

## CONSOLIDATED BALANCE SHEET

At 31 December 2007

	2007 US\$ 000	2006 US\$ 000
<b>ASSETS</b>		
Demand and call deposits with banks	79,613	47,073
Time deposits with banks	459,923	459,294
Investments carried at fair value through statement of income	356,469	344,001
Non-trading investments	565,167	526,452
Loans and advances	291,866	308,280
Investment properties	26,815	17,649
Other assets	74,459	50,329
Investments in associated companies	790,367	579,910
Property and equipment	11,545	6,971
Goodwill	11,409	10,775
<b>TOTAL ASSETS</b>	<b>2,667,633</b>	<b>2,350,734</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Due to banks and other financial institutions	586,683	723,521
Deposits from customers	438,112	391,652
Loans and murabaha payable	577,549	366,399
Other liabilities	88,215	52,138
Bonds	72,336	124,173
Subordinated debt	100,000	100,000
<b>TOTAL LIABILITIES</b>	<b>1,862,895</b>	<b>1,757,883</b>
<b>EQUITY</b>		
Share capital	203,747	200,526
Share premium	4,360	1,136
Treasury shares	(341)	(341)
Statutory reserve	68,767	46,681
General reserve	49,252	27,166
Treasury shares reserve	13,551	13,551
Fair value reserve	52,744	71,234
Foreign currency translation reserve	47,756	13,624
Retained earnings	221,919	115,584
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>661,755</b>	<b>489,161</b>
<b>MINORITY INTERESTS</b>	<b>142,983</b>	<b>103,690</b>
<b>TOTAL EQUITY</b>	<b>804,738</b>	<b>592,851</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,667,633</b>	<b>2,350,734</b>

## CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2007

	2007 US\$ 000	2006 US\$ 000
Investment income	200,095	96,485
Interest income	46,121	34,505
	<b>246,216</b>	<b>130,990</b>
Fees and commissions	81,384	54,452
Foreign exchange revaluation gains, net	6,714	2,840
Share of results of associated companies	106,933	53,548
<b>Total income</b>	<b>441,247</b>	<b>241,830</b>
Interest expense	(81,545)	(66,065)
<b>Operating income before expenses and provisions</b>	<b>359,702</b>	<b>175,765</b>
Salaries and benefits	(46,309)	(33,077)
General and administrative expenses	(28,980)	(20,296)
<b>Operating income before provisions</b>	<b>284,413</b>	<b>122,392</b>
Impairment loss on non trading investments	(3,831)	-
Provision for doubtful loans and guarantees, net	(12,306)	(2,352)
<b>INCOME FOR THE YEAR</b>	<b>268,276</b>	<b>120,040</b>
Income attributable to minority interests	(47,421)	(18,572)
<b>Income attributable to equity holders of the parent</b>	<b>220,855</b>	<b>101,468</b>
Basic earnings per share (US cents)	27.3	12.8
Diluted earnings per share (US cents)	26.9	12.7

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2007

	2007 US\$ 000	2006 US\$ 000
Net cash from operating activities	36,976	118,287
Net cash used in investing activities	(119,956)	(113,839)
Net cash from financing activities	78,317	124,160
Foreign currency translation adjustments	34,132	4,286
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>29,469</b>	<b>132,894</b>
Cash and cash equivalent at 1 January	482,242	349,348
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>511,711</b>	<b>482,242</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Attributable to shareholders of the parent											
	Share capital US\$ 000	Share premium US\$ 000	Treasury shares US\$ 000	Statutory reserve US\$ 000	General reserve US\$ 000	Treasury share reserve US\$ 000	Fair value reserve US\$ 000	Foreign currency translation reserve US\$ 000	Retained earnings US\$ 000	Total US\$ 000	Minority interest US\$ 000	Total equity US\$ 000
Balance at 1 January 2006	200,114	673	(12,052)	36,534	17,019	1,280	39,180	9,338	84,252	376,338	95,803	472,141
Net movement in cumulative changes in fair values	-	-	-	-	-	-	32,054	-	-	32,054	(5,394)	26,660
Foreign currency translation adjustment	-	-	-	-	-	-	-	4,286	-	4,286	-	4,286
Other movements in equity of subsidiaries and associated companies	-	-	-	-	-	-	-	-	2,556	2,556	-	2,556
Net income recognised directly in equity	-	-	-	-	-	-	32,054	4,286	2,556	38,896	(5,394)	33,502
Income for the year	-	-	-	-	-	-	-	-	101,468	101,468	18,572	120,040
Total recognised income and expense for the year	-	-	-	-	-	-	32,054	4,286	104,024	140,364	13,178	153,542
Transfers during the year	-	-	-	10,147	10,147	-	-	-	(20,294)	-	-	-
Other movements in minority interests	-	-	-	-	-	-	-	-	-	-	4,660	4,660
Sale of treasury shares	-	-	11,711	-	-	12,271	-	-	-	23,982	-	23,982
Shares issued	412	463	-	-	-	-	-	-	-	875	-	875
Effect of employee share option plan under IFRS 2	-	-	-	-	-	-	-	-	655	655	-	655
Dividends	-	-	-	-	-	-	-	-	(53,053)	(53,053)	-	(53,053)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(9,951)	(9,951)
Balance at 31 December 2006	200,526	1,136	(341)	46,681	27,166	13,551	71,234	13,624	115,584	489,161	103,690	592,851
Net movement in cumulative changes in fair values	-	-	-	-	-	-	(18,490)	-	-	(18,490)	6,095	(12,395)
Foreign currency translation adjustment	-	-	-	-	-	-	-	34,132	-	34,132	-	34,132
Other movements in equity of subsidiaries and associated companies	-	-	-	-	-	-	-	-	(2,119)	(2,119)	-	(2,119)
Net income recognised directly in equity	-	-	-	-	-	-	(18,490)	34,132	(2,119)	13,523	6,095	19,618
Income for the year	-	-	-	-	-	-	-	-	220,855	220,855	47,421	268,276
Total recognised income and expense for the year	-	-	-	-	-	-	(18,490)	34,132	218,736	234,378	53,516	287,894
Transfers during the year	-	-	-	22,086	22,086	-	-	-	(44,172)	-	-	-
Other movements in minority interests	-	-	-	-	-	-	-	-	-	-	(55)	(55)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Shares issued	3,221	3,224	-	-	-	-	-	-	-	6,445	-	6,445
Effect of employee share option plan under IFRS 2	-	-	-	-	-	-	-	-	1,529	1,529	-	1,529
Dividends	-	-	-	-	-	-	-	-	(69,758)	(69,758)	-	(69,758)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(14,168)	(14,168)
<b>Balance at 31 December 2007</b>	<b>203,747</b>	<b>4,360</b>	<b>(341)</b>	<b>68,767</b>	<b>49,252</b>	<b>13,551</b>	<b>52,744</b>	<b>47,756</b>	<b>221,919</b>	<b>661,755</b>	<b>142,983</b>	<b>804,738</b>

Faisal Hamad Al-Ayyar  
Chairman

Masaud Johar Hayat  
Managing Director

William Khouri  
Chief Executive Officer

The above Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity have been extracted from the Consolidated Financial Statement of United Gulf Bank B.S.C. for the year ended 31 December 2007, which were approved by the Board of Directors on 16 February 2008 and on which an unqualified audit opinion was issued by Ernst & Young, Kingdom of Bahrain.

### Major Subsidiaries



### Major Associates

