

**Unicorn Investment Bank B.S.C. (c)**  
Interim Condensed Consolidated  
Financial Statements

30 June 2009  
(Unaudited)



## Contents

- 3 Report on Review of the Interim Condensed Consolidated Financial Statements
- 4 Interim Consolidated Statement of Financial Position
- 5 Interim Consolidated Statement of Income
- 6 Interim Consolidated Statement of Comprehensive Income
- 7 Interim Consolidated Statement of Changes in Equity
- 8 Interim Consolidated Statement of Cash Flows
- 9 Notes to the Interim Condensed Consolidated Financial Statements

# Report on Review of the Interim Condensed Consolidated Financial Statements

to the Board of Directors of  
Unicorn Investment Bank B.S.C. (c)

## **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Unicorn Investment Bank B.S.C. (c) ("the Bank") and its subsidiaries ("the Group") as at 30 June 2009, comprising of the interim consolidated statements of financial position as at 30 June 2009 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and the explanatory notes. These interim condensed consolidated financial statements are the responsibility of the Bank's Board of Directors. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim consolidated 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 condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with note 2.

13 August 2009  
Manama, Kingdom of Bahrain

# Interim Consolidated Statement of Financial Position

At 30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

	Notes	30 June 2009	Audited 31 December 2008
<b>ASSETS</b>			
Cash and balances with banks		112,607	23,560
Due from financial institutions		308,600	396,614
Due from non-banks		61,054	14,120
Investment securities	3	320,929	328,560
Investments in associates		35,040	24,427
Investment properties		29,164	38,538
Inventories		9,272	10,695
Other assets	4	41,469	43,838
Premises and equipment		11,745	6,778
Assets held for sale		40,175	39,187
Goodwill and intangible assets		120,646	52,453
<b>TOTAL ASSETS</b>		<b>1,090,701</b>	<b>978,770</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to financial institutions		558,710	399,573
Due to non-banks	5	19,966	22,874
Other liabilities	6	28,810	88,856
Liabilities relating to assets held for sale		13,556	13,556
<b>TOTAL LIABILITIES</b>		<b>621,042</b>	<b>524,859</b>
<b>EQUITY</b>			
Share capital	7	215,578	183,740
Share premium		141,708	71,216
Statutory reserve		15,580	15,580
Fair value reserve		31,069	61,765
Foreign currency translation reserve		(6,038)	(5,606)
(Accumulated losses)/retained earnings		(11,702)	2,945
Total equity attributable to the shareholders of the parent		386,195	329,640
Advances for proposed increase in share capital		-	110,059
Non-controlling interests		76,905	7,901
Non-controlling interests held for sale		6,559	6,311
<b>TOTAL EQUITY</b>		<b>469,659</b>	<b>453,911</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,090,701</b>	<b>978,770</b>

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 13 August 2009 and signed on their behalf by:



**Yousef Abdullah Al-Shelash**  
Chairman



**Majid Al Sayed Bader Al-Refai**  
Managing Director & Chief Executive Officer

The attached explanatory notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# Interim Consolidated Statement of Income

For the six months and three months ended 30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

	Notes	Six months ended		Three months ended	
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
<b>Continuing operations</b>					
Investment banking fees	8	8,194	24,928	7,160	12,367
Other investment banking income	9	22,143	48,687	13,172	14,335
Investment banking income		30,337	73,615	20,332	26,702
Net expense from financial institutions	10	(5,355)	(3,998)	(3,446)	(1,019)
Non-banking activities income		11,743	-	11,743	-
Share of loss of associates		(1,517)	(740)	(1,007)	(820)
Sales from Victron Inc.	11	47,672	22,045	22,583	22,045
<b>Total income</b>		<b>82,880</b>	<b>90,922</b>	<b>50,205</b>	<b>46,908</b>
Operating expenses including non-banking activities expenses	12	46,771	43,169	31,356	19,055
Victron Inc. expenses		45,051	20,046	21,692	20,046
<b>Total expenses</b>		<b>91,822</b>	<b>63,215</b>	<b>53,048</b>	<b>39,101</b>
<b>(Loss)/profit before fair value write-downs &amp; write-backs</b>		<b>(8,942)</b>	<b>27,707</b>	<b>(2,843)</b>	<b>7,807</b>
Fair value write-downs on investment securities		(625)	-	-	-
Write-back of fair value write-downs made in prior periods		10,322	-	3,230	-
<b>Profit for the period from continuing operations</b>		<b>755</b>	<b>27,707</b>	<b>387</b>	<b>7,807</b>
Profit for the period from discontinued operations		988	-	988	-
<b>NET PROFIT</b>		<b>1,743</b>	<b>27,707</b>	<b>1,375</b>	<b>7,807</b>
Attributable to:					
Shareholders of the parent		(1,260)	27,625	(1,266)	7,599
Non-controlling interests		2,755	82	2,393	208
Non-controlling interests held for sale		248	-	248	-

