GULF FINANCE HOUSE BSC

INTERIM CONSOLIDATED FINANCIAL INFORMATION
30 SEPTEMBER 2007

Commercial registration	:	44136 (registered with Central Bank of Bahrain as an offshore Islamic investment bank).
Office	:	Al Salam Building Diplomatic Area PO Box 10006, Manama, Kingdom of Bahrain
Directors	:	Esam Yousif A. Janahi, *Chairman* Hamad A Aziz Al-Shaya, *Vice Chairman* Abdul Latif Abdullah Al-Meer Adel Dawood Al-Ohali Buti Bin Khalifa Al-Flasi Khalid Mohamed Najibi Samir Yacoub Al-Nefaisi Waleed A.Rahman Al-Ruwaih Yousif A.Latif Al-Sarkal Yousuf Mohammed Khayat
Acting Chief Executive Officer	:	Peter Panayiotou
Company secretary	:	Dr Haider Majali
Auditors	:	KPMG

GULF FINANCE HOUSE BSC

INTERIM CONSOLIDATED FINANCIAL INFORMATION
for the nine months ended 30 September 2007

CONTENTS

	Page
Independent report on review of interim consolidated financial information	1
Interim consolidated financial information	
Condensed consolidated balance sheet	2
Condensed consolidated income statement	3
Condensed consolidated statement of changes in equity	4-5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in restricted investment accounts	7-8
Notes	9-12

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Independent report on review of interim consolidated financial information
on the 30 September 2007 interim consolidated financial information

To

The Directors
Gulf Finance House BSC
Manama
Kingdom of Bahrain

22 October 2007

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Gulf Finance House BSC (the 'Bank') and its subsidiaries (together, the "Group") as of 30 September 2007, and the related condensed consolidated statements of income, changes in equity, cash flows and changes in restricted investment accounts for the nine month period then ended (the interim consolidated financial information). The Directors of the Bank are responsible for the preparation and presentation of this interim consolidated financial information set out on pages 2 to 12 in accordance with International Financial Reporting Standard IAS 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 - Interim Financial Reporting.

KPMG

CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 September 2007

US$ 000's

	Note	30 September 2007 (reviewed)	31 December 2006 (audited)	30 September 2006 (reviewed)
ASSETS				
Cash and bank balances		9,008	15,050	11,974
Placements with financial and other institutions		937,758	687,765	688,977
Islamic financing assets		78,261	98,927	78,559
Assets held-for-sale	5	522,196	24,196	18,546
Investment in associates	6	256,491	36,926	24,376
Investment securities	7	300,159	398,130	339,172
Other assets	8	185,071	235,456	131,831
Equipment		6,445	4,434	3,633
Total assets		**2,295,389**	1,500,884	1,297,068
LIABILITIES				
Investors' funds		141,807	348,553	322,181
Placements from financial and other institutions		590,941	253,056	241,726
Customers' current accounts		-	7,297	7,606
Islamic financing liabilities	9	511,296	87,860	-
Liabilities held-for-sale	5	192,000	-	-
Other liabilities		91,791	77,454	61,282
Total liabilities		**1,527,835**	774,220	632,795
Unrestricted investment accounts		-	58,920	30,169
EQUITY				
Share capital	4	238,921	215,382	215,037
Treasury shares		(10,209)	(14,127)	(10,009)
Share premium	4	180,382	178,321	178,321
Statutory reserve		46,075	46,337	24,591
Investments fair value reserve		940	364	988
Retained earnings		311,445	239,663	225,176
Subsidiary company share grants		-	1,804	-
Total equity (page 4)		**767,554**	667,744	634,104
Total liabilities, unrestricted investment accounts and equity		**2,295,389**	1,500,884	1,297,068
Off-balance sheet items				
Restricted investment accounts (page 7)		**103,203**	123,393	99,738

Esam Yousif A. Janahi
Chairman

Hamad A Aziz Al-Shaya
Vice Chairman

The Directors approved the interim consolidated financial information consisting of pages 2 to 12 on 22 October 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT
for the nine months ended 30 September 2007

