

**Unicorn Investment Bank B.S.C. (c)**  
**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 September 2010**

(Unaudited)



**REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF  
UNICORN INVESTMENT BANK B.S.C. (c)**

**Introduction**

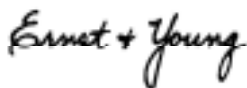
We have reviewed the accompanying interim condensed consolidated financial statements of Unicorn Investment Bank B.S.C. (c) (“the Bank”) and its subsidiaries (“the Group”) as at 30 September 2010, comprising of the interim consolidated statements of financial position as at 30 September 2010 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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.

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

10 November 2010  
Manama, Kingdom of Bahrain

**Unicorn Investment Bank B.S.C. (c)****INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

		<b>30 September 2010</b>	31 December 2009
	Notes		Audited
<b>ASSETS</b>			
Cash and balances with banks		<b>47,957</b>	135,918
Due from financial and non-financial institutions	3	<b>344,971</b>	301,043
Investment securities	4	<b>179,330</b>	247,999
Investments in associates and joint ventures		<b>125,118</b>	151,348
Investment properties		<b>26,664</b>	29,164
Other assets	5	<b>16,652</b>	116,710
Premises and equipment		<b>7,686</b>	8,797
Assets held for sale		-	40,622
Goodwill		-	2,018
<b>TOTAL ASSETS</b>		<b><u>748,378</u></b>	<u>1,033,619</u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to financial and non-financial institutions	6	<b>408,419</b>	521,423
Subordinated murabaha		<b>50,483</b>	50,000
Other liabilities	7	<b>35,880</b>	24,988
Liabilities relating to assets held for sale		-	13,556
<b>TOTAL LIABILITIES</b>		<b><u>494,782</u></b>	<u>609,967</u>
<b>EQUITY</b>			
Share capital	8	<b>215,578</b>	215,578
Share premium		<b>141,708</b>	141,708
Statutory reserve		<b>15,580</b>	15,580
Fair value reserve		<b>(1,560)</b>	10,280
Foreign currency translation reserve		<b>(6,506)</b>	(6,761)
(Accumulated losses)/retained earnings		<b>(146,478)</b>	3,324
Total equity attributable to the shareholders of the parent		<b>218,322</b>	379,709
Non-controlling interests		<b>35,274</b>	37,321
Non-controlling interests held for sale		-	6,622
<b>TOTAL EQUITY</b>		<b><u>253,596</u></b>	<u>423,652</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>748,378</u></b>	<u>1,033,619</u>

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 10 November 2010 and signed on their behalf by:



**Yousef Abdullah Al Shelash**  
Chairman



**Ikbal Daredia**  
Acting Chief Executive Officer

The attached explanatory notes 1-15 form an integral part of these interim condensed consolidated financial statements.

**Unicorn Investment Bank B.S.C. (c)****INTERIM CONSOLIDATED STATEMENT OF INCOME**

For the nine months and three months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

		Nine months ended		Three months ended	
	Notes	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Investment banking fees	9	22,841	13,736	1,096	5,542
Other investment banking income	10	9,602	5,385	2,552	2,980
Investment banking income		32,443	19,121	3,648	8,522
Net expense from financial and non-financial institutions	11	(4,388)	(7,098)	(959)	(2,899)
Net income from non-banking activities		-	16,343	-	5,317
Share of profit/(loss) of associates and joint ventures		5,593	(581)	1,331	936
<b>Total income</b>		<b>33,648</b>	<b>27,785</b>	<b>4,020</b>	<b>11,876</b>
Operating expenses	12	(51,799)	(49,172)	(11,414)	(13,988)
<b>Loss before impairments and provisions &amp; fair value movements</b>		<b>(18,151)</b>	<b>(21,387)</b>	<b>(7,394)</b>	<b>(2,112)</b>
(Impairments and provisions)/reversals		(90,898)	(5,000)	6,520	-
Fair value movements on investment securities		(50,309)	31,812	1,167	3,533
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(159,358)</b>	<b>5,425</b>	<b>293</b>	<b>1,421</b>
Income tax expense		-	(3,372)	-	(1,111)
<b>NET (LOSS)/PROFIT</b>		<b>(159,358)</b>	<b>2,053</b>	<b>293</b>	<b>310</b>
Attributable to:					
Shareholders of the parent		(157,288)	(2,959)	909	(1,699)
Non-controlling interests		(2,070)	5,012	(616)	2,009
		<b>(159,358)</b>	<b>2,053</b>	<b>293</b>	<b>310</b>