The attached explanatory notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# Interim Consolidated Statement of Comprehensive Income

For the six months and three months  
ended 30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

	Six months ended		Three months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
<b>Net profit</b>	<b>1,743</b>	27,707	<b>1,375</b>	7,807
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations	(616)	(972)	342	(508)
Changes in investment securities fair value	1,290	(23,378)	727	12
Share of other comprehensive income/(loss) of associates	195	87	139	(10)
<b>Other comprehensive income/(loss) for the period</b>	<b>869</b>	(24,263)	<b>1,208</b>	(506)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,612</b>	3,444	<b>2,583</b>	7,301
Attributable to:				
Shareholders of the parent	(388)	3,389	(102)	7,035
Non-controlling interests	2,752	55	2,437	266
Non-controlling interests held for sale	248	-	248	-

The attached explanatory notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# Interim Consolidated Statement of Changes in Equity

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

	Attributable to shareholders of the parent								Advances for proposed increase in share capital	Non-controlling interests	Non-controlling interests held for sale	Total equity
	Share capital	Share premium	Statutory reserve	Fair value reserve	Foreign currency translation reserve	(Accumulated losses)/ Retained earnings	Proposed dividend	Total				
Balance at 1 January 2009	183,740	71,216	15,580	61,765	(5,606)	2,945	-	329,640	110,059	7,901	6,311	453,911
Total comprehensive income/(loss) for the period	-	-	-	1,304	(432)	(1,260)	-	(388)	-	2,752	248	2,612
Transfer to fair value reserve	-	-	-	14,008	-	(14,008)	-	-	-	-	-	-
Issuance of additional shares	31,838	95,514	-	-	-	-	-	127,352	(110,059)	-	-	17,293
Equity transaction costs incurred (note 13)	-	(25,022)	-	-	-	-	-	(25,022)	-	-	-	(25,022)
Employee share based incentives scheme	-	-	-	-	-	621	-	621	-	-	-	621
Controlling interests acquired	-	-	-	(46,008)	-	-	-	(46,008)	-	66,252	-	20,244
<b>Balance at 30 June 2009</b>	<b>215,578</b>	<b>141,708</b>	<b>15,580</b>	<b>31,069</b>	<b>(6,038)</b>	<b>(11,702)</b>	<b>-</b>	<b>386,195</b>	<b>-</b>	<b>76,905</b>	<b>6,559</b>	<b>469,659</b>
Balance at 1 January 2008	174,704	70,495	12,153	36,777	277	20,027	26,206	340,639	-	7,684	-	348,323
Total comprehensive (loss)/income for the period	-	-	-	(23,291)	(945)	27,625	-	3,389	-	55	-	3,444
Dividend paid	-	-	-	-	-	-	(26,206)	(26,206)	-	-	-	(26,206)
Transfer to fair value reserve	-	-	-	10,416	-	(10,416)	-	-	-	-	-	-
Issuance of additional shares	9,036	721	-	-	-	-	-	9,757	-	-	-	9,757
Balance at 30 June 2008	183,740	71,216	12,153	23,902	(668)	37,236	-	327,579	-	7,739	-	335,318

The attached explanatory notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# Interim Consolidated Statement of Cash Flows

