

CONSOLIDATED BALANCE SHEET
30 June 2008 (Unaudited)

	30 June 2008 US\$ 000	Audited 31 December 2007 US\$ 000	30 June 2007 US\$ 000
ASSETS			
Demand and call deposits with banks	30,033	79,613	95,908
Time deposits with banks	298,257	459,923	644,103
Investments carried at fair value through statement of income	411,830	356,469	330,145
Non-trading investments	606,456	565,167	449,200
Loans and advances	38,330	291,866	241,630
Investment properties	27,130	26,815	17,655
Other assets	55,781	74,459	65,246
Investments in associated companies	643,083	790,367	632,041
Property and equipment	2,050	11,545	9,083
Goodwill	11,409	11,409	10,775
Assets of disposal group classified as held for sale	1,016,031	-	-
TOTAL ASSETS	3,140,390	2,667,633	2,495,786
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	512,730	586,683	547,645
Deposits from customers	106,946	438,112	362,626
Loans and murabaha payable	826,989	577,549	580,617
Other liabilities	44,036	88,215	87,851
Bonds	74,762	72,336	124,421
Subordinated debt	100,000	100,000	100,000
Liabilities of disposal group classified as held for sale	666,359	-	-
TOTAL LIABILITIES	2,331,822	1,862,895	1,803,160
EQUITY			
Share capital	205,095	203,747	202,391
Share premium	6,685	4,360	2,820
Treasury shares	(341)	(341)	(341)
Statutory reserve	68,767	68,767	46,681
General reserve	49,252	49,252	27,166
Treasury shares reserve	13,551	13,551	13,551
Fair value reserve	80,898	52,744	49,101
Foreign currency translation reserve	70,690	47,756	15,472
Retained earnings	161,433	221,919	213,880
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	656,030	661,755	570,721
MINORITY INTERESTS	152,538	142,983	121,905
TOTAL EQUITY	808,568	804,738	692,626
TOTAL LIABILITIES AND EQUITY	3,140,390	2,667,633	2,495,786

CONSOLIDATED STATEMENT OF INCOME
For the six month period ended 30 June 2008 (Unaudited)

	Three month period ended 30 June		Six month period ended 30 June	
	2008 US\$ 000	2007 US\$ 000	2008 US\$ 000	2007 US\$ 000
Investment income	39,132	59,354	62,583	156,116
Interest income	3,197	3,621	6,429	8,557
Fees and commissions	42,329	62,975	69,012	164,673
Foreign exchange revaluation gains, net	12,538	11,237	28,401	33,329
Share of results of associated companies	(586)	296	2,156	373
	8,609	14,925	13,384	45,548
Total income	62,890	89,433	112,953	243,923
Interest expense	(15,914)	(15,445)	(32,603)	(33,237)
Operating income before expenses and provisions	46,976	73,988	80,350	210,686
Salaries and benefits	(11,749)	(13,393)	(22,399)	(23,788)
General and administrative expenses	(4,372)	(4,118)	(10,764)	(10,727)
Operating income before provisions	30,855	56,477	47,187	176,171
Writeback/(Provision) for doubtful loans, guarantees and other assets, net	260	(5,885)	1,164	(7,026)
Profit for the period from continuing operations	31,115	50,592	48,351	169,145
Profit for the period from discontinued operations	18,056	13,304	38,915	27,770
INCOME FOR THE PERIOD	49,171	63,896	87,266	196,915
Income attributable to minority interests	8,412	11,087	15,764	28,647
Income attributable to equity shareholders of the parent	40,759	52,809	71,502	168,268
Basic earnings per share (US cents)	4.99	6.52	8.76	20.90
Diluted earnings per share (US cents)	4.92	6.47	8.65	20.65
Basic earnings per share for continuing operations (US cents)	2.99	5.03	4.47	17.80
Diluted earnings per share for continuing operations (US cents)	2.95	4.99	4.41	17.58

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2008 (Unaudited)