The attached explanatory notes 1-15 form an integral part of these interim condensed consolidated financial statements.

**Unicorn Investment Bank B.S.C. (c)****INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine months and three months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

	Nine months ended		Three months ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
<b>Net (loss)/profit</b>	<b>(159,358)</b>	2,053	<b>293</b>	310
<b>Other comprehensive (loss)/income:</b>				
Exchange differences on translating foreign operations	<b>309</b>	(1,238)	<b>881</b>	(622)
Changes in investment securities fair value	<b>(4,245)</b>	1,473	<b>(1,024)</b>	183
Share of other comprehensive (loss)/income of associates	<b>(140)</b>	276	<b>223</b>	81
<b>Other comprehensive (loss)/income for the period</b>	<b>(4,076)</b>	511	<b>80</b>	(358)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(163,434)</b>	2,564	<b>373</b>	(48)
Attributable to:				
Shareholders of the parent	<b>(161,387)</b>	(2,053)	<b>924</b>	(1,665)
Non-controlling interests	<b>(2,047)</b>	4,617	<b>(551)</b>	1,617
	<b>(163,434)</b>	2,564	<b>373</b>	(48)

The attached explanatory notes 1-15 form an integral part of these interim condensed consolidated financial statements.

## Unicorn Investment Bank B.S.C. (c)

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

	Attributable to the shareholders of the parent						Advances for proposed increase in share capital	Non-controlling Interests	Non-controlling interest held for sale	Total equity	
	Share capital	Share premium	Statutory reserve	Fair value reserve	Foreign currency translation reserve	(Accumulated losses)/retained earnings					Total
Balance at 1 January 2010	215,578	141,708	15,580	10,280	(6,761)	3,324	379,709	-	37,321	6,622	423,652
Net loss	-	-	-	-	-	(157,288)	(157,288)	-	(2,070)	-	(159,358)
Other comprehensive (loss)/income for the period	-	-	-	(4,354)	255	-	(4,099)	-	23	-	(4,076)
Transfer from fair value reserve	-	-	-	(7,486)	-	7,486	-	-	-	-	-
Disposal of controlling interests	-	-	-	-	-	-	-	-	-	(6,622)	(6,622)
<b>Balance at 30 September 2010</b>	<b>215,578</b>	<b>141,708</b>	<b>15,580</b>	<b>(1,560)</b>	<b>(6,506)</b>	<b>(146,478)</b>	<b>218,322</b>	<b>-</b>	<b>35,274</b>	<b>-</b>	<b>253,596</b>
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
Net (loss)/income	-	-	-	-	-	(2,959)	(2,959)	-	4,663	349	2,053
Total comprehensive income/(loss) for the period	-	-	-	1,568	(662)	-	906	-	(395)	-	511
Transfer to fair value reserve	-	-	-	16,234	-	(16,234)	-	-	-	-	-
Issuance of additional shares	31,838	95,514	-	-	-	-	127,352	(110,059)	-	-	17,293
Equity transaction costs incurred	-	(25,022)	-	-	-	-	(25,022)	-	-	-	(25,022)
Employee share based incentives scheme	-	-	-	-	-	621	621	-	-	-	621
Controlling interests acquired	-	-	-	(46,008)	-	-	(46,008)	-	64,980	-	18,972
Balance at 30 September 2009	215,578	141,708	15,580	33,559	(6,268)	(15,627)	384,530	-	77,149	6,660	468,339

The attached explanatory notes 1-15 form an integral part of these interim condensed consolidated financial statements.