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

	30 June 2009	30 June 2008
<b>OPERATING ACTIVITIES</b>		
Net profit	1,743	27,707
Adjustments for:		
Investment banking fees	-	(6,958)
Gain on sale of investment securities	(422)	(31,859)
Fair value gain on investment securities	(18,582)	-
Fair value write-downs on investment properties	9,374	(10,361)
Fair value write-downs on investment securities	625	-
Write-back of fair value write-downs made in prior periods	(10,322)	-
Share of loss of associates	1,517	740
Profit from discontinued operations	(988)	-
Bad debt expenses	5,000	-
Share-based payments	1,841	1,022
Depreciation and amortisation	1,333	575
	<b>(8,881)</b>	<b>(19,134)</b>
Changes in:		
Due from non-banks	(46,934)	21,627
Other assets	7,509	(26,276)
Inventories	1,423	(552)
Due to financial institutions	138,375	108,685
Due to non-banks	(2,908)	(2,296)
Other liabilities	(90,394)	8,211
Proceeds from sale of investment securities	673	94,962
Purchase of investment securities	(92,050)	(82,077)
<b>Net cash (used in) from operating activities</b>	<b>(93,187)</b>	<b>103,150</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of premises and equipment	(4,800)	(768)
Investments in associates	(12,527)	-
Acquisition of subsidiaries, net of cash acquired	111,586	(1,325)
<b>Net cash from (used in) investing activities</b>	<b>94,259</b>	<b>(2,093)</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	-	(17,236)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(17,236)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,072</b>	<b>83,821</b>
Foreign currency translation adjustments	(39)	(972)
Cash and cash equivalents at the beginning of the period	420,174	85,117
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>421,207</b>	<b>167,966</b>
Cash and cash equivalents comprise:		
Cash and balances with banks	112,607	13,633
Due from financial institutions	308,600	154,333
	<b>421,207</b>	<b>167,966</b>

The attached explanatory notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.



# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

## 1. CORPORATE INFORMATION

Unicorn Investment Bank B.S.C. (c) ("the Bank") was incorporated in the Kingdom of Bahrain by Amiri Decree No 12/1978, and registered with the Ministry of Industry and Commerce under Commercial Registration No. 53462 on 29 April 2004 and on 5 May 2004 was granted an Islamic investment banking licence by the Central Bank of Bahrain. In accordance with the revised banking regulations of the Central Bank of Bahrain, the Bank was granted a Wholesale Bank (Islamic Principles) Licence on 24 April 2007. The Bank's registered office is at the 3-7 floors of Building No. 2304, Road No. 2830, Seef District 428, Kingdom of Bahrain.

The Bank and its subsidiaries (together referred to as "the Group") aim to provide a full range of investment banking products and services that are compliant with Shari'ah principles. The principal products and services offered by the Group are:

- financial advisory services;
- private equity, equity structuring, private placements and initial public offerings;
- facility structuring, restructuring and placement including project finance, securitisation and Sukuk;
- structuring and marketing of both open and closed end mutual funds as well as client portfolio management that meets specific investor driven return and asset criteria;
- advisory and investment services for takaful (Islamic insurance) and retakaful (Islamic reinsurance) providers;
- mergers and acquisitions, including deal sourcing, structuring, valuations and advisory;
- developing and managing liquidity products and other treasury products and services;
- electronic manufacturing and supply chain management services (through a private equity investment that is consolidated); and
- dealing in, and exchange of, foreign currencies, purchase and sale of drafts and other financial instruments, and trading in gold and silver bullion and coins (through a private equity investment that is consolidated).

The Group's Shari'ah Supervisory Board consists of seven Islamic scholars who review the Group's compliance with general Shari'ah principles and guidelines. Their review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with these principles.

The number of Group employees as at 30 June 2009 was 1,129 (31 December 2008: 491). The consolidation with Condor Holdings Limited has resulted in an increase of 625 in the number of Group employees as of 30 June 2009.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six month period ended 30 June 2009 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as at 31 December 2008.

