

Statement of Income

For the year ended 31 December 2008

	2008 US\$ '000	2007 US\$ '000
INCOME		
Investment banking fees	22,725	22,776
Income on due from financial institutions	5,292	4,307
Unrealised loss on available for sale securities	(130)	(283)
Gain/(loss) on sale of investments, net	729	(14)
Gain on investment property	-	1,368
Unrealised gain on financial assets fair valued through statement of income	145	456
Unrealised gain on financial assets held for trading	5,496	-
Dividend income	667	326
Other income	27	-
TOTAL INCOME	34,951	28,936
EXPENSES		
Corporate expenses	4,416	3,256
Deal acquisition expenses	4,778	2,031
Selling expenses	3,301	4,378
Asset management expenses	1,179	946
General and administration expenses	2,930	2,465
Expense on due to financial institutions	-	90
TOTAL EXPENSES	16,604	13,166
OPERATING INCOME	18,347	15,770
Share of (loss)/profit from associate	(4,096)	3,177
NET INCOME BEFORE IMPAIRMENT AND FOREIGN EXCHANGE GAINS AND LOSSES	14,251	18,947
Provision for impairment	(688)	-
(Loss)/gain on foreign exchange	(45)	2,162
NET INCOME FOR THE YEAR	13,518	21,109

Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Total reserves US\$ '000	Proposed appropriations US\$ '000	Total US\$ '000
Balance at 1 January 2008	109,996	(113)	71,867	24,418	10,226	216,394
Cumulative changes in fair value	-	-	-	(2,532)	-	(2,532)
Income recognised directly in equity	-	-	-	(2,532)	-	(2,532)
Net income for the year	-	-	-	13,518	-	13,518
Total income and expenses for the year	-	-	-	10,986	-	10,986
Purchase of treasury shares at premium	-	(6,798)	-	-	-	(6,798)
Sale of treasury shares at premium	-	113	183	-	-	296
Dividend paid	-	-	-	-	(10,226)	(10,226)
Proposed appropriation	-	-	-	(7,700)	7,700	-
Balance at 31 December 2008	109,996	(6,798)	72,050	27,704	7,700	210,652
Balance at 1 January 2007	43,000	(113)	-	14,238	4,290	61,415
Cumulative changes in fair value	-	-	-	(703)	-	(703)
Income recognised directly in equity	-	-	-	(703)	-	(703)
Net income for the year	-	-	-	21,109	-	21,109
Total income and expenses for the year	-	-	-	20,406	-	20,406
Dividend paid	-	-	-	-	(4,290)	(4,290)
Proceeds from issue of share capital net of share issue expenses	66,996	-	71,867	-	-	138,863
Proposed appropriation	-	-	-	(10,226)	10,226	-
Balance at 31 December 2007	109,996	(113)	71,867	24,418	10,226	216,394

Balance Sheet

At 31 December 2008

	2008 US\$ '000	2007 US\$ '000
ASSETS		
Cash and balances with banks	2,205	3,668
Due from financial institutions	118,268	211,396
Receivables	33,813	3,968
Investments	57,048	24,113
Investment in associates	5,836	12,288
Other assets	595	821
Equipment	953	1,066
TOTAL ASSETS	218,718	257,320
LIABILITIES AND EQUITY		
Other liabilities	8,066	40,926
TOTAL LIABILITIES	8,066	40,926
EQUITY		
Share capital	109,996	109,996
Treasury shares	(6,798)	(113)
Share premium	72,050	71,867
Reserves	27,704	24,418
Proposed appropriations	7,700	10,226
TOTAL EQUITY	210,652	216,394
TOTAL LIABILITIES AND EQUITY	218,718	257,320

Statement Of Cash Flows

For the year ended 31 December 2008

	2008 US\$ '000	2007 US\$ '000
OPERATING ACTIVITIES		
Net income for the year	13,518	21,109
Adjustments for:		
Depreciation	347	365
Unrealised gain on financial assets fair valued through statement of income	(145)	(456)
Unrealised gain on financial assets held for trading	(5,496)	-
Unrealised loss on available for sale securities	130	283
(Gain)/loss on sale of investments, net	(729)	14
(Gain) on sale of investment property	-	(1,368)
Share of loss/(profit) of associate	4,096	(3,177)
Provision for impairment	688	-
	12,409	16,770
Changes in operating assets and liabilities:		
Receivables	(29,845)	-
Other assets	226	9,807
Other liabilities	(32,607)	27,797
Purchase of investments	(45,901)	(14,230)
Proceeds from disposal of investments	18,652	2,730
Net cash (used in) from operating activities	(77,066)	42,874
INVESTING ACTIVITIES		
Purchase of investment in associate	(311)	(9,111)
Proceeds from sale of investment property	-	4,652
Purchase of equipment	(234)	(659)
Net cash used in investing activities	(545)	(5,118)
FINANCING ACTIVITIES		
Purchase of treasury shares	(6,798)	-
Proceeds from sale of treasury shares	296	-
Proceeds from issue of shares, net	-	138,863
Dividends paid	(10,478)	(4,278)
Due to financial institutions	-	(20,000)
Net cash (used in) from financing activities	(16,980)	114,585
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(94,591)	152,341
Cash and cash equivalents at beginning of the year	215,064	62,723
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	120,473	215,064
Cash and cash equivalents comprise:		
Cash and balances with banks	2,205	3,668
Due from financial institutions	118,268	211,396
	120,473	215,064

The above financial statements were approved for issue in accordance with a resolution of the Board of Directors on 16 February 2009 and have been extracted from financial statements audited by Ernst & Young, Kingdom of Bahrain, who expressed an unqualified opinion on 16 February 2009.

Saeed Abdul Jalil Al Fahim
Chairman

Aabed Al-Zeera
Chief Executive Officer and Board Member

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