

### CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007 (Expressed in thousands of United States Dollars)

	2007	2006 (Restated)
<b>Assets</b>		
Cash and cash equivalents	575,304	619,977
Due from banks	16,172	1,900
Trading securities	-	394
Investments in financings	1,882,028	1,635,035
Investment securities	638,579	403,090
Investment property	213,067	67,766
Accounts receivable	101,856	65,902
Investments in associates	194,549	152,520
Property, plant and equipment	130,930	30,701
Intangible assets	326,304	339,314
Non-current assets held for sale	-	2,156
<b>Total assets</b>	<b>4,078,789</b>	<b>3,318,755</b>
<b>Liabilities</b>		
Customer current accounts	569,239	383,704
Customer investment accounts	1,368,904	1,051,871
Due to banks	394,025	535,967
Other borrowings	123,239	-
Accounts payable	269,438	177,865
Current tax payable	9,175	9,623
Deferred tax liability	60,372	36,070
<b>Total liabilities</b>	<b>2,794,392</b>	<b>2,195,100</b>
<b>Equity</b>		
<b>Capital and reserves attributable to the Bank's equity holders</b>		
Share capital	537,474	353,525
Reserves	550,334	438,568
	<b>1,087,808</b>	<b>792,093</b>
<b>Minority interests</b>	<b>196,589</b>	<b>331,562</b>
<b>Total equity</b>	<b>1,284,397</b>	<b>1,123,655</b>
<b>Total equity and liabilities</b>	<b>4,078,789</b>	<b>3,318,755</b>
<b>Funds under management</b>	<b>1,723,814</b>	<b>1,059,937</b>

### CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2007 (Expressed in thousands of United States Dollars)

	2007	2006 (Restated)
<b>Income</b>		
Income from short term deposits	43,429	23,144
Income from investments in financings	181,354	56,631
Fee and commission income	52,481	27,729
Fund management and services	19,524	43,283
Gains/(losses) from investment securities	44,737	(1,201)
Income from investment property	92,731	14,405
Net trading income	7,517	1,587
Dividend income	27,242	825
Gain on sale of associated company	15,001	4,613
Other income	954	1,215
	484,970	172,231
Distribution to investment account holders	(145,495)	(47,984)
Operating income	339,475	124,247
<b>Expenses</b>		
Staff costs	(74,312)	(28,066)
General and administrative expenses	(48,440)	(17,319)
Depreciation and amortisation	(20,542)	(6,823)
Exchange gain/(loss)	3,782	(100)
Total expenses	(139,512)	(52,308)
Gain on sale of subsidiary	-	105,541
<b>Operating profit</b>	<b>199,963</b>	<b>177,480</b>
Share of profit of associated companies	8,353	15,695
<b>Profit before income taxes</b>	<b>208,316</b>	<b>193,175</b>
Taxes	(20,006)	(12,125)
<b>Profit after income taxes</b>	<b>188,310</b>	<b>181,050</b>
<b>Attributable to:</b>		
Equity holders of the Bank	102,755	167,558
Minority interests	85,555	13,492
	<b>188,310</b>	<b>181,050</b>
<b>Basic/diluted earnings per share</b>	<b>US cts 5.79</b>	<b>US cts 11.10</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007 (Expressed in thousands of United States Dollars)