The results for the six month period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

The following are the principal subsidiaries of the Bank that are consolidated:

Subsidiary	Ownership	Year of incorporation/ acquisition	Country of incorporation/ acquisition
<b>UIB Capital Inc.</b>	100%	2004	United States of America
<p>The main activities of UIB Capital Inc. are to source investment opportunities in the USA and monitor the performance of the acquired companies on behalf of the Bank and investors.</p>			
<b>Unicorn International Islamic Bank Malaysia Berhad</b>	100%	2004	Malaysia
<p>Unicorn International Islamic Bank Malaysia Berhad was established in 2004 to source investment opportunities in the Far East and monitor the performance of the acquired companies on behalf of the Bank and investors and to establish distribution channels for the Group.</p> <p>Unicorn International Islamic Bank Malaysia Berhad was granted an investment banking licence in 2007 by the Ministry of Finance of Malaysia to carry out investment banking activity in currencies other than the Malaysian Ringgit.</p>			
<b>Unicorn Capital Limited</b>	100%	2006	United Arab Emirates
<p>Unicorn Capital Limited was granted a commercial licence by the Dubai Financial Services Authority ("DFSA") in September 2006. Its main activities are to source investment opportunities in the Middle East and monitor the performance of the acquired companies on behalf of the Bank and investors and to establish distribution channels for the Group.</p> <p>Unicorn Capital Limited was dissolved on 30 June 2009 due to a restructuring of the Bank's operations and strategic focus.</p>			
<b>Unicorn Capital Menkul Degerler A.S.</b>	91.9%	2007	Turkey
<p>The Bank acquired 81.77% of Unicorn Capital Menkul Degerler A.S. in 2007. During 2008, the Bank subscribed for an additional 12 million shares which increased the holding of the Bank to 91.9%. Its main activities are to provide investment consultancy, asset management, underwriting and brokerage services.</p>			
<b>Victron Inc.</b>	80%	2007	United States of America
<p>In 2007, the Bank's private equity business acquired 80% of Victron Inc., a company based in California, USA. Victron specialises in providing sophisticated manufacturing process technologies for complex printed circuit boards, other electronic assemblies and complete products for original equipment manufacturer.</p>			

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

Subsidiary	Ownership	Year of incorporation/ acquisition	Country of incorporation/ acquisition
<b>Unicorn Capital Saudi Arabia</b>	53.4%	2009	Kingdom of Saudi Arabia

Unicorn Capital Saudi Arabia was granted a certificate of incorporation by the Saudi Arabia Capital Markets Authority in March 2009. Its principle activities are Investment banking.

<b>Condor Holdings Limited</b>	45.3%	2009	Kingdom of Bahrain
--------------------------------	-------	------	--------------------

In 2009, the Bank took de-facto control over Condor Holdings Limited, a company based in the Kingdom of Bahrain. The company was incorporated to acquire Bahrain Financing Company B.S.C. (c) in Bahrain, Bahrain Exchange Company W.L.L. in Kuwait and Ezremit in the United Kingdom.

#### a. Significant Accounting Policies

These interim condensed consolidated financial statements have been prepared using accounting policies, except noted below, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2008. For matters for which no AAOIFI standards exist, including "Interim Financial Reporting", the Bank uses the relevant International Financial Reporting Standards issued by the International Accounting Standards Board.

#### Changes in Accounting Policies and Disclosures

The Group has adopted amendments in IAS 1 – Presentation of Financial Statements (Revised). Adoption of these amendments did not have any effect on the financial performance or position of the Group.

#### b. Operating Segments

IFRS8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 17.

## 3. INVESTMENT SECURITIES

	30 June 2009	Audited 31 December 2008
Carried at fair value through statement of income	213,770	271,171
Available for sale investments at fair value:		
Quoted	85,364	33,455
Unquoted	5,802	4,702
Investment-related receivables	15,994	19,232
	<b>320,930</b>	<b>328,560</b>

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 4. OTHER ASSETS

	30 June 2009	Audited 31 December 2008
Capital raising costs	-	6,989
Deal-related advances	9,680	9,680
Fees and recoverable expenses outstanding from clients	16,114	16,625
Prepayments and advances	3,613	4,692
Trade and other receivables	12,062	5,852
	<b>41,469</b>	43,838

## 5. DUE TO NON-BANKS

Due to non-banks comprises two financing facilities amounting to US\$20.0 million (31 December 2008: US\$22.9 million) obtained by the Group in relation to the acquisition of Victron Inc. The financing facilities are repayable by 31 March 2014. The average effective profit rate on the financing facilities is 6.099% (2008: 9.018%).

