



INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31ST MARCH 2011

Interim condensed consolidated statement of financial position (All amounts expressed in United States Dollars)

	As at	
	31 March 2011 (Reviewed)	31 December 2010 (Audited)
ASSETS		
Cash and balances with banks	10,084,032	8,150,460
Placements with banks	28,564,217	27,664,758
Finance lease receivables	82,275,739	86,941,431
Investment securities available-for-sale	20,546,950	20,796,950
Property and equipment	2,094,577	2,607,043
Other assets	1,281,576	1,303,150
	<u>144,847,091</u>	<u>147,463,792</u>
Assets of disposal group classified as held for sale	71,434	71,434
Total assets	<u>144,918,525</u>	<u>147,535,226</u>
LIABILITIES		
Accounts payable and other liabilities	649,828	664,333
Due to banks	24,821,947	27,585,394
Due to related parties	18,389,762	18,080,410
	<u>43,861,537</u>	<u>46,330,137</u>
Liabilities of disposal group classified as held for sale	538,178	538,178
Total liabilities	<u>44,399,715</u>	<u>46,868,315</u>
EQUITY		
Share capital	100,000,000	100,000,000
Statutory reserve	788,534	788,534
Accumulated Losses	(269,724)	(121,623)
Total equity	<u>100,518,810</u>	<u>100,666,911</u>
Total liabilities and equity	<u>144,918,525</u>	<u>147,535,226</u>

The financial information were reviewed by PricewaterhouseCoopers Bahrain Limited.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 to the interim condensed consolidated financial information which indicates that the Bank may cease to exist as a legal entity as a result of a proposed change in its ownership structure. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the bank's ability to continue as a going concern.

The interim condensed consolidated financial information has been approved for issue by the Board of Directors on 9th May 2011 and signed on its behalf by:

Mohamed Abdulrahman Hussain
Director

Sh. Ali Khalifa Al- Khalifa
Director

Interim condensed consolidated statement of comprehensive income (All amounts expressed in United States Dollars)

	Three month period ended	
	31 March 2011 (Reviewed)	31 March 2010 (Reviewed)
Income from financing activities and similar income	1,495,568	2,077,185
Profit on placements with banks	342,923	199,496
Finance cost and similar charges	(696,763)	(821,680)
	<u>1,141,728</u>	<u>1,455,001</u>
Fee and commission income	91,934	80,010
Income from investment activities	99,003	47,693
Other income	175,565	93,297
Total operating income	<u>1,508,230</u>	<u>1,676,001</u>
Staff costs	(517,617)	(719,059)
Other operating expenses	(402,835)	(391,612)
Total operating expenses excluding provisions	<u>(920,452)</u>	<u>(1,110,671)</u>
Profit for the period prior to provision for impairment	<u>587,778</u>	<u>565,330</u>
Provision for impairment		
Finance lease receivables	(359,571)	(24,220)
Property and equipment	(376,308)	-
(Loss)/Profit for the period	<u>(148,101)</u>	<u>541,110</u>
Other comprehensive income for the period	-	-
Total comprehensive(loss)/ income for the period	<u>(148,101)</u>	<u>541,110</u>

Interim condensed consolidated statement of changes in equity (All amounts expressed in United States Dollars)

	Share capital	(Accumulated Losses)/ retained earnings	Statutory reserve	Total
At 1 January 2010	100,000,000	3,386,037	788,534	104,174,571
Total comprehensive income for the period	-	541,110	-	541,110
At 31 March 2010 (Reviewed)	100,000,000	3,927,147	788,534	104,715,681
At 1 January 2011	100,000,000	(121,623)	788,534	100,666,911
Total comprehensive loss for the period	-	(148,101)	-	(148,101)
At 31 March 2011 (Reviewed)	100,000,000	(269,724)	788,534	100,518,810

Interim condensed consolidated statement of cash flows (All amounts expressed in United States Dollars)

	Three month period ended	
	31 March 2011 (Reviewed)	31 March 2010 (Reviewed)
Operating activities		
(Loss)/Profit for the period	(148,101)	541,110
Adjustments for:		
Depreciation	63,465	56,725
Provision for impairment	735,879	24,220
Income from investments available-for-sale	(99,003)	(47,693)
Loss/(gain) on disposal of property and equipment	2	(198)
	<u>552,242</u>	<u>574,164</u>
Changes in operating assets and liabilities:		
Increase in finance lease receivables	4,378,813	5,725,614
Decrease in other assets	21,576	8,664
Decrease in accounts payable and other liabilities	(14,505)	(45,412)
Increase/(decrease) in amounts due to banks	265,033	(20,437)
Increase in other amounts due to related parties	8,144	23,638
Net cash provided by operating activities	<u>5,211,303</u>	<u>6,266,231</u>
Investing activities		
Purchase of property and equipment	-	(3,912)
Proceeds from the sale of property and equipment	-	200
Proceeds from investment	349,003	47,693
Net cash provided by investing activities	<u>349,003</u>	<u>43,981</u>
Financing activities		
Proceeds from borrowed funds	-	10,000,000
Repayments of borrowed funds	(2,727,273)	(12,276,932)
Increase/(decrease) in placements with bank maturing after three months	4,769,119	(5,385,603)
Net cash provided by/(used in) financing activities	<u>2,041,846</u>	<u>(7,662,535)</u>
Net increase/(decrease) in cash and cash equivalents	<u>7,602,152</u>	<u>(1,352,323)</u>
Cash and cash equivalents at the beginning of the period	18,148,952	6,818,445
Cash and cash equivalents at the end of the period	<u>25,751,104</u>	<u>5,466,122</u>
Cash and cash equivalents comprise:		
Cash from held for sale investment	6,407	-
Cash and balances with banks	10,084,032	3,719,805
Placements with banks	28,564,217	17,367,951
	<u>38,654,656</u>	<u>21,087,756</u>
Less: Placements with banks maturing after three months	(12,903,552)	(15,621,634)
	<u>25,751,104</u>	<u>5,466,122</u>