**Unicorn Investment Bank B.S.C. (c)****INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

	<b>30 September 2010</b>	30 September 2009
<b>OPERATING ACTIVITIES</b>		
Net (loss)/profit	<b>(159,358)</b>	2,053
Adjustments for:		
Gain on sale of investment securities	<b>(3,835)</b>	(1,825)
Fair value loss on investment properties	<b>2,500</b>	9,374
Impairments and provisions/(reversals)	<b>90,898</b>	5,000
Fair value movements on investment securities	<b>50,309</b>	(31,812)
Profit from assets held for sale	-	(1,395)
Shared-based payments	-	1,841
Share of (profit)/loss of associates and joint ventures	<b>(5,593)</b>	1,976
Depreciation and amortisation	<b>2,070</b>	1,990
	<b>(23,009)</b>	(12,798)
Changes in:		
Due from financial and non-financial institutions	<b>21</b>	(125,758)
Other assets	<b>75,213</b>	(21,733)
Inventories	-	1,914
Due to financial and non-financial institutions	<b>(113,004)</b>	64,708
Subordinated murabaha	<b>483</b>	-
Other liabilities	<b>(6,143)</b>	(80,441)
Proceeds from sale of investment securities	<b>43,396</b>	34,454
Purchase of investment securities	<b>(28,157)</b>	(110,205)
<b>Net cash used in operating activities</b>	<b>(51,200)</b>	(249,859)
<b>INVESTING ACTIVITIES</b>		
Purchase of premises and equipment	<b>(398)</b>	(6,009)
Disposal of assets held for sale	<b>7,049</b>	-
Investments in associates	-	(12,527)
Acquisition of subsidiaries, net of cash acquired	-	111,586
<b>Net cash from investing activities</b>	<b>6,651</b>	93,050
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(44,549)</b>	(156,809)
Foreign currency translation adjustments	<b>537</b>	(145)
Cash and cash equivalents at the beginning of the period	<b>433,855</b>	420,174
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>389,843</b>	263,220
Cash and cash equivalents comprise:		
Cash and balances with banks	<b>47,957</b>	142,765
Due from financial and non-financial institutions	<b>341,886</b>	120,455
	<b>389,843</b>	263,220

The attached explanatory notes 1-15 form an integral part of these interim condensed consolidated financial statements.

**Unicorn Investment Bank B.S.C. (c)****INTERIM CONSOLIDATED STATEMENT OF RESTRICTED INVESTMENT ACCOUNTS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

	<b>At 1 January 2010</b>	<b>Deposit</b>	<b>Gross Income</b>	<b>Wakil Fee</b>	<b>Withdrawals/ distributions</b>	<b>At 30 September 2010</b>
<b>Wakala contract</b>	<u>240,132</u>	<u>78,929</u>	<u>4,931</u>	<u>(956)</u>	<u>(323,036)</u>	<u>-</u>

	<b>At 1 January 2009</b>	<b>Deposit</b>	<b>Gross Income</b>	<b>Wakil Fee</b>	<b>Withdrawals/ distributions</b>	<b>At 31 December 2009 (Audited)</b>
<b>Wakala contract</b>	<u>-</u>	<u>240,000</u>	<u>188</u>	<u>(56)</u>	<u>-</u>	<u>240,132</u>

The attached explanatory notes 1-15 form an integral part of these interim condensed consolidated financial statements.



## **Unicorn Investment Bank B.S.C. (c)**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended 30 September 2010 (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<sup>rd</sup> to 7<sup>th</sup> 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 aim meet investor driven returns and asset criterias;
- advisory and investment services for takaful (Islamic insurance) and retakaful (Islamic reinsurance) providers;
- mergers and acquisitions, including deal sourcing, structuring, valuations and advisory; and
- developing and managing liquidity products and other treasury products and services.

