

23rd of November 2004

FIRST ISLAMIC ACQUIRES UK-BASED WATER COMPANY

First Islamic Investment Bank E.C., the Bahrain-based investment bank, announced that its Offer to acquire South Staffordshire Plc, a UK-based publicly-traded water supply company, has been declared unconditional. To date, shareholders representing 86.5% of the issued share capital of South Staffordshire Plc have accepted First Islamic's Offer of £11.20 per each share, which values the transaction at £245.0 million, including financing facilities and transaction costs.

Mohammed Abdulaziz Aljomaih, Chairman of First Islamic Investment Bank, said "All three of our business lines, asset-based, real estate, and corporate investment, are now generating diverse investment opportunities in the European market for our investors. The South Staffordshire transaction represents our first European public to private transaction."

South Staffordshire Plc generates a majority of its income from its regulated operations which supplies water to a population of 1.25 million in the British Midlands, covering an area of 1,500 square kilometers. The company also has a number of complementary non-regulated businesses including Aqua Direct which supplies natural spring and mineral water.

Atif A. Abdulmalik, First Islamic's Chief Executive Officer, said "South Staffordshire ranks among the top performing companies in the UK water sector. We believe that the company has a strong management team and offers promising growth potential."

The company has historically generated stable earnings and strong cash flow. For the year ended March 31, 2004, South Staffordshire reported turnover of £72.8 million and profit before tax of £14.5 million.

Asim Zafar, Executive Director, Real Estate and Asset-Based Investment, said "The UK water industry is attractive to financial investors because it has a transparent regulatory framework, with predictable and stable earnings, and low operating risks."

Headquartered in Bahrain with offices in Atlanta and London, First Islamic's three principal lines of business are corporate investment, real estate and asset-based investment. To date, the Bank has completed 35 transactions with a total value of over \$7.0 billion and has an equity capital base in excess of \$300 million. First Islamic's mission is to provide innovative and distinctive Shari'ah compliant investment opportunities that generate superior risk-adjusted returns.