

Board of Directors' Report

We are pleased to present Unicorn Investment Bank B.S.C. (c)'s report for our first financial period of operations from May 5th to December 31st, 2004. This period has seen Unicorn Investment Bank B.S.C. (c) ("UIB") meet and exceed several key milestones that we had earlier set ourselves.

Financial Results

Net income for the eight month period was US\$ 17.06 million. This was after writing off pre-operating expenses of US\$ 7.89 million relating to various costs associated with the setting up of the Bank, reflecting an annualized return on equity of approximately 24%.

Our total revenues exceeded total expenses by more than three times. After taking into account the expenses associated with building the infrastructure required for a multi-location and multi-business investment bank, these returns compare very favorably with our competitors. We have a robust deal pipeline that supported the strong revenue-driven performance in 2004 and closed on a number of financial advisory, private placement and private equity transactions in the U.S. as well in the Gulf region. Moving forward, our strategic focus will emphasize utilizing our distribution capabilities to place these transactions with investors in the region.

We closed on transactions valued in total at over US\$ 1 billion, generating revenues of over US\$ 35 million that were originated and structured by our Private Equity and Corporate Finance businesses.

We will continue to manage our capital conservatively to generate returns for our investors as well as our shareholders. We will place our surplus funds with rated financial institutions while limiting exposures to single counterparties. Our Capital Markets team will work closely with Risk Management to develop dynamic liquidity profiles for the Bank that strike a balance between funding our short-term requirements and maintaining an adequate and productive level of liquidity on our balance sheet.

Appropriation of Income

The Board of Directors recommends that net income for the period be appropriated as follows:

	US\$ <u>Million</u>
Net income for the period	17.056
Legal reserves	(1.706)
Shari'ah Board remuneration	(0.220)
Transfer to transaction cost	<u>(15.130)</u>
	<u>-</u>



Yousef A. Al-Shelash
Chairman



Majid Al Sayed Bader Al-Refai
Chief Executive Officer

Auditors' Report

We have audited the accompanying balance sheet of Unicorn Investment Bank B.S.C. (c) ("the Bank") as of December 31, 2004, and the related statements of income, cash flows, changes in equity, and sources and uses of charity funds for the period from May 5, 2004 to December 31, 2004. These financial statements and the Bank's undertaking to operate in accordance with Islamic Shari'ah rules and principles are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with both Auditing Standards for Islamic Financial Institutions and International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2004, and the results of its operations, changes in its cash flows, equity, and sources and uses of charity funds for the period from May 5, 2004 to December 31, 2004 in accordance with International Financial Reporting Standards, Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, and the Islamic Shari'ah rules and principles as determined by the Shari'ah Supervisory Board of the Bank.

We confirm that, in our opinion, proper accounting records have been kept by the Bank and the financial statements, and the contents of the report of the Board of Directors relating to these financial statements, are in agreement therewith. We further report, to the best of our knowledge and belief, that no violations of the Bahrain Commercial Companies Law, nor of the Bahrain Monetary Agency Law, nor of the Memorandum and Articles of Association of the Bank, have occurred during the period ended December 31, 2004 that might have had a material adverse effect on the business of the Bank or on its financial position and that the Bank has complied with the terms of its banking licence. We obtained all the information and explanations which we required for the purpose of our audit.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Ernst & Young

May 11, 2005
Manama, Kingdom of Bahrain

Shari'ah Supervisory Board Report

In the Name of Allah, the most Gracious, the most Merciful
Asslam Alaikum Wa Rahamt Allah Wa Barakatuh

In compliance with the terms of our letter of appointment, we are required to report as follows:

We have reviewed the principles and the contracts relating to the transactions conducted by the Unicorn Investment Bank B.S.C. (c) ("the Bank") during the period ended December 31, 2004. We have conducted our review with a view to form an opinion as to whether the Bank has complied with rules and principles of Islamic Shari'ah and also with the specific fatwas, rulings and guidelines issued by us.

The Bank's management is responsible for ensuring that the Bank conducts its business in accordance with the rules and principles of Islamic Shari'ah. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank, and to report to you.