US$ 000's

	Note	Nine months ended		Three months ended	
		30 September 2007 (reviewed)	30 September 2006 (reviewed)	**30 September 2007** (reviewed)	30 September 2006 (reviewed)
Continuing operations					
Income from investment advisory services	11	230,181	217,340	76,759	77,200
Placement, arrangement and management fees		11,747	16,727	4,973	7,021
Income from short-term placements		26,600	26,633	10,333	9,700
Income from Islamic financing		9,008	2,821	4,030	1,194
Income from investments in associates	6	12,602	3,445	650	-
Income from investment securities	12	92,789	2,551	50,406	920
Other income/ (losses), net		5,063	149	5,616	(779)
Total income		**387,990**	269,666	**152,767**	95,256
Staff costs		73,217	49,878	32,219	18,893
Investment advisory expenses		26,879	17,523	10,615	7,834
Finance expense on placements and Islamic financing liabilities		38,960	17,673	15,746	7,148
Allowance for impairment on investments		-	2,813	-	-
Other expenses		12,547	5,888	3,720	2,105
Total expenses		**151,603**	93,775	**62,300**	35,980
Profit from continuing operations		**236,387**	175,891	**90,467**	59,276
Loss from assets held-for-sale	5	(1,937)	-	(1,937)	-
Profit for the period		**234,450**	175,891	**88,530**	59,276
Attributable to:					
Shareholders of the parent bank		231,255	175,891	85,335	59,276
Minority interest		3,195	-	3,195	-
		234,450	175,891	**88,530**	59,276
Earnings per share attributable to shareholders of the parent bank					
Basic earnings per share (US cents)		**32.92**	25.20	**11.86**	8.26

The interim consolidated financial information consists of pages 2 to 12.

GULF FINANCE HOUSE BSC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2007

US$ 000's

30 September 2007 (reviewed)	Equity attributable to the shareholders of the parent bank									Minority Interest	Total Equity
	Share Capital	Advance towards share capital	Share premium	Treasury Shares	Subsidiary company share grants	Statutory reserve	Invest-ments fair value reserve	Retained earnings	Total		
Balance at 1 January 2007	212,674	2,708	178,321	(14,127)	1,804	46,337	364	239,663	667,744	-	667,744
Profit on sale of treasury shares	-	-	-	-	-	2,737	-	-	2,737	-	2,737
Net fair value changes during the period	-	-	-	-	-	-	319	-	319	-	319
Transfer to income statement on disposal of AFS investments	-	-	-	-	-	-	257	-	257	-	257
Net income recognised directly in equity	-	-	-	-	-	2,737	576	-	3,313	-	3,313
Profit for the period	-	-	-	-	-	-	-	231,255	231,255	3,195	234,450
Total recognised income and expense	-	-	-	-	-	**2,737**	**576**	**231,255**	**234,568**	**3,195**	**237,763**
Issue of bonus shares	25,600	-	-	-	-	-	-	(25,600)	-	-	-
Increase in share capital	647	(2,708)	2,061	-	-	-	-	-	-	-	-
Share grants vesting charge for the period	-	-	-	-	90	-	-	-	90	-	90
Dividend declared for 2006	-	-	-	-	-	-	-	(134,391)	(134,391)	-	(134,391)
Charity contribution declared for 2006	-	-	-	-	-	-	-	(1,598)	(1,598)	-	(1,598)
Board remuneration declared for 2006	-	-	-	-	-	-	-	(1,375)	(1,375)	-	(1,375)
Zakah contribution declared for 2006	-	-	-	-	-	-	-	(1,402)	(1,402)	-	(1,402)
Purchase of treasury shares	-	-	-	(51,476)	-	-	-	-	(51,476)	-	(51,476)
Sale of treasury shares	-	-	-	55,394	-	-	-	-	55,394	-	55,394
Allocation of minority interest on partial sale of shares in the subsidiary during the period	-	-	-	-	-	-	-	-	-	192,011	192,011
De-recognition on sale of controlling stake in a subsidiary					(1,894)	(2,999)	-	4,893	-	(195,206)	(195,206)
Balance at 30 September 2007	**238,921**	**-**	**180,382**	**(10,209)**	**-**	**46,075**	**940**	**311,445**	**767,554**	**-**	**767,554**

