

FIRST ENERGY BANK B.S.C. (c)
INTERIM FINANCIAL INFORMATION
31 MARCH 2009

Commercial registration	:	69089 (registered with Central Bank of Bahrain as a wholesale Islamic bank)
Registered Office	:	Al Salam Tower, Diplomatic Area, PO Box 209, Manama, Kingdom of Bahrain Telephone +973 17100001
Directors	:	Dr. Esam Yousif A. Janahi, <i>Chairman</i> Hamad Rashed Nehail Al Neaime, <i>Vice-Chairman</i> Mustafa Mohd Zarti, <i>Vice-Chairman</i> Abdulla Abdulkarim Showaiter Luai Abdul Rahman (w.e.f. 3 February 2009) Ahmed Saif Al Darmaki Khalid Jassim Mohd. Bin Kalban Sadoun Bargash Hamoud Al Sadoun Adel Abdulaziz Aljabr Khalid Mohamed Najibi Ebrahim Hussain Ebrahim Mehran Jamsheer Merza Hesham Ismaeel Abdulrahman
Chief Executive Officer	:	Vahan Zanoyan
Auditors	:	KPMG Fakhro

INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2009

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KPMG Fakhro
Audit
5th Floor
Chamber of Commerce Building
PO Box 710, Manama
Kingdom of Bahrain

CR No. 6220
Telephone +973 17 224807
Fax +973 17 227443
Internet www.kpmg.com.bh

Independent auditor's report on review of interim financial information

To

The Board of Directors
First Energy Bank B.S.C. (c)
Kingdom of Bahrain

4 May 2009

Introduction

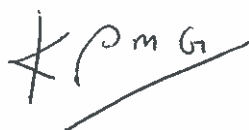
We have reviewed the accompanying condensed statement of financial position of First Energy Bank B.S.C.(c) (the "Bank") as at 31 March 2009, and the related condensed statements of income, comprehensive income, changes in equity and cash flows (the "interim financial information") for the three month period then ended. The Board of Directors of the Bank is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim 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 financial information is not prepared, in all material respects, in accordance with IAS - 34 *Interim Financial Reporting*.



CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March 2009

US\$ 000's

	Note	31 March 2009 (reviewed)	31 December 2008 (audited)
ASSETS			
Cash and bank balances		2,034	2,225
Placements with financial institutions		920,498	970,665
Available-for-sale investments	4	5,314	-
Advance for investments		43,646	3,646
Other assets		48,221	41,639
Equipment and capital work-in-progress		4,671	3,016
Total assets		1,024,384	1,021,191
LIABILITIES AND EQUITY			
Liabilities			
Placement from a financial institution		15,000	-
Payable to a related party		898	18,294
Accruals and other liabilities		3,248	2,855
Total liabilities		19,146	21,149
Equity			
Share capital		1,000,000	1,000,000
Statutory reserve		4	4
Investments fair value reserve		(34)	-
Retained earnings		5,268	38
Total equity		1,005,238	1,000,042
Total liabilities and equity		1,024,384	1,021,191

The interim financial information, which consists of pages 2 to 8, was approved by the Board of Directors on 4 May 2009 and signed on its behalf by:



Esam Janahi
Chairman



Khalid Mohamed Najibi
Director



Vahan Zanjayan
Chief Executive Officer

CONDENSED INCOME STATEMENT
for the three months ended 31 March 2009

US\$ 000's

	31 March 2009 (reviewed)
Income from advisory services	5,750
Income from placements with financial institutions	4,296
Income from available-for-sale investments	947
Total income	10,993
Staff costs	2,550
Investment banking related expenses	1,150
Other operating expenses	2,063
Total expenses	5,763
Profit for the period	5,230
Earnings per share	
Basic and diluted earnings per share (US cents)	0.52

The interim financial information consist of pages 2 to 8.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2009

US\$ 000's

	31 March 2009 (reviewed)
Profit for the period	5,230
Other comprehensive income	
Changes in available-for-sale investments fair value reserve	(34)
Total comprehensive income for the period	5,196

The interim financial information consist of pages 2 to 8.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2009

US\$ 000's

	Share capital	Statutory reserve	Investments fair value reserve	Retained earnings	Total equity
31 March 2009 (reviewed)					
Balance at 1 January 2009	1,000,000	4	-	38	1,000,042
Total comprehensive income (page 4)	-	-	(34)	5,230	5,196
Balance at 31 March 2009	1,000,000	4	(34)	5,268	1,005,238

The interim financial information consist of pages 2 to 8.