We conducted our review that included examining, on a test basis each type of transaction and the relevant documentation and procedures adopted by the Bank.

We planned and performed our review so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give assurance that the Bank has not violated any rules and principles of Islamic Shari'ah.

In our opinion:

- a) the contracts, transactions and dealings entered into by the Bank during the period ended December 31, 2004 are in compliance with the rules and principles of Islamic Shari'ah;
- b) the allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Islamic Shari'ah rules and principles;
- c) all earnings that have been realized from sources or by means prohibited by rules and principles of Islamic Shari'ah have been disposed off to charitable causes; and
- d) the calculation of Zakat is in compliance with the rules and principles of Islamic Shari'ah.

We supplicate to Allah the Almighty to grant us success and the straight path.

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh



Dr. Khalid Mathkooor Al - Mathkooor
Chairman of the Shari'ah Supervisory Board

Safar 15, 1426
April 25, 2005

Balance Sheet

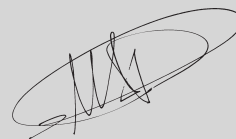
At December 31, 2004

	Notes	US\$ '000
ASSETS		
Cash and balances with banks	3	828
Due from financial institutions	4	69,993
Available for sale investments	5	44,000
Other assets		2,171
Fixed assets		525
		<u>117,517</u>
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNT AND EQUITY		
LIABILITIES		
Other liabilities	6	<u>10,698</u>
		<u>1,006</u>
EQUITY		
Share capital	7	111,234
Transaction costs	8	(7,127)
Statutory reserve	9	1,706
		<u>105,813</u>
		<u>117,517</u>

The financial statements were authorized for issue by the Board of Directors on May 11, 2005 and signed on their behalf by:



Yousef A. Al-Shelash
Chairman



Majid Al Sayed Bader Al-Refai
Chief Executive Officer

Notes 1 to 24 form part of these financial statements.

Statement of Income

For the period from May 5, 2004 to December 31, 2004

	Notes	US\$ '000
Advisory and placement fees	10	35,600
Income from financial institutions, net		776
OPERATING INCOME		36,376
Staff costs		8,337
Other operating expenses		3,069
Depreciation		22
OPERATING EXPENSES		11,428
NET OPERATING INCOME		24,948
Pre-incorporation expenses	11	7,892
NET PROFIT FOR THE PERIOD		17,056

Notes 1 to 24 form part of these financial statements.

Statement of Cash Flows

For the period from May 5, 2004 to December 31, 2004

	US\$ '000
<hr/>	
OPERATING ACTIVITIES	
Net profit for the period	17,056
Adjustments for non-cash item:	
Depreciation	22
Placement fees	(34,000)
	<hr/>
	(16,922)
Changes in:	
Other assets	(2,171)
Other liabilities	6,106
	<hr/>
Net cash used in operating activities	(12,987)
<hr/>	
INVESTING ACTIVITIES	
Purchase of fixed assets	(547)
Due from financial institutions	(69,993)
Available for sale investment	(10,000)
	<hr/>
Net cash used in investing activities	(80,540)
<hr/>	
FINANCING ACTIVITIES	
Unrestricted investment account	1,006
Proceeds from issue of share capital	101,000
Transaction costs paid	(7,651)
	<hr/>
Net cash from financing activities	94,355
<hr/>	
CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER	828
<hr/>	
Represented by:	
Cash	8
Current accounts	820
	<hr/>
	828
<hr/>	

Notes 1 to 24 form part of these financial statements.

Statement of Changes in Shareholders' Equity

For the period from May 5, 2004 to December 31, 2004

	Notes	Share capital US\$ '000	Transaction costs US\$ '000	Statutory reserve US\$ '000	Retained earnings US\$ '000	Total US\$ '000
Issue of share capital	7	111,234	-	-	-	111,234
Transaction costs	8	-	(22,257)	-	-	(22,257)
Net profit for the period		-	-	-	17,056	17,056
Transfer to statutory reserve	9	-	-	1,706	(1,706)	-
Transfer to transaction costs		-	15,130	-	(15,130)	-
Shari'ah Supervisory Board remuneration		-	-	-	(220)	(220)
Balance at December 31, 2004		111,234	(7,127)	1,706	-	105,813

Statement of Sources & Uses of Charity Funds

For the period from May 5, 2004 to December 31, 2004

	US\$ '000
SOURCES OF CHARITY FUNDS	
Contribution by the Bank	39
Non Shari'ah compliant income	1
	<u>40</u>
USES OF CHARITY FUNDS	
Charitable contributions	(40)
	<u>-</u>
UNDISTRIBUTED CHARITY FUNDS AT 31 DECEMBER	
	<u>-</u>

Notes 1 to 24 form part of these financial statements.

