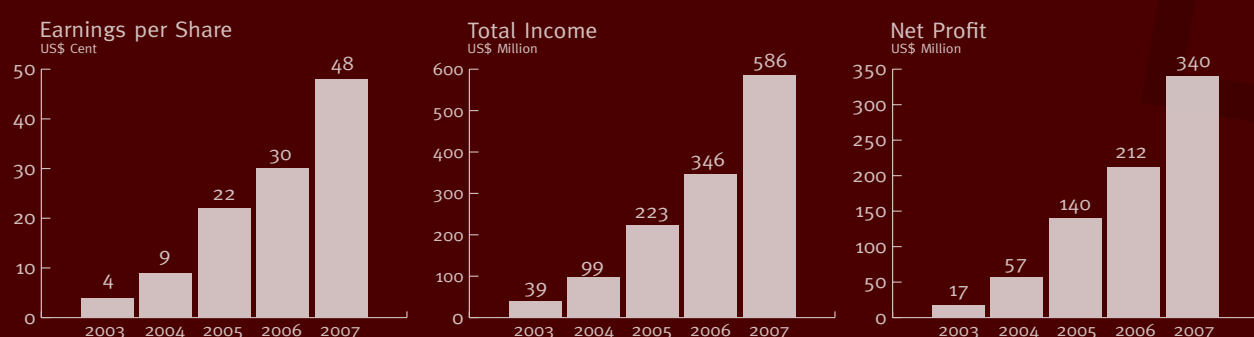


# 07 Financial Results for the year ended 31 December 2007



## Consolidated Balance Sheet

as at 31 December 2007 - US\$ 000's

	2007	2006
<b>ASSETS</b>		
Cash and bank balances	15,383	15,050
Placements with financial institutions	711,978	687,765
Islamic financing assets	96,179	98,927
Assets held for sale	446,882	24,196
Investment in associates	288,047	36,926
Investment securities	246,346	398,130
Receivable from investment banking services	171,183	123,404
Other assets	269,069	116,486
<b>Total assets</b>	<b>2,245,067</b>	<b>1,500,884</b>
<b>LIABILITIES</b>		
Investors' funds	147,370	526,134
Placements from financial and other institutions	349,162	75,475
Customers' current accounts	-	7,297
Islamic financing liabilities	586,620	87,860
Liabilities directly associated with assets held-for-sale	167,019	-
Other liabilities	114,566	77,454
<b>Total liabilities</b>	<b>1,364,737</b>	<b>774,220</b>
Unrestricted investment accounts	826	58,920
<b>EQUITY</b>		
Share capital	238,921	212,674
Advance towards proposed increase in share capital	-	2,708
Treasury shares	(8,926)	(14,127)
Share premium	180,382	178,321
Statutory reserve	49,284	46,337
Investments fair value reserve	2,799	364
Retained earnings	417,044	239,663
Subsidiary company share grants	-	1,804
<b>Total equity</b>	<b>879,504</b>	<b>667,744</b>
<b>Total liabilities, unrestricted investment accounts and equity</b>	<b>2,245,067</b>	<b>1,500,884</b>
<b>Off-balance sheet items</b>		
Restricted investment accounts	77,038	123,393

## Consolidated Income Statement

for the year ended 31 December 2007 - US\$ 000's

	2007	2006
Income from investment banking services	400,180	266,647
Placement, arrangement and management fees	13,421	20,337
Income from placements with financial institutions	38,821	35,357
Income from Islamic financing	10,118	3,783
Income from investment in associates	21,883	11,354
Income from investment securities	12,683	4,346
Income from partial sale of a subsidiary	83,826	-
Other income, net	5,400	3,882
<b>Total income</b>	<b>586,332</b>	<b>345,706</b>
Staff costs	103,798	67,248
Investment advisory expenses	48,351	25,055
Allowance for impairment	15,362	6,728
Finance expense	56,482	24,322
Other expenses	19,081	10,767
<b>Total expenses</b>	<b>243,074</b>	<b>134,120</b>
<b>Profit for the year</b>	<b>343,258</b>	<b>211,586</b>
<b>Attributable to:</b>		
Shareholders of the parent Bank	340,063	211,586
Minority interest	3,195	-
	<b>343,258</b>	<b>211,586</b>
<b>Earnings per share (US cents)</b>		
Basic	<b>47.55</b>	<b>29.92</b>

The Directors approved the consolidated financial information on 29 January 2008.

**Esam Yousif A. Janahi**  
Chairman

**Hamad A. Aziz Al-Shaya**  
Vice Chairman

**Peter Panayiotou**  
Acting Chief Executive Officer

These statements have been extracted from the consolidated financial information for the year ended 31 December, 2007, which were audited by KPMG.