CONDENSED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2009

US\$ 000's

	31 March 2009 (reviewed)
OPERATING ACTIVITIES	
Advisory income received	2,000
Income received from placements with financial institutions	4,296
Placement with financial institutions, net (original maturity of more than 90 days)	(201,409)
Placement received from a financial institution	15,000
Payments for expenses and project costs	(25,558)
Cash flows from operating activities	(205,671)
INVESTING ACTIVITIES	
Payment for purchase of equipment and capital work-in-progress	(1,695)
Payments for acquisition of available-for-sale investments	(21,866)
Sale of available-for-sale investments	17,465
Advances towards acquisition of investments	(40,000)
Cash flows from investing activities	(46,096)
Cash flows from financing activities	-
Net decrease in cash and cash equivalents	(251,767)
Cash and cash equivalents at the beginning of the period	972,890
Cash and cash equivalents at 31 March	721,123
Cash and cash equivalents comprise:	
Cash and bank balances	2,034
Placements with financial institutions (original maturity of less than 90 days)	719,089
	721,123

The interim financial information consist of pages 2 to 8.

**NOTES TO THE INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2009**

1 BASIS OF PREPARATION

The interim financial information has been prepared in summarised form in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting. The interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Bank as at and for the period ended 31 December 2008.

Change in accounting policy

During the period, the Bank adopted Revised IAS 1 "Presentation of Financial Statements" on its required application date of 1 January 2009. Revised IAS 1 introduces the term "total comprehensive income", which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either 1) a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or 2) in an income statement and a separate statement of comprehensive income. The Bank has opted to present the total comprehensive income in 2 separate statements – an income statement and a separate statement of comprehensive income.

There were no other changes to the accounting policies and risk management framework as set out in the Bank financial statements for the period ended 31 December 2008. The Bank's financial risk management objectives and policies are consistent with those disclosed in the audited Bank financial statements for the period ended 31 December 2008.

- 2 The interim financial information is not audited but has been reviewed by KPMG. The comparatives for the condensed balance sheet have been extracted from the audited financial statements for the period ended 31 December 2008. The Bank was incorporated on 23 June 2008, hence no comparative information has been presented for the condensed statements of income, comprehensive income, changes in equity and cash flows.
- 3 Due to the nature of the Bank's business, the results reported in these interim financial information may not represent a proportionate share of the overall annual results.
- 4 **Available-for-sale investments**
Available-for-sale investments include investments in quoted sukuk. Available-for-sale investments are initially recognised at fair value, plus transaction costs. Subsequent to initial recognition, available-for-sale investments are re-measured to fair value based on market prices and the fair value changes are recognised directly in the statement of comprehensive income. Profits from sukuk are calculated on an effective profit rate basis.

The balance as at 31 March 2009 represents

	31 March 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
Investments in Sukuk	5,348	-
Less: Fair value changes	(34)	-
	5,314	-

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2009

5 Related party transactions

The significant related party transactions and balances included in the interim financial information are as follows:

	31 March 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
Assets / transactions		
Bank balances	476	923
Placements with financial and other institutions	543,066	800,378
Advance for investments	43,646	-
Other assets	8,033	3,475
Liabilities / transactions		
Placement from a financial institution	15,000	-
Payable to a related party	898	18,294
Accruals and other liabilities	268	-

	31 March 2009 (reviewed) US\$ 000's
Income	
Income from advisory services	4,000
Income from placements with financial institutions	3,231
Expenses	
Other operating expenses	268

6 Appropriations of net profit, if any, are made only at the period end.

7 Commitments and contingencies

The commitments contracted in the normal course of business of the Bank:

	31 March 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
Capital commitments in relation to project costs	327,528	327,528
Other capital commitments	2,792	2,752