	Six month period ended 30 June	
	2008 US\$ 000	2007 US\$ 000
Net cash (used in) from operating activities	(307,320)	20,947
Net cash (used in) from investing activities	(19,439)	5,226
Net cash from financing activities	114,916	138,503
Foreign currency translation adjustments	22,934	1,848
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	(188,909)	166,524
Cash and cash equivalent at 1 January	511,711	482,242
CASH AND CASH EQUIVALENTS AT 30 JUNE	322,802	648,766

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2008 (Unaudited)

	Attributable to equity 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 interests US\$ 000	Total equity US\$ 000
Balance at 1 January 2008	203,747	4,360	(341)	68,767	49,252	13,551	52,744	47,756	221,919	661,755	142,983	804,738
Net movement in cumulative changes in fair values	-	-	-	-	-	-	28,154	-	-	28,154	5,477	33,631
Foreign currency translation adjustment	-	-	-	-	-	-	-	22,934	-	22,934	2,570	25,504
Net income recognised directly in equity	-	-	-	-	-	-	28,154	22,934	-	51,088	8,047	59,135
Income for the period	-	-	-	-	-	-	-	-	71,502	71,502	15,764	87,266
Total recognised income for the period	-	-	-	-	-	-	28,154	22,934	71,502	122,590	23,811	146,401
Other movements in minority interests	-	-	-	-	-	-	-	-	-	-	1,944	1,944
Shares issued	1,348	2,325	-	-	-	-	-	-	-	3,673	-	3,673
Effect of employee share option plan under IFRS 2	-	-	-	-	-	-	-	-	532	532	-	532
Dividends	-	-	-	-	-	-	-	-	(132,520)	(132,520)	-	(132,520)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,200)	(16,200)
Balance at 30 June 2008	205,095	6,685	(341)	68,767	49,252	13,551	80,898	70,690	161,433	656,030	152,538	808,568
Balance at 1 January 2007	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	-	-	-	-	-	-	(22,133)	-	-	(22,133)	4,895	(17,238)
Foreign currency translation adjustment	-	-	-	-	-	-	-	1,848	-	1,848	-	1,848
Other movements in equity of subsidiaries and associated companies	-	-	-	-	-	-	-	-	(1,140)	(1,140)	-	(1,140)
Net income recognised directly in equity	-	-	-	-	-	-	(22,133)	1,848	(1,140)	(21,425)	(4,895)	(16,530)
Income for the period	-	-	-	-	-	-	-	-	168,268	168,268	28,647	196,915
Total recognised income and expense for the period	-	-	-	-	-	-	(22,133)	1,848	167,128	146,843	33,542	180,385
Other movements in minority interests	-	-	-	-	-	-	-	-	-	-	(2,018)	(2,018)
Shares issued	1,865	1,684	-	-	-	-	-	-	-	3,549	-	3,549
Effect of employee share option plan under IFRS 2	-	-	-	-	-	-	-	-	927	927	-	927
Dividends	-	-	-	-	-	-	-	-	(69,759)	(69,759)	-	(69,759)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(13,309)	(13,309)
Balance at 30 June 2007	202,391	2,820	(341)	46,681	27,166	13,551	49,101	15,472	213,880	570,721	121,905	692,626

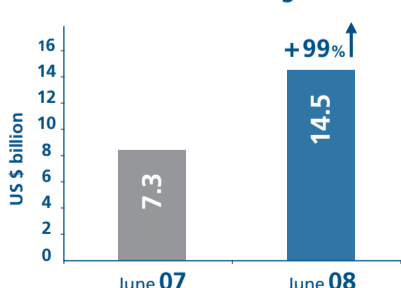
The above Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity have been extracted from the Interim Condensed Consolidated Financial Statements of United Gulf Bank B.S.C. for the six months ended 30 June 2008, which were approved by the Board of Directors on 28 July 2008 and were reviewed by Ernst & Young, Kingdom of Bahrain.

Faisal Hamad Al-Ayyar
Chairman

Masaud Johar Hayat
Managing Director

Mohammad Haroon
Acting Chief Executive Officer

Assets Under Management



US\$ 303 million
gain from realizations
in July
to be recorded
in 2nd half of 2008

**New 3 year
Club Deal for
US\$ 115 million**
signed in June 2008

**Normalized
Net Profit Growth
+10.3%**

Major Subsidiaries



Major Associates

