

FIRST LEASING BANK BSC (c)

**INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2010**

FIRST LEASING BANK BSC (c)

**Interim condensed financial information
For the three month period ended 31 March 2010**

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**REVIEW REPORT TO THE DIRECTORS OF
FIRST LEASING BANK B.S.C. (c)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of First Leasing Bank B.S.C. (c) (the Bank) as of 31 March 2010 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim 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 financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.



13 May 2010
Manama, Kingdom of Bahrain

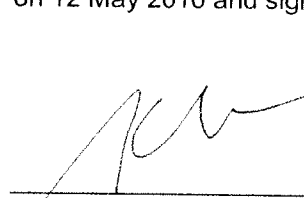
First Leasing Bank BSC (c)

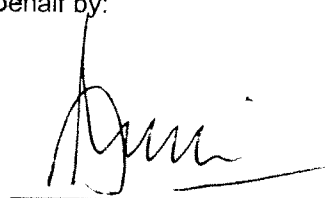
Interim condensed statement of financial position


(All amounts expressed in United States Dollars unless otherwise stated)

	Note	As at	
		31 March 2010 (Reviewed)	31 December 2009 (Audited)
ASSETS			
Cash and balances with banks		3,719,805	1,230,514
Placements with banks		17,367,951	15,823,962
Finance lease receivables	5	110,856,470	116,606,303
Investment securities available-for-sale		20,121,950	20,121,950
Property and equipment		1,199,961	1,252,776
Other assets		543,703	552,368
Total assets		153,809,840	155,587,873
LIABILITIES			
Accounts payable and other liabilities		756,216	801,628
Due to banks		18,930,966	20,918,097
Due to related parties	3	29,406,977	29,693,577
Total liabilities		49,094,159	51,413,302
EQUITY			
Share capital		100,000,000	100,000,000
Statutory reserve		788,534	788,534
Retained earnings		3,927,147	3,386,037
Total equity		104,715,681	104,174,571
Total liabilities and equity		153,809,840	155,587,873

The interim condensed financial information has been approved for issue by the Board of Directors on 12 May 2010 and signed on its behalf by:


 Khalid Mohamed Kanoo
 Chairman


 Mohamed Hussain
 Director


 Gregory Thomas Brinkerhoff
 Chief Executive Officer

The notes on pages 7 to 10 form an integral part of the interim condensed financial information.

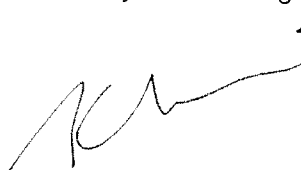
First Leasing Bank BSC (c)

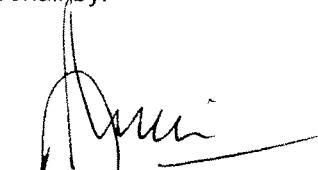
Interim condensed statement of comprehensive income

(All amounts expressed in United States Dollars unless otherwise stated)

	Note	Three month period ended	
		2010 (Reviewed)	2009 (Reviewed)
Income from financing activities and similar income		2,077,185	2,789,787
Profit on placements with banks		199,496	258,670
Finance cost and similar charges		(821,680)	(1,168,351)
		1,455,001	1,880,106
Fee and commission income		80,010	93,644
Income from investment activities		47,693	301,995
Other income		93,297	34,592
Total operating income		1,676,001	2,310,337
Staff costs		(719,059)	(804,738)
Other operating expenses		(391,612)	(405,899)
Loss on investment securities available-for-sale		-	(65,328)
Provision for impairment		(24,220)	-
Total operating expenses		(1,134,891)	(1,275,965)
Profit for the period		541,110	1,034,372
Other comprehensive income for the period		-	-
Total comprehensive income for the period		541,110	1,034,372

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First Leasing Bank BSC (c)**Interim condensed statement of changes in equity**

(All amounts expressed in United States Dollars unless otherwise stated)

	<u>Share capital</u>	<u>Accumulated profit</u>	<u>Statutory reserve</u>	<u>Total</u>
At 1 January 2009	100,000,000	3,055,267	751,782	103,807,049
Total comprehensive income for the period	-	1,034,372	-	1,034,372
At 31 March 2009 (Reviewed)	<u>100,000,000</u>	<u>4,089,639</u>	<u>751,782</u>	<u>104,841,421</u>
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)	<u>100,000,000</u>	<u>3,927,147</u>	<u>788,534</u>	<u>104,715,681</u>

The notes on pages 7 to 10 form an integral part of the interim condensed financial information.

