



### Consolidated Statement of Financial Position

At 31 December 2010

	2010 US\$ 000	2009 US\$ 000
<b>ASSETS</b>		
Demand and call deposits with banks	27,914	20,328
Time deposits with banks	167,257	176,203
Investments carried at fair value through statement of income	126,661	155,315
Non-trading investments	385,770	715,321
Loans and receivables	57,920	52,595
Other assets	46,950	46,203
Investments in associates and joint venture accounted for under the equity method	1,026,065	647,852
Investment properties	21,178	26,794
Property and equipment	1,074	983
Goodwill	56,296	55,168
Assets of disposal group classified as held for sale	-	473,937
<b>TOTAL ASSETS</b>	<b>1,917,085</b>	<b>2,370,699</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Due to banks and other financial institutions	435,624	458,347
Deposits from customers	139,568	227,183
Loans	501,432	500,986
Bonds	71,187	68,888
Subordinated debt	100,000	100,000
Other liabilities	68,500	72,002
Liabilities of disposal group classified as held for sale	-	370,968
<b>TOTAL LIABILITIES</b>	<b>1,316,311</b>	<b>1,798,374</b>
<b>EQUITY</b>		
Share capital	208,234	207,694
Treasury shares	(12,725)	(12,725)
Share premium	10,631	9,612
Statutory reserve	95,371	91,505
General reserve	75,856	71,990
Treasury share reserve	14,308	14,308
Fair value reserve	(21,374)	(30,966)
Foreign currency translation reserve	43,465	36,180
Retained earnings	140,860	119,870
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>554,626</b>	<b>507,468</b>
Non-controlling interests in equity	46,148	64,857
<b>TOTAL EQUITY</b>	<b>600,774</b>	<b>572,325</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,917,085</b>	<b>2,370,699</b>

### Consolidated Statement of Income

Year ended 31 December 2010

	2010 US\$ 000	2009 US\$ 000
<b>Continuing operations</b>		
Investment income	108,502	94,248
Interest income	12,699	18,111
Fees and commissions	121,201	112,359
Foreign currency translation gains - net	30,493	23,736
Share of results of associates and joint venture accounted for under the equity method - net	2,372	961
<b>Total income</b>	<b>163,248</b>	<b>124,546</b>
Interest expense	(49,262)	(51,301)
<b>Operating income before expenses and provisions</b>	<b>113,986</b>	<b>73,245</b>
Salaries and benefits	(26,916)	(25,519)
General and administrative expenses	(21,637)	(14,987)
<b>Operating income before provisions</b>	<b>65,433</b>	<b>32,739</b>
Impairment loss on investments	(29,280)	(19,747)
Write-back of provision for doubtful loans, guarantees and other assets - net	149	1,261
<b>Net profit for the year from continuing operations</b>	<b>36,302</b>	<b>14,253</b>
<b>Discontinued operations</b>		
Net profit for the year from discontinued operations	6,086	9,590
<b>NET PROFIT</b>	<b>42,388</b>	<b>23,843</b>
<b>Attributable to:</b>		
<b>Shareholders of the parent</b>		
from continuing operations	35,470	11,260
from discontinued operations	3,187	8,834
	<b>38,657</b>	<b>20,094</b>
<b>Non-controlling interests</b>		
from continuing operations	832	2,993
from discontinued operations	2,899	756
	<b>3,731</b>	<b>3,749</b>
	<b>42,388</b>	<b>23,843</b>
<b>Earnings per share</b>		
Basic earnings per share (US cents)	4.71	2.46
Diluted earnings per share (US cents)	4.70	2.45
Basic earnings per share from continuing operations (US cents)	4.32	1.38
Diluted earnings per share from continuing operations (US cents)	4.31	1.37

### Consolidated Statement of Cash Flows

Year ended 31 December 2010

	2010 US\$ 000	2009 US\$ 000
Net cash from operating activities	228,627	309,196
Net cash (used in) from investing activities	(193,270)	90,879
Net cash used in financing activities	(8,244)	(234,845)
Foreign currency translation adjustments	7,285	(35,922)
Movement in non-controlling interests	(22,440)	(51,105)

### NET CHANGE IN CASH AND CASH EQUIVALENTS

	2010 US\$ 000	2009 US\$ 000
Cash and cash equivalents at 1 January	183,160	104,957
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>195,118</b>	<b>183,160</b>