Notes to the Financial Statements

December 31, 2004

1 INCORPORATION AND PRINCIPAL ACTIVITIES

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 Ministry of Industry and Commerce under Commercial Registration No. 53462 on April 29, 2004 and on May 5, 2004 was granted an Islamic investment banking licence from the Bahrain Monetary Agency. The Bank's registered office is at Bab Al Bahrain Building, Government Avenue, Manama 315, Kingdom of Bahrain.

The Bank aims 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 Bank are:

- financial advisory;
- equity structuring, private placements and initial public offerings;
- debt structuring, restructuring and placement including project finance, securitisation and sukus;
- structuring and marketing of both open and closed end mutual funds as well as client portfolio management that meet specific investor driven return and asset criteria;
- advisory and investment services for Takaful (Islamic insurance) and Retakaful providers;
- mergers and acquisitions – including deal sourcing, structuring, valuations, and advisory; and
- developing and managing liquidity products.

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

The Bank employed 34 staff as of December 31, 2004.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation

The financial statements of the Bank are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, International Financial Reporting Standards (IFRS) and are in conformity with the Bahrain Commercial Companies Law and the Bahrain Monetary Agency Law.

The financial statements are prepared under the historical cost convention as modified by the measurement at fair value of available for sale investments.

Notes to the Financial Statements

December 31, 2004

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

The financial statements are presented in United States Dollars, this being the principal currency of the Bank's operations.

Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and balances with banks, due from financial institutions, available for sale investments and accrued income. Financial liabilities consist of other liabilities.

Due from financial institutions

Due from financial institutions are stated net of deferred profits and provision for impairment, if any.

Investments

All investments are initially recognized at cost, being the fair value of the consideration given including acquisition costs associated with the investment.

Following the initial recognition of investments, the subsequent period-end reporting values are determined as follows:

Investments held for trading

Investments are classified as held for trading if they are acquired for the purpose of generating a profit from short-term fluctuations in price or dealers' margin (where a pattern of short-term profit taking exists or where these instruments are part of a portfolio which reflects a recent pattern of short-term profit taking). These are subsequently measured at fair value and unrealized gains or losses as well as realized gains or losses are recognized in the statement of income for the period in which they arise.

Available for sale investments

Investments that are not classified as held for trading or held to maturity, are classified as available for sale and are subsequently measured at fair value. Unrealized gains or losses arising from changes in fair value are directly recognized in fair value reserve included in shareholders' equity till such time the investment is either derecognized or impaired, at which time these cumulative gains or losses are transferred to statement of income for the period.

Investment in subsidiaries where these are acquired and held exclusively with a view to their subsequent disposal in the near future and where control is intended to be temporary are classified as available for sale and are not consolidated.

Investments held to maturity

Investments which have fixed or determinable payments and fixed maturity where the Bank has both an intention and ability to hold these to maturity are classified as held to maturity. These investments are carried at amortised cost less provision for any impairment in value.

Notes to the Financial Statements

December 31, 2004

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

Fair value

For investments that are traded in organized financial markets, fair value is determined by reference to the prevailing market price on the balance sheet date.

For unquoted investments, fair value is determined by a recent significant buy or sell transaction with a third party that is either completed, or in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments, adjusted for any material differences in the characteristics of these investments.

For investments that have fixed or determinable payments, fair value can be based on the net present value of estimated future cash flows determined by the Bank using current profit rates for investments with similar terms and risk characteristics.

Investments in mutual funds, unit trusts, or similar investment entities are carried at the latest asset valuation provided by the fund administrator.