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 September 2010 was 173 (31 December 2009: 187).

#### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

The interim condensed consolidated financial statements for the nine month period ended 30 September 2010 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 2009.

The results for the nine month period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

## Unicorn Investment Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2010 (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
<u>UIB Capital Inc.</u>	100%	2004	United States of America

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.

<u>Unicorn International Islamic Bank Malaysia Berhad</u>	100%	2004	Malaysia
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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.

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.

<u>Unicorn Capital Menkul Degerler A.S.</u>	91.9%	2007	Turkey
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The main activities of Unicorn Capital Menkul Degerler are to provide investment consultancy, asset management, underwriting and brokerage services.

<u>Unicorn Capital Saudi Arabia</u>	53.4%	2009	Kingdom of Saudi Arabia
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Unicorn Capital Saudi Arabia was granted a certificate of incorporation by the Saudi Arabia Capital Markets Authority in March 2009. Its principal activities are Investment banking.

### 2.2 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 2009. 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.

During the period, the Group has adopted the following standard, amendments and interpretation which are effective for the annual periods beginning on or after 1 January 2010.

#### *IFRS 2 Share-based payments (Revised) - Cash settled share based transactions*

The International Accounting Standards Board (IASB) issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The adoption of this amendment did not have a material impact on the financial position or performance of the Group.

#### *IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, for future business combinations, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively.

**Unicorn Investment Bank B.S.C. (c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****2.2 Significant Accounting Policies (continued)***IFRIC 17 Distributions of non-cash assets to owners*

This interpretation explains how the non-cash dividends distributed to the shareholders should be measured. A dividend obligation is recognised when the dividend was authorised by the appropriate entity and is no longer at the discretion of the entity. This dividend obligation should be recognised at the fair value of the net assets to be distributed. The difference between the dividend paid and the amount carried forward of the net assets distributed should be recognised in profit and loss. The adoption of this interpretation did not have a material impact on the financial position or performance of the Group.

**3. DUE FROM FINANCIAL AND NON-FINANCIAL INSTITUTIONS**

	<b>30 September 2010</b>	31 December 2009 Audited
Due from financial institutions	<b>97,801</b>	188,465
Due from non-financial institutions	<b>247,170</b>	112,578
	<b><u>344,971</u></b>	<u>301,043</u>

**4. INVESTMENT SECURITIES**

	<b>30 September 2010</b>	31 December 2009 Audited
Carried at fair value through statement of income	<b>149,149</b>	198,109
Available for sale investments at fair value:		
Quoted	<b>11,556</b>	27,734
Unquoted	<b>18,625</b>	22,156
	<b><u>179,330</u></b>	<u>247,999</u>

**5. OTHER ASSETS**

	<b>30 September 2010</b>	31 December 2009 Audited
Deal-related advances	<b>9,490</b>	9,490
Dividend receivable	<b>4,349</b>	11,993
Fees and recoverable expenses outstanding from clients	<b>19,417</b>	72,514
Prepayments and advances	<b>2,242</b>	4,047
Receivable from sale of investments	<b>-</b>	13,765
Other	<b>5,434</b>	4,901
	<b><u>40,932</u></b>	<u>116,710</u>
Provisions	<b>(24,280)</b>	-
	<b><u>16,652</u></b>	<u>116,710</u>

**Unicorn Investment Bank B.S.C. (c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

**6. DUE TO FINANCIAL AND NON-FINANCIAL INSTITUTIONS**

	<b>30 September 2010</b>	31 December 2009 Audited
Due to financial institutions	<b>255,270</b>	300,766
Due to non-financial institutions	<b>153,149</b>	220,657
	<b><u>408,419</u></b>	<b><u>521,423</u></b>