First Leasing Bank BSC (c)

Interim condensed statement of cash flows

(All amounts expressed in United States Dollars unless otherwise stated)

	Three month period ended	
	31 March 2010 (Reviewed)	31 March 2009 (Reviewed)
Operating activities		
Profit for the period	541,110	1,034,372
<u>Adjustments for:</u>		
Depreciation	56,725	31,167
Provision for impairment	24,220	-
Income from investments available-for-sale	(47,693)	-
Gain on disposal of property and equipment	(198)	-
Loss on investment securities available-for-sale	-	65,328
	<u>574,164</u>	<u>1,130,867</u>
<u>Changes in operating assets and liabilities:</u>		
Decrease/(increase) in finance lease receivables	5,725,614	(5,404,129)
Decrease/(increase) in other assets	8,664	(505,468)
Decrease in accounts payable and other liabilities	(45,412)	(286,839)
Decrease/(increase) in other amounts due to banks	(20,437)	304,349
Decrease/(increase) in other amounts due to related parties	23,638	(9,029)
	<u>6,266,231</u>	<u>(4,770,249)</u>
Net cash generated from/(used in) operating activities		
Investing activities		
Purchase of property and equipment	(3,912)	(168,937)
Proceeds from the sale of property and equipment	200	-
Proceeds from investment	47,693	-
	<u>43,981</u>	<u>(168,937)</u>
Net cash generated from/(used in) investing activities		
Financing activities		
Proceeds from borrowed funds	10,000,000	-
Repayments of borrowed funds	(12,276,932)	(2,276,932)
Decrease in placements with bank maturing within six months	(5,385,603)	(7,616,213)
	<u>(7,662,535)</u>	<u>(9,893,145)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	<u>(1,352,323)</u>	<u>(14,832,331)</u>
Cash and cash equivalent at the beginning of the period	<u>6,818,445</u>	<u>34,967,112</u>
Cash and cash equivalent at the end of the period	<u>5,466,122</u>	<u>20,134,781</u>
Cash and cash equivalent comprise:		
Cash and balances with banks	3,719,805	1,044,512
Placements with banks	17,367,951	26,706,482
	<u>21,087,756</u>	<u>27,750,994</u>
Less: Placements with banks maturing within six months	<u>(15,621,634)</u>	<u>(7,616,213)</u>
	<u>5,466,122</u>	<u>20,134,781</u>

The notes on pages 7 to 10 form an integral part of the interim condensed financial information.

First Leasing Bank BSC (c)

Notes to the interim condensed financial information for the three month period ended 31 March 2010 (continued)

(All amounts expressed in United States Dollars unless otherwise stated)

1. Incorporation and principal activity

First Leasing Bank B.S.C.(c) (the Bank) was incorporated in the Kingdom of Bahrain as a closed Bahraini shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain under Commercial Registration number 54236 on 2 August 2004. The Bank operates under a Wholesale Banking License issued by the Central Bank of Bahrain. The registered office of the Bank and its principal place of business is located at Addax Tower, at Al Seef District, Kingdom of Bahrain.

The Bank is principally engaged in the provision of finance and operating equipment leases (Ijara) throughout the Gulf Co-operation Council countries and other countries.

2. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2010 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards.

Accounting policies

Except as described below, the accounting policies applied in the preparation of the interim condensed financial information are consistent with those in the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

(a) Standards, amendments and interpretations effective and not relevant to the Bank's operations.

The following standards, amendments and interpretations to existing standards are mandatory for the first time for the Bank's accounting periods beginning on or after 1 July 2009 or later periods, but are not relevant for the Bank's operations.

IFRS 3, 'Business combinations' (effective for periods commencing 1 July 2009)

IAS 27, 'Consolidated and separate financial statements' (effective for periods commencing 1 July 2009)

IFRS 1 and IAS 27, 'Cost of an investment in a subsidiary, jointly-controlled entity or associate' (effective for periods commencing 1 July 2009)

IFRIC 17, 'Distribution of non-cash to owners' (effective for periods commencing 1 July 2009)

IFRIC 18, 'Transfers of assets from customers' (effective for periods commencing 1 July 2009)

Improvements to IFRS

(a) Standards, amendments and interpretations not effective and not early adopted by the Bank.

The following is the standard issued but not effective and the Bank has not early adopted.

IFRS 9, 'Financial instruments part 1: Classification and measurement' (effective for periods commencing 1 January 2013). Management is considering the implications of the above standard, its impact on the Bank and the timing of its application by the Bank.

First Leasing Bank BSC (c)**Notes to the interim condensed financial information for the three month period ended 31 March 2010 (continued)**

(All amounts expressed in United States Dollars unless otherwise stated)

3. Transactions and balances with related parties

Related parties include the shareholders, businesses in which shareholders (individually or combined), have control or significant influence, directors, key management personnel and companies whose ownership and management are common with that of the Bank. The Bank carries out transactions in the normal course of business with related parties.