Investments which cannot be re-measured to fair value using any of the above techniques are carried at cost or at a previously re-valued amount, less provision for any impairment.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect revenues and expenses as well as resultant provisions and the fair value changes reported in equity.

Impairment of financial assets

An assessment is made at each balance sheet date, to determine if there is objective evidence that any specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of such asset is determined and the impairment loss being the difference between the carrying value and recoverable amount is recognized in the statement of income.

Offsetting

Financial assets and financial liabilities can only be offset with the net amount being reported in the balance sheet, when there is a legally enforceable right to set off the recognized amounts of financial assets and liabilities and the Bank intends to either settle these on a net basis, or intends to realize the asset and settle the liability simultaneously.

Notes to the Financial Statements

December 31, 2004

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

Unrestricted investment accounts

Unrestricted investment accounts are carried at cost plus accrued profit payable.

Revenue recognition

Revenues earned by the Bank are recognized on the following bases:

Advisory and placement fees

Advisory and placement fees are recognized when related services are rendered.

Income from financial institutions

This is recognized on a time apportioned basis taking account of principal outstanding and the applicable profit rate.

Other income

Where income is quantifiable and contractually determinable, it is recognized on a time-apportioned basis; otherwise it is recognized when realized.

Income allocation

Income to unrestricted investment account holders is allocated on the basis of their daily balances in proportion to shareholders' balances.

Staff's end of service benefits

Provision is made for amounts payable under employment contracts applicable to non-Bahraini staff's accumulated periods of service at the balance sheet date. Bahraini staff are covered under the General Organization for Social Insurance Scheme.

Zakah

In accordance with its Articles of Association, the Bank does not pay Zakah on behalf of its shareholders.

Foreign currencies

Transactions denominated in foreign currencies are translated into United States Dollars at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the rate of exchange prevailing on the date of financial statements. Gains or losses resulting from retranslation of monetary assets and liabilities are taken to statement of income.

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with banks with maturities of less than 90 days.

Notes to the Financial Statements

December 31, 2004

3 CASH AND BALANCES WITH BANKS

	US\$ '000
Cash	8
Current accounts	820
	828

4 DUE FROM FINANCIAL INSTITUTIONS

	Self financed US\$ '000	Jointly financed US\$ '000	Total US\$ '000
Murabaha receivables	69,188	1,011	70,199
Less: deferred profits	(205)	(1)	(206)
	68,983	1,010	69,993

“Self financed” represents Murabaha receivables financed solely by the Bank’s own funds. “Jointly financed” represents Murabaha receivables that are jointly owned by the Bank and unrestricted investment account holders.

The profit on these balances as of December 31, 2004 was equivalent to an average rate of 2.4%.

5 AVAILABLE FOR SALE INVESTMENTS

	US\$ '000
Trust certificates - note 5.1	10,000
Others - note 5.2	34,000
	44,000

5.1 The underlying investment represents the Bank’s participation in four assisted living properties located in California, USA. These properties are managed by Wilkinson Corporation, a leading firm that specializes in the management of such properties. The Bank’s unquoted investment of US\$ 10 million is held with the intention of sale and is supplemented by US\$ 22.5 million of financing from a US financial institution.

5.2 This represents the Bank’s beneficial interest in ordinary shares of an unquoted real estate development company (“the client”). This interest was acquired in consideration of the provision of financial advisory services to the client in the period ended December 31, 2004 and is held through a Mudaraba financing arrangement with real estate investment company.

Notes to the Financial Statements

December 31, 2004

6 OTHER LIABILITIES

	US\$ '000
Transaction costs	4,372
Pre-incorporation expenses	1,979
Staff related expenses	3,000
Accrued expenses	703
Provision for staff's end of service benefits	424
Shari'ah supervisory board remuneration	220
	10,698

7 SHARE CAPITAL

	US\$ '000
Authorized	
750,000,000 ordinary shares of US\$ 1 each	750,000
Issued and fully paid:	
101,000,000 ordinary shares of US\$ 1 each, issued against cash	101,000
10,234,000 ordinary shares of US\$ 1 each, issued in kind	10,234
	111,234

8 TRANSACTION COSTS

	In cash US\$ '000	In kind US\$ '000	Total US\$ '000
Patrons	-	3,434	3,434
Sponsors	-	5,000	5,000
Founder support	-	1,000	1,000
Others	12,023	800	12,823
	12,023	10,234	22,257
Transfer from retained earnings			(15,130)
			7,127

Transaction costs represent costs incurred by the Bank that are directly related to raising of capital for the Bank and have been taken to equity in accordance with the requirements of SIC 17 - cost of equity transactions. These costs relate to pre-incorporation period of the Bank, from November 1, 1997 to May 4, 2004.