**7. OTHER LIABILITIES**

	<b>30 September 2010</b>	31 December 2009 Audited
Accruals and other provisions	<b>21,607</b>	1,204
Deal-related payables	<b>3,333</b>	10,672
Staff-related payables	<b>3,364</b>	4,256
Trade and other payables	<b>7,575</b>	8,856
	<b><u>35,880</u></b>	<b><u>24,988</u></b>

**8. SHARE CAPITAL**

	<b>30 September 2010</b>	31 December 2009 Audited
Authorised: 750,000,000 ordinary shares of US\$1 each	<b>750,000</b>	750,000
Issued and fully paid:		
185,819,019 (2009: 185,819,019) ordinary shares of US\$1 each, issued against cash	<b>185,819</b>	185,819
27,819,966 (2009: 27,819,966) ordinary shares of US\$1 each, issued in kind	<b>27,820</b>	27,820
1,938,994 (2009: 1,938,994) ordinary shares of US\$1 each, granted to employees	<b>1,939</b>	1,939
	<b><u>215,578</u></b>	<b><u>215,578</u></b>

## Movement in share capital:

	<b>No. of shares (thousands)</b>	<b>Nominal Value</b>
At 1 January 2009	183,740	183,740
Issued during the year	31,838	31,838
<b>At 1 January 2010</b>	<b>215,578</b>	<b>215,578</b>
<b>Issued during the period</b>	<b>-</b>	<b>-</b>
<b>At 30 September 2010</b>	<b><u>215,578</u></b>	<b><u>215,578</u></b>

**Unicorn Investment Bank B.S.C. (c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

**9. INVESTMENT BANKING FEES**

	<b>30 September 2010</b>	30 September 2009
Advisory and placement fees	<b>18,315</b>	5,640
Arrangement and underwriting fees	<b>4,176</b>	8,026
Structuring and performance fees	<b>350</b>	70
	<b><u>22,841</u></b>	<u>13,736</u>

**10. OTHER INVESTMENT BANKING INCOME**

	<b>30 September 2010</b>	30 September 2009
Dividend income	<b>1,149</b>	9,075
Fair value loss on investment property	<b>(2,500)</b>	(9,374)
Gain on sale on investment securities	<b>3,835</b>	1,825
Management fees	<b>2,521</b>	2,581
Other income	<b>4,597</b>	1,278
	<b><u>9,602</u></b>	<u>5,385</u>

**11. NET EXPENSE FROM FINANCIAL AND NON-FINANCIAL INSTITUTIONS**

	<b>30 September 2010</b>	30 September 2009
Income on due from financial and non-financial institutions	<b>10,332</b>	4,930
Expense on due to financial and non-financial institutions	<b>(14,720)</b>	(12,028)
Net expense from financial and non-financial institutions	<b><u>(4,388)</u></b>	<u>(7,098)</u>

**12. OPERATING EXPENSES**

	<b>30 September 2010</b>	30 September 2009
Advertising	<b>518</b>	614
Business development	<b>3,498</b>	2,800
Depreciation and amortisation	<b>2,070</b>	1,267
General and administrative	<b>3,808</b>	4,707
Legal and professional	<b>5,594</b>	2,598
Premises	<b>2,376</b>	2,893
Staff costs	<b>32,380</b>	32,834
Other	<b>1,555</b>	1,459
	<b><u>51,799</u></b>	<u>49,172</u>

**Unicorn Investment Bank B.S.C. (c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

**13. COMMITMENTS AND GUARANTEES**

	<b>30 September 2010</b>	31 December 2009 Audited
Investment-related	<b>7,078</b>	24,493
Lease commitments	<b>4,105</b>	5,195
	<u><b>11,183</b></u>	<u>29,688</u>
Guarantees	<b>3,357</b>	3,863
	<u><b>14,540</b></u>	<u>33,551</u>

**14. 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.

	<b>30 September 2010</b>	30 September 2009
Short term employee benefits	<b>5,499</b>	8,701
Post employment benefits	<b>444</b>	401
Share-based payments	-	1,841
	<u><b>5,943</b></u>	<u>10,943</u>

**Unicorn Investment Bank B.S.C. (c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

**14. RELATED PARTY TRANSACTIONS (continued)****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. All transactions with these related parties arose from the ordinary course of business at normal commercial rates.