The interim consolidated financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2007 *(continued)*

US$ 000's

30 September 2006 (reviewed)	Share Capital	Advance towards share capital	Share premium	Treasury Shares	Statutory reserve	Invest-ments fair value reserve	Retained earnings	Total Equity
Balance at 1 January 2006	149,771	-	31,487	-	24,621	227	146,258	352,364
Net fair value changes during the period	-	-	-	-	-	1,847	-	1,847
Transfer to income statement on disposal of AFS investments	-	-	-	-	-	(1,086)	-	(1,086)
Net income / expense recognised directly in equity	-	-	-	-	-	761	-	761
Profit for the period							175,891	175,891
Total recognised income and expense						761	175,891	176,652
Issue of bonus shares	17,972	-	-	-	-	-	(17,972)	-
Advance towards share capital		2,363						2,363
Increase in share capital	44,931	-	142,963	-	-	-	-	187,894
Share issue expenses	-	-	(129)	-	-	-	-	(129)
Dividend declared for 2005	-	-	-	-	-	-	(71,890)	(71,890)
Charity contribution declared for 2005	-	-	-	-	-	-	(1,000)	(1,000)
Zakah contribution declared for 2005	-	-	-	-	-	-	(1,061)	(1,061)
Board remuneration paid for 2005	-	-	-	-	-	-	(1,050)	(1,050)
Purchase of treasury shares	-	-	-	(10,773)	-	-	-	(10,773)
Sale of treasury shares	-	-	-	764	(30)	-	-	734
Transfer from retained earnings to share premium			4,000				(4,000)	-
Balance at 30 September 2006	212,674	2,363	178,321	(10,009)	24,591	988	225,176	634,104

The interim consolidated financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2007

US$ 000's

	30 September 2007 (reviewed)	30 September 2006 (reviewed)
OPERATING ACTIVITIES		
Proceeds from investment advisory services	292,396	134,143
Net increase in customers' current accounts	63,682	2,516
Islamic financing assets, net	(119,124)	(11,406)
Short term financing of projects	(42,656)	20,090
Investors' funds paid, net	(152,544)	(144,188)
Placement, arrangement and management fees received	8,434	16,727
Income from short-term placements and Islamic financing received	35,609	30,569
Finance expense paid	(38,960)	(15,037)
Payments for expenses	(101,187)	(67,815)
Cash flows from operating activities	**(54,350)**	(34,401)
INVESTING ACTIVITIES		
Cash flows from partial sale of shares of a subsidiary, net (note 12)	(93,140)	-
Purchase of investment securities	(192,506)	(91,622)
Purchase of investment in associates	(152,446)	-
Proceeds from sale of investment securities	83,651	8,238
Acquisition of a subsidiary held-for-sale	(150,000)	-
Purchase of / advance paid for acquisition of trading property	(41,501)	(13,777)
Proceeds from sale of trading property	34,783	-
Income from investment securities	7,981	31
Purchase of equipment	(5,631)	(2,864)
Cash flows from investing activities	**(508,809)**	(99,994)
FINANCING ACTIVITIES		
Receipts from financial and other institutions, net	311,081	(11,747)
Sale/ acquisition of treasury shares, net	12,823	(10,037)
Proceeds from increase in share capital	-	190,257
Net funds from unrestricted investment accounts	82,120	(5,531)
Proceeds from Islamic financing, net	511,296	-
Board remuneration paid	(1,375)	(1,050)
Dividends paid	(130,022)	(72,573)
Cash flows from financing activities	**785,923**	89,319
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**222,764**	(45,076)
Cash and cash equivalents at 1 January	724,002	761,436
CASH AND CASH EQUIVALENTS at 30 September	**946,766**	716,360
Cash and cash equivalents comprise:		
Cash and balances with banks	9,008	11,974
Due from financial institutions and other institutions	937,758	688,976
Investments in Sukuk (short-term)	-	15,410
	946,766	716,360

The interim consolidated financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the nine months ended 30 September 2007