"Others" represents fees paid to various consultants for services rendered that were directly related to the raising of capital for the Bank.

Notes to the Financial Statements

December 31, 2004

9 STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Bahrain Monetary Agency (BMA) regulations, 10% of the net profit for the period has been transferred to a statutory reserve. The Bank may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not distributable, but can be utilized as security for the purpose of a distribution in such circumstances as stipulated in the Bahrain Commercial Companies Law and other applicable statutory regulations.

10 ADVISORY AND PLACEMENT FEES

Advisory and placement fees have been earned by the Bank under the terms of mandates whereby it has assisted its clients in balance sheet restructuring, capital raising through private placement and by providing financial advisory services. Included in the fees is an amount in of US\$ 34 million, which was settled in kind by granting an interest in an unquoted investment for which such services were provided by the Bank (note 5.2).

11 PRE-INCORPORATION EXPENSES

	US\$ '000
Professional fees	5,742
Staff costs	3,712
Travel	599
Rent	416
Communication	173
Others	273
	<hr/> 10,915
Pre-incorporation income/ reimbursements	(3,023)
	<hr/> 7,892

These expenses relate to pre-incorporation period of the Bank, from November 1, 1997 to May 4, 2004.

Notes to the Financial Statements

December 31, 2004

12 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise major shareholders, directors, members of Shari'ah Supervisory Board of the Bank, close members of their families, entities owned or controlled by them, and companies affiliated by virtue of shareholding in common with that of the Bank.

The significant balances with related parties as of December 31, 2004 were as follows:

	US\$ '000
<hr/>	
ASSETS	
Available for sale investments	34,000
Other assets	1,283
LIABILITIES	
Other liabilities	2,600
<hr/>	

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

	US\$ '000
<hr/>	
Advisory and placement fees	35,600

Transactions with related parties during the pre-incorporation period as follows:
November 1, 1997 to May 4, 2004

	US\$ '000
<hr/>	
Pre-incorporation income/ reimbursements	(2,667)
Pre-incorporation expenses	2,340
Transaction costs	7,516
<hr/>	

13 CREDIT RISK AND CONCENTRATION OF ASSETS AND LIABILITIES

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank manages its credit risk by monitoring its exposure to various investments, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

Notes to the Financial Statements

December 31, 2004

13 CREDIT RISK AND CONCENTRATION OF ASSETS AND LIABILITIES (contd.)

The distribution of assets and liabilities by geographic region and industry sector was as follows:

Geographic regions	Assets	Liabilities and unrestricted investment account
	US\$ '000	US\$ '000
Middle East	107,197	11,704
North America	10,320	-
	117,517	11,704
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Industry sectors		
Banks and financial institutions	70,821	-
Others	46,696	11,704
	117,517	11,704

14 MARKET RISK

Market risk arises from fluctuations in profit rates, foreign exchange rates and equity prices. The Bank's management has set limits on the amount of risk that may be accepted. This is monitored on a monthly basis by the Asset and Liability Committee.

15 CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is not exposed to currency risk as majority of its assets and liabilities are denominated in the reporting currency.

Notes to the Financial Statements

December 31, 2004

16 PROFIT RATE RISK

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Bank is not exposed to any significant profit rate risk as a result of fluctuation in profit rates or mismatch of assets and liabilities.

The Bank's profit rate sensitivity position based on contractual repricing arrangements or maturities as of December 31, 2004 is shown in the table below. The expected repricing and maturity dates may differ significantly from the contractual dates.