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2007 - US\$ 000's

2007	Attributable to the shareholders of the parent								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			
Balance at 1 January 2007	212,674	2,708	178,321	(14,127)	1,804	46,337	364	239,663	667,744	-	667,744
Gain on sale of treasury shares	-	-	-	-	-	2,737	-	-	2,737	-	2,737
Net fair value changes during the year	-	-	-	-	-	-	2,406	-	2,406	-	2,406
Transfer to income statement on disposal of AFS investments	-	-	-	-	-	-	29	-	29	-	29
Net income recognised directly in equity	-	-	-	-	-	2,737	2,435	-	5,172	-	5,172
Net profit for the year	-	-	-	-	-	-	-	340,063	340,063	3,195	343,258
<b>Total recognised income and expense</b>	-	-	-	-	-	<b>2,737</b>	<b>2,435</b>	<b>340,063</b>	<b>345,235</b>	<b>3,195</b>	<b>348,430</b>
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	-	-	-	(50,193)	-	-	-	(50,193)	(50,193)	-	(50,193)
Sale of treasury shares	-	-	-	55,394	-	-	-	55,394	55,394	-	55,394
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)	(195,206)
Transfer to statutory reserve	-	-	-	-	-	3,209	-	(3,209)	-	-	-
Balance at 31 December 2007	238,921	-	180,382	(8,926)	-	49,284	2,799	417,044	879,504	-	879,504

2006	Attributable to the shareholders of the parent								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			
Balance at 1 January 2006	149,771	-	31,487	-	-	24,621	227	146,258	352,364	-	352,364
Gain on sale of treasury shares	-	-	-	-	-	508	-	-	508	-	508
Net fair value changes during the year	-	-	-	-	-	-	1,223	-	1,223	-	1,223
Transfer to income statement on disposal of AFS investments	-	-	-	-	-	-	(1,086)	-	(1,086)	-	(1,086)
Net income recognised directly in equity	-	-	-	-	-	508	137	-	645	-	645
Net profit for the year	-	-	-	-	-	-	-	211,586	211,586	-	211,586
<b>Total recognised income and expense</b>	-	-	-	-	-	<b>508</b>	<b>137</b>	<b>211,586</b>	<b>212,231</b>	<b>-</b>	<b>212,231</b>
Issue of bonus shares	17,972	-	-	-	-	-	-	(17,972)	-	-	-
Increase in share capital	44,931	2,708	142,963	-	-	-	-	-	190,602	-	190,602
Share issue expenses	-	-	(129)	-	-	-	-	-	(129)	-	(129)
Fair value of share grants issued	-	-	-	-	2,056	-	-	-	2,056	-	2,056
Unvested component of share grants issued	-	-	-	-	(252)	-	-	-	(252)	-	(252)
Dividend declared for 2005	-	-	-	-	-	-	-	(71,890)	(71,890)	-	(71,890)
Charity contribution declared for 2005	-	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Board remuneration declared for 2005	-	-	-	-	-	-	-	(1,050)	(1,050)	-	(1,050)
Zakah contribution declared for 2005	-	-	-	-	-	-	-	(1,061)	(1,061)	-	(1,061)
Purchase of treasury shares	-	-	-	(19,987)	-	-	-	-	(19,987)	-	(19,987)
Sale of treasury shares	-	-	-	5,860	-	-	-	-	5,860	-	5,860
Transfer from retained earnings to share premium	-	-	4,000	-	-	-	-	(4,000)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	21,208	-	(21,208)	-	-	-
Balance at 31 December 2006	212,674	2,708	178,321	(14,127)	1,804	46,337	364	239,663	667,744	-	667,744

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2007 - US\$ 000's

	2007	2006
<b>OPERATING ACTIVITIES</b>		
Proceeds from investment banking services	292,396	140,149
Placements from financial and other institutions, net	334,745	164,771
Net receipts from unrestricted investment accounts	82,946	23,220
Net increase in customers' current accounts	63,682	2,207
Islamic financing assets, net	(116,256)	(81,817)
Short term financing of projects	(98,202)	(32,091)
Investors' funds paid, net	(324,562)	(129,221)
Placement, arrangement and management fees received	9,484	20,337
Income from short-term placements	38,821	39,140
Finance expense	(56,483)	(22,655)
Payments for expenses	(160,217)	(68,113)
<b>Cash flows from operating activities</b>	<b>66,354</b>	<b>55,927</b>
<b>INVESTING ACTIVITIES</b>		
Net cash flows from partial sale of shares of a subsidiary	(30,204)	-
Net cash flow from investment securities	(41,063)	(133,729)
Purchase of investment in associates, net	(114,509)	-
Acquisition of a subsidiary held-for-sale, net	(239,171)	-
Advance paid for acquisition of trading property	-	(45,409)
Proceeds from sale of trading and investment property	34,207	-
Income from sukuks received	4,523	2,413
Acquisition of a subsidiary	(50,000)	-
Payment for purchase of equipment and capital work-in-progress	(11,661)	(4,036)
Dividends received and other income	5,326	628
<b>Cash flows from investing activities</b>	<b>(442,552)</b>	<b>(180,133)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of ordinary shares	-	190,602
Islamic financing liabilities, net	498,758	-
Acquisition of treasury shares, net	14,106	(13,619)
Cash paid to charitable organisations	(1,857)	(695)
Board remuneration paid	(1,375)	(1,050)
Dividends paid	(130,075)	(72,587)
<b>Cash flows from financing activities</b>	<b>379,557</b>	<b>102,651</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,359</b>	<b>(21,555)</b>
Cash and cash equivalents at 1 January	724,002	745,557
<b>Cash and cash equivalents at 31 December</b>	<b>727,361</b>	<b>724,002</b>
Cash and balances with banks	15,383	15,050
Placements with financial institutions	711,978	687,765
Investment in sukuks (short-term)	-	21,187
	<b>727,361</b>	<b>724,002</b>

# US\$ 340 M

## Net Profit for the year ended 31 December 2007