30 September 2007 (reviewed)	Balance at 1 January 2007			Movements during the period						Balance at 30 September 2007			
Company	No of units (000)	Average value per share US$	Total US$ 000's	Investment/ (withdrawal) US$ 000's	Revaluation US$ 000's	Gross income US$ 000's	Dividends paid US$ 000's	Bank's fees as an agent US$ 000's	Administration expenses US$ 000's	No of units (000)	Average value per share US$	**Total US$ 000's**	Total % ownership
Gulf Development Real Estate Company KSCC	10,910	0.35	3,772	(7)	(2)	-	-	-	-	10,884	0.35	3,763	7%
Kuwait National Real Estate Investment & Services Co. KSCC	6,870	0.35	2,376	(1,430)	(340)	-	-	-	-	1,750	0.35	605	23%
Bayan Holding Company KSCC	18,266	0.35	6,316	(4,418)	(1,052)	-	-	-	-	2,448	0.35	846	2%
Gulf Holding Company	23,919	0.35	8,271	(3,832)	(912)	-	-	-	-	10,200	0.35	3,527	1%
Gulf North Africa Holding Company KSCC	11,500	0.35	3,977	-	199	-	-	-	-	11,500	0.36	4,177	8%
Saudi Real Estate Company	936	13.33	12,472	-	29	-	-	-	-	936	13.36	12,501	31%
Al Basha'er Fund	753	8.97	6,751	(45)	-	1,983		(56)	-	748	11.54	8,633	2%
Pan European Fund	35.85	1,315.40	47,157	-	3,994	3,629	(3,629)	-	-	35.85	1426.80	51,151	90%
Energy City Qatar Holding Company	-	-	-	18,000	-	-	-	-	-	617.90	29.13	18,000	9%
Al Hareth French Property Fund *	24.65	1,310.40	32,301	(34,129)	1,077	2,378	(1,585)	(42)	-	-	-	-	-
			123,393	**(25,861)**	**2,993**	**7,990**	**(5,214)**	**(98)**	-	-	-	**103,203**	

*This restricted investment account has been de-recognised from the books as a result of de-consolidation on sale of a subsidiary during the period.

The interim consolidated financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the nine months ended 30 September 2007 *(continued)*

30 September 2006 (reviewed)	Balance at 1 January 2006			Movements during the period						Balance at 30 September 2006			
Company	No of units (000)	Average value per share US$	Total US$ 000's	Investment/ (withdrawal) US$ 000's	Adjustment / Revaluation US$ 000's	Gross income US$ 000's	Dividends paid US$ 000's	Bank's fees as an agent US$ 000's	Administration expenses US$ 000's	No of units (000)	Average value per share US$	**Total US$ 000's**	Total % ownership
Gulf Atlantic Real Estate Company Ltd	500	1.7208	860	(860)	-	62	(62)	-	-	-	-	-	0%
Gulf Atlantic FZ LLC	0.02	118,440	2,369	-	195	192	(128)	-	-	0.02	131,385.00	2,628	2.90%
Gulf Development Real Estate Company KSCC	10,910	0.341	3,718	7,137	55	-	-	-	-	31,550	0.35	10,910	6.02%
Menajet Holding SAL	200	10.00	2,000	(2,000)	-	-	-	-	-	-	-	-	0.00%
Kuwait National Real Estate Investment & Services Co. KSCC	6,250	0.375	2,344	(338)	35	-	-	-	-	5,800	0.35	2,041	3.57%
Bayan Holding Company KSCC	7,000	0.341	2,385	-	35	-	-	-	-	7,000	0.35	2,420	1%
Gulf North Africa Holding Company KSCC	11,650	0.349	4,070	-	59	-	-	-	-	11,650	0.35	4,129	8%
Pan European Fund	9	1,188.65	10,339	34,801	810	18	-	-	-	36	1282.31	45,968	90%
Al Hareth French Property Fund	25	1,186.25	29,241	-	2,401	2,367	(2,367)	-	-	25	1283.65	31,642	100%
			57,326	38,740	3,590	2,639	(2,557)	-	-			99,738	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
for the nine months ended 30 September 2007

1 The interim consolidated financial information has been prepared in summarised form in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

2 The interim consolidated financial information is not audited but has been reviewed by KPMG. The comparatives for the condensed consolidated balance sheet have been extracted from the audited consolidated financial statements for the year ended 31 December 2006 and the reviewed consolidated financial information for the nine months ended 30 September 2006. The comparatives for the condensed consolidated statements of income, cash flows, changes in equity and restricted investment accounts have been extracted from the reviewed interim consolidated financial information for the nine months ended 30 September 2006.