December 31, 2004	Up to 1 month US\$ 000's	1 to 3 months US\$ 000's	3 to 6 months US\$ 000's	6 months to 1 year US\$ 000's	1 to 3 years US\$ 000's	Non profit bearing US\$ 000's	Total US\$ 000's
ASSETS							
Cash and balances with banks	-	-	-	-	-	828	828
Due from financial institutions	23,141	46,852	-	-	-	-	69,993
Available for sale investment	-	-	-	-	-	44,000	44,000
Other assets	-	-	-	-	-	2,171	2,171
Fixed assets	-	-	-	-	-	525	525
Total assets	23,141	46,852	-	-	-	47,524	117,517
LIABILITIES, UNRESTRICTED							
INVESTMENT ACCOUNT AND EQUITY							
Other liabilities	-	-	-	-	-	10,698	10,698
Unrestricted investment account	-	-	-	-	1,006	-	1,006
Equity	-	-	-	-	-	105,813	105,813
Total liabilities, unrestricted investment account and equity	-	-	-	-	1,006	116,511	117,517
Profit rate sensitivity gap	23,141	46,852	-	-	(1,006)		
Cumulative profit rate sensitivity gap	23,141	69,993	69,993	69,993	68,987		

Notes to the Financial Statements

December 31, 2004

17 LIQUIDITY RISK

Liquidity risk is considered the risk that the Bank will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, the Bank monitors its funding requirements on a regular basis and thus manages its assets by maintaining an appropriate balance of cash and cash equivalents.

The table below, summarizes the maturity profile of the Bank's assets and liabilities based on contractual repayment arrangements. The contractual maturities of assets and liabilities at the balance sheet date have been determined on the basis of the remaining contractual period. Maturity periods for receivables are determined on the basis of agreed collection dates with third parties. Maturity periods for available for sale investment are determined based on the planned exit dates.

December 31, 2004	Up to 1 month US\$ 000's	1 to 3 months US\$ 000's	3 to 6 months US\$ 000's	6 months to 1 year US\$ 000's	1 to 3 years US\$ 000's	Undated US\$ 000's	Total US\$ 000's
ASSETS							
Cash and balances with banks	828	-	-	-	-	-	828
Due from financial institutions	23,141	46,852	-	-	-	-	69,993
Available for sale investment	-	-	-	5,000	39,000	-	44,000
Other assets	-	334	1,028	309	500	-	2,171
Fixed assets	-	-	-	-	-	525	525
Total assets	23,969	47,186	1,028	5,309	39,500	525	117,517
LIABILITIES, UNRESTRICTED							
INVESTMENT ACCOUNT AND EQUITY							
Other liabilities	898	920	4,212	2,445	1,322	901	10,698
Unrestricted investment account	-	-	-	-	1,006	-	1,006
Equity	-	-	-	-	-	105,813	105,813
Total liabilities, unrestricted investment account and equity	898	920	4,212	2,445	2,328	106,714	117,517

Notes to the Financial Statements

December 31, 2004

18 EQUITY PRICE RISK

Equity price risk arises from changes in fair values of equity investments. The Bank manages this risk through diversification of its investments in terms of geographical distribution and industry concentration.

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments as of the balance sheet date approximates their carrying values.

20 NON SHARI'AH COMPLIANT REVENUE

During the period, the Bank received interest income of US\$ 1,000 on its overnight deposits with a local bank. These were exclusively utilized for charitable purposes during the period.

21 CAPITAL COMMITMENTS

At December 31, 2004 the Bank had capital commitments of approximately US\$ 1 million in respect of premises.

22 SOCIAL RESPONSIBILITIES

The Bank discharges its social responsibility through donations to good faith charity funds.

23 ZAKAH

The Bank does not pay Zakah on behalf of its shareholders. Zakah payable by shareholders on their holdings in the Bank is calculated by the Bank on the basis of a method prescribed by the Bank's Shari'ah Supervisory Board. Zakah payable by the shareholders in respect of the period ended December 31, 2004 was 2 cents per share.

24 COMPARATIVE FIGURES

The Bank's financial statements cover the period from May 5, 2004 to December 31, 2004. This being the first period of operations, no comparatives are available.