## 6. OTHER LIABILITIES

	30 June 2009	Audited 31 December 2008
Accrued expenses	4,985	3,637
Deal-related payables	-	62,016
Staff-related payables	4,393	5,287
Trade and other payables	19,432	17,916
	<b>28,810</b>	88,856

## 7. SHARE CAPITAL

	30 June 2009	Audited 31 December 2008
Authorised:		
750,000,000 ordinary shares of US\$1 each	750,000	750,000
Issued and fully paid:		
185,819,019 (2008: 158,304,361) ordinary shares of US\$1 each, issued against cash	185,819	158,305
27,819,966 (2008: 23,801,343) ordinary shares of US\$1 each, issued in kind	27,820	23,801
1,938,994 (2008: 1,633,994) ordinary shares of US\$1 each, granted to employees	1,939	1,634
	<b>215,578</b>	183,740

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 7. SHARE CAPITAL (continued)

Movement in share capital:

	No. of shares (thousands)	Nominal value
At 1 January 2008	174,704	174,704
Issued during the year	9,036	9,036
<b>At 1 January 2009</b>	<b>183,740</b>	<b>183,740</b>
<b>Issued during the period</b>	<b>31,838</b>	<b>31,838</b>
<b>At 30 June 2009</b>	<b>215,578</b>	<b>215,578</b>

## 8. INVESTMENT BANKING FEES

	30 June 2009	30 June 2008
Advisory and placement fees	183	10,710
Arrangement and underwriting fees	7,942	1,358
Performance fees	2	5,002
Structuring fees	67	7,858
	<b>8,194</b>	<b>24,928</b>

## 9. OTHER INVESTMENT BANKING INCOME

	30 June 2009	30 June 2008
Dividend income	9,072	1,737
Fair value (write-downs)/gains on investment properties	(9,374)	10,416
Fair value gain on investment securities	18,582	-
Gain on sale of investment securities	422	31,805
Management fees	1,616	1,441
Other income	1,825	3,288
	<b>22,143</b>	<b>48,687</b>

## 10. NET (EXPENSE) FROM FINANCIAL INSTITUTIONS

	30 June 2009	30 June 2008
Income due from financial institutions	2,211	2,064
Amounts due to financial institutions	(7,566)	(6,062)
Net (expense) from financial institutions	<b>(5,355)</b>	<b>(3,998)</b>

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 11. REVENUE AND EXPENSES FROM VICTRON INC.

	30 June 2009	30 June 2008
Sales of Victron Inc.	47,672	22,045
Less cost of sales from Victron Inc.	(39,461)	(17,373)
Gross profit of Victron Inc.	8,211	4,672
Other expenses of Victron Inc.	(5,590)	(2,673)
Net income of Victron Inc.	2,621	1,999

## 12. OPERATING EXPENSES INCLUDING NON-BANKING ACTIVITIES EXPENSES

	30 June 2009	30 June 2008
Advertising	468	611
Bad debt provision	5,000	15
Business development	2,140	1,854
Depreciation	659	447
General and administrative	3,541	3,675
Legal and professional	1,021	1,643
Non-banking activities expenses	6,152	-
Premises	2,098	777
Staff costs	24,775	32,262
Other	917	1,885
	46,771	43,169

## 13. EQUITY TRANSACTION COSTS

Equity transaction costs represent costs incurred by the Bank, including shares in kind given to certain founding investors and employees that are directly related to the capital raised during the period.

During the period, US\$ 25.022 million (2008: nil) of equity transaction costs has been transferred to share premium.

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 14. BUSINESS COMBINATION

In April 2009, the Bank obtained de-facto control over Condor Holdings Limited ("Condor"). Condor was incorporated to acquire a portfolio of exchange and remittance companies. Prior to the date of obtaining de-facto control, Condor had been designated as investment securities carried at fair value through statement of income. The acquisition has been accounted for using the purchase method of accounting.