Statement of comprehensive income

The statement of comprehensive income reflects the following items in respect of transactions with related parties during the period.

	Three month period ended	
	31 March 2010	31 March 2009
	(Reviewed)	(Reviewed)
<u>Ithmaar Bank B.S.C (c) (Previously Shamil Bank of Bahrain B.S.C (c) – (a shareholder and previously a company under common control)</u>		
- Profit from placements with banks	164,497	201,636
- Finance cost	338,600	613,888
<u>Solidarity Group Holding BSC (c) - (company under common control)</u>		
- Commission from funds under management	2,410	2,456
- Other operating expenses	37,600	18,000
<u>Overland Capital Group – (a shareholder)</u>		
- Management fee	-	81,250
- Other operating expenses	-	17,428
<u>Faisal Islamic Bank – (a shareholder)</u>		
- Finance cost	140,355	158,889
<u>Ithmar Bank B.S.C (c) – (a shareholder)</u>		
- Other operating expenses	39,288	47,954
<u>Others</u>		
- Board sitting fees and other expenses	29,201	57,882

First Leasing Bank BSC (c)**Notes to the interim condensed financial information for the three month period ended 31 March 2010** (continued)

(All amounts expressed in United States Dollars unless otherwise stated)

3. Transactions and balances with related parties (continued)*Statement of financial position*

At 31 March 2010 the Bank had the following balances with related parties. The effective rate of interest earned on placements with banks is approximately 3.31% per annum (31 December 2009: 3.81%). There was no impairment on these balances.

	31 March 2010 (Reviewed)	31 December 2009 (Audited)
<u>Cash and balances with banks</u>		
Ithmaar Bank B.S.C (c) (previously Shamil Bank of Bahrain B.S.C (c)) – (a shareholder and previously a company under common control)	316,258	688,887
<u>Placements with banks</u>		
Ithmaar Bank B.S.C (c) (Previously Shamil Bank of Bahrain B.S.C (c)) – (a shareholder and previously a company under common control)	12,367,951	15,823,962
<u>Due to related parties:</u>		
Ithmaar Bank B.S.C (c) (Previously Shamil Bank of Bahrain B.S.C (c)) – (a shareholder and previously a company under common control)	19,325,754	19,497,179
- Faisal Islamic Bank of Egypt – (a shareholder)	10,003,085	10,141,898
- Solidarity Group Holding BSC (c) - (company under common control)	37,600	23,500
- Ithmar Bank B.S.C. (c) – (a shareholder)	39,288	30,000
- Others	1,250	1,000
	<u>29,406,977</u>	<u>29,693,577</u>

4. Off balance sheet items*Participations*

For the purposes of finance lease transactions, the Bank has entered into syndicated finance leases with participants, the participants' facility balance amounting to USD 4,681,390 as at 31 March 2010 (31 December 2009: USD 4,961,838). The Bank's obligation is limited to making payment to the participant and is conditional upon receiving the corresponding payment rental from lessees and the participants shall have no recourse to the Bank in the event of any failure by the lessee to make any such payments.

First Leasing Bank BSC (c)**Notes to the interim condensed financial information for the three month period ended 31 March 2010 (continued)**

(All amounts expressed in United States Dollars unless otherwise stated)

5. Finance lease receivables

	31 March 2010	31 December 2009
	(Reviewed)	(Audited)
<u>Gross investment in finance lease receivables:</u>		
Not later than 1 year	65,428,342	62,186,694
Later than 1 year and not later than 5 years	69,499,785	80,475,727
	<u>134,928,127</u>	<u>142,662,421</u>
Unearned future finance income on finance leases	(21,880,990)	(23,878,671)
Provision for impairment	(2,190,667)	(2,177,447)
	<u>110,856,470</u>	<u>116,606,303</u>
Net investment in finance leases		
	<u>110,856,470</u>	<u>116,606,303</u>
The maturity of the net investment in finance leases is analysed as follows:		
Not later than 1 year	48,817,624	45,363,431
Later than 1 year and not later than 5 years	62,038,846	71,242,872
	<u>110,856,470</u>	<u>116,606,303</u>

Reconciliation of finance lease receivables

	31 March 2010	31 December 2009
	(Reviewed)	(Audited)
At 1 January	116,606,303	121,966,313
Finance leases issued	-	23,022,517
Finance lease income receivable	126,722	(22,666)
Principal repayment received	(5,852,335)	(26,182,414)
Provision made for impairment	(24,220)	(2,177,447)
	<u>110,856,470</u>	<u>116,606,303</u>