	Attributable to the Bank's equity holders							Total reserves	Minority interests	Total equity
	Share capital	Share premium	Statutory reserve	General reserve	Fair value reserve	Currency translation	Retained earnings			
At 1 January 2007	353,525	167,347	25,598	46,044	16,151	(4,144)	187,572	438,568	331,562	1,123,655
Issue of bonus shares	72,000	(72,000)	-	-	-	-	-	(72,000)	-	-
Issue of new shares	111,625	312,550	-	-	-	-	-	312,550	(230,288)	193,887
Goodwill on acquisition of minority interest	-	(193,887)	-	-	-	-	-	(193,887)	-	(193,887)
Treasury shares acquired	(12,857)	(12,933)	-	-	-	-	-	(12,933)	-	(25,790)
Treasury shares sold	13,181	14,949	-	-	-	-	-	14,949	-	28,130
Net profit for the year	-	-	-	-	-	-	102,755	102,755	85,555	188,310
Dividend paid	-	-	-	-	-	-	(47,520)	(47,520)	(21,812)	(69,332)
Minority interests relating to new subsidiaries	-	-	-	-	-	-	-	-	13,954	13,954
Movement in fair value of available-for-sale investments	-	-	-	-	27,234	-	-	27,234	24,745	51,979
Movement in deferred tax relating to available-for-sale investments	-	-	-	-	(7,120)	-	-	(7,120)	(3,851)	(10,971)
Movements in fair value of associated companies	-	-	-	-	(2,603)	-	-	(2,603)	-	(2,603)
Available-for-sale investments sold	-	-	-	-	(5,587)	-	-	(5,587)	(2,662)	(8,249)
Foreign currency translation adjustment	-	-	-	-	(905)	1,065	(27)	133	(614)	(481)
Transfer to general reserve	-	-	-	22,283	-	-	(22,283)	-	-	-
Transfer to statutory reserve	-	-	10,275	-	-	-	(10,275)	-	-	-
Appropriation to Ithmaar Education Fund	-	-	-	-	-	-	(4,205)	(4,205)	-	(4,205)
<b>At 31 December 2007</b>	<b>537,474</b>	<b>216,026</b>	<b>35,873</b>	<b>68,327</b>	<b>27,170</b>	<b>(3,079)</b>	<b>206,017</b>	<b>550,334</b>	<b>196,589</b>	<b>1,284,397</b>
At 1 January 2006	150,000	-	8,778	13,503	24,678	(7,756)	58,156	97,359	5,418	252,777
Issue of new shares	210,000	187,500	-	-	-	-	-	187,500	-	397,500
Treasury shares acquired	(6,475)	(6,510)	-	-	-	-	-	(6,510)	-	(12,985)
Share issue expenses	-	(14,672)	-	826	-	-	-	(13,846)	-	(13,846)
Share based payments	-	1,029	-	-	-	-	-	1,029	-	1,029
Net profit for the year	-	-	-	-	-	-	167,558	167,558	13,492	181,050
Dividend paid	-	-	-	-	-	-	(20,000)	(20,000)	(13,839)	(33,839)
Change of ownership interest in subsidiary	-	-	-	(3,910)	(184)	(235)	(1,322)	(5,651)	328,668	323,017
Revaluation of associate following acquisition of controlling interest	-	-	-	34,244	-	-	-	34,244	-	34,244
Movement in fair value of available-for-sale investments	-	-	-	-	(614)	-	-	(614)	(1,224)	(1,838)
Movement in deferred tax available-for-sale investments	-	-	-	-	(2)	-	-	(2)	(1)	(3)
Movement in fair value of associated companies	-	-	-	1,381	(5,546)	-	-	(4,165)	(21)	(4,186)
Associated companies sold	-	-	-	-	(2,212)	3,211	-	999	-	999
Available-for-sale investments sold	-	-	-	-	31	-	-	31	2	33
Foreign currency translation adjustment	-	-	-	-	-	636	-	636	(933)	(297)
Transfer to statutory reserve	-	-	16,820	-	-	-	(16,820)	-	-	-
<b>At 31 December 2006 (restated)</b>	<b>353,525</b>	<b>167,347</b>	<b>25,598</b>	<b>46,044</b>	<b>16,151</b>	<b>(4,144)</b>	<b>187,572</b>	<b>438,568</b>	<b>331,562</b>	<b>1,123,655</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2007 (Expressed in thousands of United States Dollars)

	2007	2006 (Restated)
<b>Cash flows from operating activities</b>		
Profit before taxes and minority interests	208,316	193,175
Adjustments for:		
Share based payments	5,321	1,029
Depreciation and amortisation	20,542	6,823
Changes in fair value of investment property	(36,033)	(13,205)
Gain on sale of subsidiary	-	(105,541)
Income from associated companies	(8,353)	(20,308)
Operating profit before changes in operating assets and liabilities	189,793	61,973
(Increase) in due from banks	(14,273)	(1,840)
Net decrease/(increase) of trading securities	394	(196)
(Increase) in investments in financings	(246,993)	(182,048)
(Increase)/decrease of investment securities	(183,694)	166,700
(Increase)/decrease in accounts receivable	(35,928)	74,177
Increase/(decrease) in accounts payable, excluding taxes	80,286	(28,432)
Increase/(decrease) in investment accounts	362,359	(176,640)
Taxes (paid)/refunded	(6,549)	1,435
Net cash provided by/(used in) operating activities	145,395	(84,871)
<b>Cash flows from investing activities</b>		
Cash inflow on sale of a subsidiary	-	134,376
Cash inflow on purchase of a subsidiary	-	22,447
Cash inflow on conversion of associate to subsidiary	-	233,899
Dividends from associated companies	1,169	4,596
Investments in associated companies	(52,158)	(71,551)
Sale of associated companies	17,042	18,521
Purchase of investment property	(236,722)	(7,910)
Sale of investment property	130,329	7,720
Purchase of property, plant and equipment and intangibles	(105,699)	(14,949)
Sale of property, plant and equipment and intangibles	-	11,015
Net cash (used in)/provided by investing activities	(246,039)	338,164
<b>Cash flows from financing activities</b>		
Other borrowings	123,239	-
Treasury shares purchased	(25,790)	(12,985)
Treasury shares sold	28,130	-
Dividends paid	(47,520)	(20,000)
Dividends paid to minority shareholders of subsidiaries	(21,812)	(13,839)
Proceeds from issuance of shares	-	397,500
Proceeds from issuance of shares in subsidiaries	-	1,435
Share issue expenses paid	-	(14,672)
Net cash provided by financing activities	56,247	337,439
Foreign currency translation adjustments	(276)	3,709
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(44,673)</b>	<b>594,441</b>
Cash and cash equivalents at beginning of year	619,977	25,536
<b>Cash and cash equivalents at end of year</b>	<b>575,304</b>	<b>619,977</b>

The above Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows have been extracted from the Consolidated Financial Statements of Ithmaar Bank B.S.C for the year ended 31 December 2007, which were approved by the Board of Directors on 24 February 2008 and on which an unqualified audit opinion was issued by PricewaterhouseCoopers, Kingdom of Bahrain.

**Khalid Abdulla-Janahi**  
Chairman

**Michael P. Lee**  
CEO and Director

**Graham R. Walker**  
Director