### Consolidated Statement of Changes in Equity

Year ended 31 December 2010

	Attributable to shareholders of the parent										Total before non-controlling interests US\$ 000	Non-controlling interests US\$ 000	Total equity US\$ 000
	Share capital US\$ 000	Treasury shares US\$ 000	Share premium 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				
Balance at 1 January 2010	207,694	(12,725)	9,612	91,505	71,990	14,308	(30,966)	36,180	119,870	507,468	64,857	572,325	
Profit for the year	-	-	-	-	-	-	-	38,657	38,657	38,657	3,731	42,388	
Other comprehensive income	-	-	-	-	-	-	9,592	7,285	-	16,877	988	17,865	
Total comprehensive income for the year	-	-	-	-	-	-	9,592	7,285	38,657	55,534	4,719	60,253	
Shares issued	540	-	1,019	-	-	-	-	-	-	1,559	-	1,559	
Transfers during the year	-	-	-	3,866	3,866	-	-	-	(7,732)	-	-	-	
Dividends	-	-	-	-	-	-	-	-	(10,249)	(10,249)	-	(10,249)	
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,580)	(2,580)	
Employee share option plan	-	-	-	-	-	-	-	-	314	314	-	314	
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(20,848)	(20,848)	
<b>Balance at 31 December 2010</b>	<b>208,234</b>	<b>(12,725)</b>	<b>10,631</b>	<b>95,371</b>	<b>75,856</b>	<b>14,308</b>	<b>(21,374)</b>	<b>43,465</b>	<b>140,860</b>	<b>554,626</b>	<b>46,148</b>	<b>600,774</b>	
Balance at 1 January 2009	206,232	(12,725)	8,171	89,495	69,980	14,308	2,375	72,102	253,100	703,038	112,213	815,251	
Profit for the year	-	-	-	-	-	-	-	-	20,094	20,094	3,749	23,843	
Other comprehensive loss	-	-	-	-	-	-	(33,341)	(35,922)	-	(69,263)	(4,409)	(73,672)	
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(33,341)	(35,922)	20,094	(49,169)	(660)	(49,829)	
Shares issued	1,462	-	1,441	-	-	-	-	-	-	2,903	-	2,903	
Transfers during the year	-	-	-	2,010	2,010	-	-	-	(4,020)	-	-	-	
Other movements in equity of subsidiaries and associated companies	-	-	-	-	-	-	-	-	338	338	-	338	
Dividends	-	-	-	-	-	-	-	-	(150,664)	(150,664)	-	(150,664)	
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,172)	(1,172)	
Employee share option plan	-	-	-	-	-	-	-	-	1,022	1,022	-	1,022	
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(45,524)	(45,524)	
Balance at 31 December 2009	207,694	(12,725)	9,612	91,505	71,990	14,308	(30,966)	36,180	119,870	507,468	64,857	572,325	

### Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	2010 US\$ 000	2009 US\$ 000	2010 US\$ 000	2009 US\$ 000
<b>NET PROFIT</b>	<b>42,388</b>	<b>23,843</b>		
<b>Other comprehensive income (loss):</b>				
Foreign currency translation reserve	7,914	(37,792)	50,352	(56,824)
Fair value reserve	9,993	(33,668)	5,182	7,655
Share of other comprehensive loss of associates and joint venture accounted for under equity method	(3,138)	(2,133)	55,534	(49,169)
Cash flow hedges	3,096	(79)		
<b>Other comprehensive income (loss)</b>	<b>17,865</b>	<b>(73,672)</b>	<b>1,820</b>	<b>(1,055)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>60,253</b>	<b>(49,829)</b>	<b>2,899</b>	<b>395</b>
			<b>4,719</b>	<b>(660)</b>
			<b>60,253</b>	<b>(49,829)</b>
<b>Attributable to:</b>				
<b>Shareholders of the parent</b>				
from continuing operations			50,352	(56,824)
from discontinued operations			5,182	7,655
<b>Non-controlling interests</b>			1,820	(1,055)
from continuing operations			2,899	395
from discontinued operations			4,719	(660)
			<b>60,253</b>	<b>(49,829)</b>

The above Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Consolidated Statement of Comprehensive Income have been extracted from the Consolidated Financial Statements of United Gulf Bank B.S.C. for the year ended 31 December 2010, which were approved by the Board of Directors on 22 February 2011 and on which an unqualified audit opinion was issued by Ernst & Young, Kingdom of Bahrain.

Masaud Hayat  
Chairman

Faisal Hamad Al-Ayyar  
Director

Mohammad Haroon  
Acting Chief Executive Officer

#### Major Subsidiaries



بنك الخليج المتحد للخدمات المالية - شمال افريقيا  
United Gulf Financial Services - North Africa



شركة الخليج للخدمات المالية  
Al Dhiyafa Holding Company



بنك بركان  
BURGAN BANK



شركة منافع للاستثمار  
Manafac Investment Company



ROYAL  
CAPITAL



ROYAL  
CAPITAL



بنك سورية والخليج  
Syria Gulf Bank



شركة الصناعات المتحدة  
United Industries Company



United  
Networks



شركة العقارات المتحدة  
United Real Estate Company