On the date of obtaining de-facto control, the fair value of the identifiable assets and liabilities of Condor Holdings Limited were:

	Carrying value	Fair value recognised on acquisition
Cash and balances with banks	71,754	71,754
Due from financial institutions	1,860	1,860
Other assets	10,139	10,139
Premises and equipment	1,039	1,039
<b>Total Assets</b>	<b>84,792</b>	<b>84,792</b>
Due to financial institutions	(20,761)	(20,761)
Other liabilities	(30,349)	(30,349)
<b>Total Liabilities</b>	<b>(51,110)</b>	<b>(51,110)</b>
Fair value of net assets		33,682
<b>Net identifiable assets acquired (45.28%)</b>		<b>15,251</b>
Goodwill arising on acquisition		68,517
<b>Cost of acquisition</b>		<b>83,768</b>

### Cash outflow on acquisition:

Net cash and cash equivalents acquired with the subsidiary in 2009 (comprise of cash and balances with banks and due from financial institutions)	73,614
Cash paid in 2008	(83,768)
<b>Net cash outflow</b>	<b>(10,154)</b>

There is no difference between the carrying value and the fair value of the assets recognised on acquisition. This is due to the nature of the assets and liabilities acquired.

## 15. COMMITMENTS AND GUARANTEES

	30 June 2009	Audited 31 December 2008
Investment-related	22,390	35,980
Lease commitments	5,912	6,515
	<b>28,302</b>	<b>42,495</b>
Guarantees	4,328	4,167
	<b>32,630</b>	<b>46,662</b>

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 16. RELATED PARTY TRANSACTIONS

### Compensation of senior management personnel

Senior management personnel are those that possess significant decision making and direction setting responsibilities within the Group.

	30 June 2009	30 June 2008
Short term employee benefits	3,011	15,061
Post employment benefits	309	258
Share-based payments	1,841	725
	<b>5,161</b>	<b>16,044</b>

### Transactions, arrangements and agreements involving related parties

Related parties comprise major shareholders, directors and senior management personnel of the Group, members of the Shari'ah Supervisory Board of the Group, close members of their families and entities owned or controlled by them. Pricing policies and terms of the transactions relating to these related parties are approved by management.

Related parties also comprise the Group's investment companies and funds that hold clients' investments. The Group manages its investment companies and funds on a fiduciary basis on behalf of its clients, who are third parties and are the beneficiaries of a majority of the economic interest of the underlying investments in the investment companies and funds.

	30 June 2009			31 December 2008 (Audited)		
	Shareholders/ Directors	Senior management	Other entities	Shareholders/ Directors	Senior management	Other entities
<b>Assets</b>						
Due from non-banks	-	-	16,003	-	-	-
Investment securities	-	-	175,238	-	-	252,132
Investments in associates	-	-	35,040	-	-	24,427
Other assets	-	56	21,396	-	95	16,155
<b>Liabilities</b>						
Due to financial institutions	-	-	48,853	-	-	109,858
Due to non-banks	-	-	5,450	-	-	5,329
Other liabilities	1,108	-	4,955	2,877	-	66,535
<b>Equity</b>						
Equity transaction costs	10,953	6,780	6,989	-	-	-

Transactions with related parties included in the consolidated statement of income are as follows:

	30 June 2009	30 June 2008
Investment banking fees	7,376	24,827
Net expense from financial institutions	(486)	(101)
Other investment banking income	10,033	28,940
Share of loss of associates	(1,517)	(740)
Bad debt provision	(5,000)	-
Victron Inc. expenses	(121)	(130)
Directors' remuneration	(325)	(325)
Shari'ah Supervisory Board remuneration	(192)	(192)

Outstanding balances at the period end arise in the normal course of business.



# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 17. SEGMENT INFORMATION

### Operating segment information

	Capital Markets 30 June 2009	Private Equity 30 June 2009	Corporate Finance 30 June 2009	Asset Management 30 June 2009	Strategic M&A 30 June 2009	Treasury 30 June 2009	Other 30 June 2009	Victron 30 June 2009	Total 30 June 2009
<b>Continuing operations</b>									
<b>Income</b>									
Investment banking fees	7,385	540	-	151	85	-	33	-	8,194
Other investment banking income	11,302	5,813	-	(8,295)	12,950	-	373	-	22,143
<b>Investment banking Income</b>	<b>18,687</b>	<b>6,353</b>	<b>-</b>	<b>(8,144)</b>	<b>13,035</b>	<b>-</b>	<b>406</b>	<b>-</b>	<b>30,337</b>
Net (expense) from financial institutions	(1,523)	(133)	-	(100)	(1,393)	-	(2,206)	-	(5,355)
Non-banking activities income	-	-	-	-	11,743	-	-	-	11,743
Share of loss of associates	-	-	-	-	(1,517)	-	-	-	(1,517)
Sales from Victron Inc.	-	-	-	-	-	-	-	47,672	47,672
<b>Total income</b>	<b>17,164</b>	<b>6,220</b>	<b>-</b>	<b>(8,244)</b>	<b>21,868</b>	<b>-</b>	<b>(1,800)</b>	<b>47,672</b>	<b>82,880</b>
Operating expenses including non-banking activities expenses									
	657	1,120	937	1,768	8,318	419	33,552	-	46,771
Victron Inc. expenses	-	-	-	-	-	-	-	45,051	45,051
<b>Total expenses</b>	<b>657</b>	<b>1,120</b>	<b>937</b>	<b>1,768</b>	<b>8,318</b>	<b>419</b>	<b>33,552</b>	<b>45,051</b>	<b>91,822</b>
<b>Profit/(loss) before fair value write-downs &amp; write-backs</b>									
	16,507	5,100	(937)	(10,012)	13,550	(419)	(35,352)	2,621	(8,942)
Fair value write-downs on investment securities	-	(625)	-	-	-	-	-	-	(625)
Write-back of fair value write-downs made in prior periods	-	1,800	7,012	-	1,510	-	-	-	10,322
<b>Profit for the period from continuing operations</b>	<b>16,507</b>	<b>6,275</b>	<b>6,075</b>	<b>(10,012)</b>	<b>15,060</b>	<b>(419)</b>	<b>(35,352)</b>	<b>2,621</b>	<b>755</b>
Profit for the period from discontinued operations	-	988	-	-	-	-	-	-	988
<b>Net profit/(loss)</b>	<b>16,507</b>	<b>7,263</b>	<b>6,075</b>	<b>(10,012)</b>	<b>15,060</b>	<b>(419)</b>	<b>(35,352)</b>	<b>2,621</b>	<b>1,743</b>
<b>Total assets</b>	<b>100,966</b>	<b>188,580</b>	<b>23,634</b>	<b>59,328</b>	<b>258,342</b>	<b>331,617</b>	<b>48,277</b>	<b>79,957</b>	<b>1,090,701</b>
<b>Total liabilities</b>	<b>125,000</b>	<b>13,556</b>	<b>-</b>	<b>-</b>	<b>36,176</b>	<b>397,533</b>	<b>17,997</b>	<b>30,780</b>	<b>621,042</b>

# Notes to the Interim Consolidated Financial Statements

For the six months ended  
30 June 2009 (Unaudited)

(Amounts in United States Dollars thousands)

## 17. SEGMENT INFORMATION (continued)

### Operating segment information (continued)

	Capital Markets 30 June 2008	Private Equity 30 June 2008	Corporate Finance 30 June 2008	Asset Management 30 June 2008	Strategic M&A 30 June 2008	Treasury 30 June 2008	Other 30 June 2008	Victron 30 June 2008	Total 30 June 2008
Income									
Investment banking fees	10,050	6,223	7,458	196	900	-	101	-	24,928
Other investment banking income	366	10,509	19,380	17,175	409	-	848	-	48,687
Investment banking Income	10,416	16,732	26,838	17,371	1,309	-	949	-	73,615
Net (expense)/income from financial institutions	(806)	(2,479)	(436)	(103)	(546)	372	-	-	(3,998)
Share of (loss)/profit of associates	-	-	-	-	(740)	-	-	-	(740)
Revenue from non-banking activities	-	-	-	-	-	-	-	22,045	22,045
Total income	9,610	14,253	26,402	17,268	23	372	949	22,045	90,922
Operating expenses including non-banking activities expenses	231	825	286	709	1,511	3,506	36,101	-	43,169
Victron Inc. expenses	-	-	-	-	-	-	-	20,046	20,046
Total expenses	231	825	286	709	1,511	3,506	36,101	20,046	63,215
Net profit/( loss)	9,379	13,428	26,116	16,559	(1,488)	(3,134)	(35,152)	1,999	27,707
Total assets	52,687	142,326	24,178	44,719	166,470	416,947	50,122	81,321	978,770
Total liabilities	125,000	13,556	-	-	-	274,573	77,229	34,501	524,859