	30 September 2010			31 December 2009 (Audited)		
	Shareholders/ Directors	Senior management	Other entities	Shareholders/ Directors	Senior management	Other entities
<b>Assets</b>						
Due from financial and non-financial institutions	-	-	28,250	-	-	85,304
Investment securities	-	-	122,405	-	-	143,399
Investments in associates and joint ventures	-	-	125,118	-	-	151,348
Other assets	-	882	13,873	-	110	81,053
<b>Liabilities</b>						
Due to financial & non-financial institutions	-	-	39,574	-	-	47,422
Subordinated murabaha	-	-	50,483	-	-	50,000
Other liabilities	1,399	1,108	8,290	1,040	1,032	8,242
<b>Shareholders' equity</b>						
Equity transaction costs	-	-	-	10,953	6,780	-
<b>Statement of income (30 September 2010 and 30 September 2009)</b>						
Investment banking fees	-	-	17,175	-	-	9,877
Other investment banking income	-	-	4,136	-	-	11,439
Net expense from financial and non-financial institutions	-	-	(2,000)	-	-	(844)
Share of profit/(loss) of associates and joint ventures	-	-	5,593	-	-	(581)
Impairments and provisions	-	-	(71,244)	-	-	(5,000)
Victron Inc. expenses	-	-	-	-	-	(114)
Directors' remuneration and expenses	(544)	-	-	(488)	-	-
Shari'ah supervisory board remuneration and expenses	-	-	(327)	-	-	(280)

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

**Unicorn Investment Bank B.S.C. (c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended 30 September 2010 (Unaudited)

(Amounts in United States Dollars thousands)

**15. SEGMENT INFORMATION****Operating segment information**

Nine months ended 30 September 2010

	Capital Markets & Treasury	Private Equity	Corporate Finance	Asset Management	Strategic M&A	Other	Total
Total income	22,205	7,368	102	(81)	2,388	1,666	33,648
Total expenses	(2,781)	(2,856)	(466)	(1,969)	(4,293)	(39,434)	(51,799)
Profit/(loss) before impairments and provisions & fair value movements	19,424	4,512	(364)	(2,050)	(1,905)	(37,768)	(18,151)
(Impairments and provisions)/reversals	(15,000)	(15,000)	-	(1,964)	(31,460)	(27,474)	(90,898)
Fair value movements on investment securities	(10,000)	(30,063)	(8,868)	986	(2,364)	-	(50,309)
Net loss	(5,576)	(40,551)	(9,232)	(3,028)	(35,729)	(65,242)	(159,358)
Total assets	416,684	151,351	10,141	42,666	102,907	24,629	748,378
Total liabilities	162,545	167,091	16,027	25,290	37,006	86,823	494,782

Nine months ended 30 September 2009

	Capital Markets & Treasury	Private Equity	Corporate Finance	Asset Management	Strategic M&A	Other	Total
Total income	10,405	(897)	(325)	1,781	7,359	9,462	27,785
Total expenses (including tax)	(6,090)	(1,692)	(1,229)	(2,377)	(12,559)	(28,597)	(52,544)
Profit/(loss) before impairments and provisions & fair value movements	4,315	(2,589)	(1,554)	(596)	(5,200)	(19,135)	(24,759)
Impairments and provisions	-	-	-	-	-	(5,000)	(5,000)
Fair value movements on investment securities	9,951	7,573	7,012	3,060	4,216	-	31,812
Net profit/(loss)	14,266	4,984	5,458	2,464	(984)	(24,135)	(2,053)
As at 31 December 2009 (Audited)							
Total assets	478,572	219,333	19,154	39,679	147,825	129,056	1,033,619
Total liabilities	171,248	202,042	19,259	15,242	127,189	74,987	609,967