3 The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2006.

4 During the period, the paid up capital of the Bank increased from US$ 212,674 to US$ 238,921 and the share premium increased from US$ 178,321 to US$ 180,382 as a result of:

- issue of bonus shares (twelve shares for every hundred shares held) for 2006 amounting to US$ 25,600 thousand; and
- issue of ordinary shares of US$ 647 thousand at a premium of US$ 2,061 thousand.

5 **Assets and liabilities held-for-sale**

	30 September 2007 US$ 000's	31 December 2006 US$ 000's	30 September 2006 US$ 000's
Assets of a newly acquired subsidiary	398,000	-	-
Investments in associates	74,196	24,196	18,546
Investment in a water park	50,000	-	-
	522,196	24,196	18,546
Liabilities of a newly acquired subsidiary	**192,000**	-	-

During the current quarter the Bank developed a new leisure concept for a strategic site, in which a project company held an interest. In order to progress with the development of this concept and site the bank assumed control of the existing project company and entered into an agreement with the landowner which led to revisions in the site boundaries and changes in the property interest from leasehold to freehold for part of the site. In its normal course of business the Bank will structure the investment and place it with its client investors. Accordingly, the assets and liabilities of this project have been consolidated and disclosed as 'held-for-sale' in accordance with International Financial Reporting Standard ('IFRS') 5 "Non-current Assets Held for Sale and Discontinued Operations".

During the period, the Bank has acquired a water park from Al Areen Desert Spa & Resort Holding Company BSC (c) exclusively with a view of reselling it. The water park commenced operations on 1 August 2007 and the results of its operations have been accounted in the consolidated income statement under 'loss from assets held-for-sale' in accordance with IFRS 5.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
for the nine months ended 30 September 2007

6 Investment in associates

	30 September 2007 US$ 000's	31 December 2006 US$ 000's	30 September 2006 US$ 000's
- Designated at fair value through the income statement	35,993	26,626	24,376
- Equity accounted	220,498	10,300	-
	256,491	36,926	24,376

Income from investment in associates include fair value changes of US$ 11,952 thousands (30 September 2006: US$ 3,445 thousands) on 'investments in associates designated at fair value through the income statement'.

Investment in associates include investment in Khaleeji Commercial Bank BSC (c), which was until 30 June 2007 a subsidiary of the Bank. Following the partial sale of the subsidiary, the investment is now an associate (40.81%) and accounted for under the equity method (refer note 12).

7 Investment securities

	30 September 2007 US$ 000's	31 December 2006 US$ 000's	30 September 2006 US$ 000's
Available-for-sale investments	281,090	320,137	279,239
Held-to-maturity investments - Sukuks	19,069	77,993	59,933
	300,159	398,130	339,172

8 Other assets

	30 September 2007 US$ 000's	31 December 2006 US$ 000's	30 September 2006 US$ 000's
Project costs recoverable	8,814	6,873	4,231
Advisory fees receivable	3,938	123,404	65,799
Short-term financing to projects	97,295	36,288	36,292
Receivables from sale of trading properties	-	51,109	-
Receivable on sale of shares of subsidiary *	60,195	-	-
Trading properties	-	2,960	22,437
Prepayments and other receivables	14,829	14,822	3,072
	185,071	235,456	131,831

* The amount have been received subsequent to 30 September 2007.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
for the nine months ended 30 September 2007

9 **Islamic financing liabilities**

Islamic financing liabilities comprise of murabaha financing facility from a financial institution and financing raised through issue of Sukuk.

During the quarter, the Bank announced a US$ 1 billion medium term sharia'a compliant Sukuk issuance programme (the 'Programme'). The Programme provides a facility for the issuance of Sukuk Certificates in series (each, a "Series"). Under the terms of the Programme, the Bank has issued its first Series of Sukuk Certificates amounting to US$ 200 million during the current quarter. The Sukuk Certificates issued under the Programme have a tenure of 5 years and returns based on an agreed spread over the benchmark rate (LIBOR). The Sukuk Certificates issued are secured by a pool of assets of the Group and has a liquidity facility provided by the Bank to support timely payments of distributions under the Programme. The Sukuk Certificates issued have been admitted for trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market.

10 **Global Depository Receipts**

During the period, the Bank admitted its Global Depository Receipts ('GDR') for listing in the London Stock Exchange (LSE). The Bank and its shareholders offered 106.6 million shares in the form of GDRs in a secondary issue to investors in Europe and USA. Each GDR represents 10 ordinary shares of the Bank. Of the total 106.6 million shares offered for GDR, the Bank has sold 22,342,880 of its treasury shares for a gain of US$ 2,737 thousand.

11 **Income from investment advisory services**

During the third quarter, due to demand from clients the Bank increased the size of its Energy City India project from US$ 395 million to over US$ 630 million and revised the project structure and terms, which were subsequently communicated to investors. The increased project size resulted in additional advisory income of US$ 70 million for the current quarter. In addition, during the period, the Bank has also recognised income of US$ 9 million following a capital restructuring of another project on which income was recognised in the previous year.

12 **Partial sale of a subsidiary**

Income from investment securities include US$ 83,210 thousand arising from the sale of 59.19% stake in Khaleeji Commercial Bank BSC (c), which was a wholly owned subsidiary of the Bank. With effect from 30 September 2007, the subsidiary financial statements have been de-consolidated from the consolidated financial statements of the Group.

The partial sale of the subsidiary has been presented in the cash flow statement in accordance with International Accounting Standard 7 "Cash Flow Statements" as follows:

	US$ 000's
Total assets de-consolidated on sale	661,901
Total liabilities and minority interest de-consolidated on sale	(335,408)
Net assets removed on de-consolidation	326,493
Less: Carrying value of investment in subsidiary retained	(134,578)
Net carrying value of investments disposed	191,915
Add: Profit on sale of investments	83,210
Gross consideration	275,125
Less: Consideration outstanding as at 30 September 2007 *	(60,195)
Consideration received during the period	214,930
Less: Cash and cash equivalents of the subsidiary on the date of deconsolidation	(308,070)
Net cash flow on partial sale of subsidiary	**(93,140)**

* The amount has been received subsequent to 30 September 2007.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
for the nine months ended 30 September 2007

13 **Related parties**

During the course of the Group's investment and advisory activities, a significant portion of the income arises from transactions with entities over which the Group exercises influence as well as with other related parties such as major shareholders, directors and executive management of the Group.

For the nine months ended 30 September 2007, the Group has recognised income from investment advisory services of US$ 230,181 (30 September 2006: US$ 217,340) arising from transactions with related parties.

14 **Commitments and contingencies**

The commitments contracted in the normal course of business of the Group:

	30 September 2007 US$ 000's	31 December 2006 US$ 000's
Commitments to invest	-	136,226
Un-drawn commitments to extend finance	-	8,050
Capital commitments	16,585	-

During 2005, the Group exited one of its investment projects and issued a corporate guarantee of up to £ 57 million, securing the buyer against any general indemnity, tax claim or liability that might arise under the terms of the agreement up to December 2008. In the opinion of the management, the possibility of the guarantee being invoked is negligible. The Group has also issued a guarantee to a financial institution to secure credit facility arrangement of US$ 3,440 thousand (31 December 2006: US$ US$ 3,440 thousand) for a project promoted by the Group.

Performance obligations

During the ordinary course of business, the Bank may enter into performance obligations in respect of its real estate development projects. It is the usual practice of the Bank to pass these performance obligations, wherever possible, on to the companies that own the projects. In the opinion of the management, no liabilities are expected to materialise on the Group at 30 September 2007 due to the performance of any of its projects.

15 Due to the effect of cyclical variations, the nine month results reported in this interim consolidated financial information may not represent a proportionate share of the overall annual results.

16 Appropriations of net profit are made only at the year end.

17 Certain prior period amounts have been reclassified to conform to the current period's presentation. Such reclassifications do not affect previously reported net profit or equity.