



عصرف الطاقة الأول  
**FirstEnergyBank**

FIRST ENERGY BANK B.S.C. (c)  
INTERIM FINANCIAL INFORMATION  
30 SEPTEMBER 2009



**FIRST ENERGY BANK B.S.C. (c)**  
**INTERIM FINANCIAL INFORMATION**

**30 SEPTEMBER 2009**

Commercial registration	:	69089 (registered with Central Bank of Bahrain as a wholesale Islamic bank)
Registered Office	:	Bahrain Financial Harbour PO Box 209, Manama, Kingdom of Bahrain Telephone +973 17100001
Directors	:	Esam Yousif A. Janahi, <i>Chairman</i> H.E. Hamad Rashed Nehail Al Neaime, <i>Vice-Chairman</i> Mustafa Mohd. Zarti, <i>Vice-Chairman</i> Abdulla Abdulkarim Showaiter Mohammed Al Fahim (w.e.f. 12 July 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

**FIRST ENERGY BANK B.S.C. (c)**

**INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2009**

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## **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

12 November 2009

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of First Energy Bank B.S.C.(c) (the "Bank") as at 30 September 2009, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended (the "interim financial information"). 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 CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2009**

US\$ 000's

	Note	30 September 2009 (reviewed)	31 December 2008 (audited)
<b>ASSETS</b>			
Cash and bank balances		22,575	2,225
Placements with financial institutions	5	776,528	970,665
Financing receivables	6	15,175	-
Available-for-sale investments	7	210,801	-
Other assets	8	229,479	45,285
Property and equipment		30,630	3,016
<b>Total assets</b>		<b>1,285,188</b>	<b>1,021,191</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Investors' funds	9	108,300	-
Placement from financial institutions		127,086	-
Payable to a related party	10	900	18,294
Accruals and other liabilities		2,929	2,855
<b>Total liabilities</b>		<b>239,215</b>	<b>21,149</b>
<b>Equity</b>			
Share capital		1,000,000	1,000,000
Statutory reserve		4	4
Investments fair value reserve		1,624	-
Retained earnings		6,619	38
<b>Total equity attributable to shareholders of parent</b>		<b>1,008,247</b>	<b>1,000,042</b>
Non-controlling interest		37,726	-
<b>Total equity (page 5)</b>		<b>1,045,973</b>	<b>1,000,042</b>
<b>Total liabilities and equity</b>		<b>1,285,188</b>	<b>1,021,191</b>

The interim financial information, which consists of pages 2 to 11, was approved by the Board of Directors on 12th November 2009 and signed on its behalf by:



Esam Janahi  
Chairman



Khalid Mohamed Najibi  
Director



Vahan Zanoyan  
Chief Executive Officer

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**for the nine months ended 30 September 2009**

US\$ 000's

	<b>Nine months ended 30 September 2009</b> (reviewed)	<b>23 June 2008 to 30 September 2008</b> (not reviewed)	<b>Three months ended 30 September 2009</b> (reviewed)	<b>Three months ended 30 September 2008</b> (not reviewed)
Income from investment banking services	5,750	-	-	-
Income from placements with financial institutions	14,076	9,326	4,642	9,326
Income from available-for-sale investments	2,840	-	1,425	-
Other income	260	-	235	-
<b>Total income</b>	<b>22,926</b>	<b>9,326</b>	<b>6,302</b>	<b>9,326</b>
Staff cost	8,570	528	2,699	528
Investment banking related expenses	2,862	1,458	813	1,458
Other operating expenses	4,995	288	1,902	288
Pre-operating expenses	-	8,986	-	8,986
<b>Total expenses</b>	<b>16,427</b>	<b>11,260</b>	<b>5,414</b>	<b>11,260</b>
<b>Profit/(loss) for the period</b>	<b>6,499</b>	<b>(1,934)</b>	<b>888</b>	<b>(1,934)</b>
<b>Attributable to:</b>				
Shareholders of the parent	6,581	(1,934)	970	(1,934)
Non-controlling interest	(82)	-	(82)	-
	<b>6,499</b>	<b>(1,934)</b>	<b>888</b>	<b>(1,934)</b>

The interim financial information consists of pages 2 to 11.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the nine months ended 30 September 2009**

US\$ 000's

	<b>Nine months ended 30 September 2009 (reviewed)</b>	<b>23 June 2008 to 30 September 2008 (not reviewed)</b>	<b>Three months ended 30 September 2009 (reviewed)</b>	<b>Three months ended 30 September 2008 (not reviewed)</b>
Profit / (loss) for the period	6,499	(1,934)	888	(1,934)
<b>Other comprehensive income</b>				
Changes in fair value of available-for-sale investments (note 7)	1,624	-	979	-
<b>Total comprehensive income for the period</b>	<b>8,123</b>	<b>(1,934)</b>	<b>1,867</b>	<b>(1,934)</b>
<b>Attributable to:</b>				
Shareholders of the parent	8,205	(1,934)	1,949	(1,934)
Non-controlling interest	(82)	-	(82)	-
	<b>8,123</b>	<b>(1,934)</b>	<b>1,867</b>	<b>(1,934)</b>

The interim financial information consists of pages 2 to 11.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the nine months ended 30 September 2009**

US\$ 000's

	Attributable to shareholders of the parent					Non-controlling interest	Total
	Share Capital	Share premium	Statutory reserve	Investments fair value reserve	Retained earnings		
2009 (reviewed)							
Balance at 1 January 2009	1,000,000	-	4	-	38	-	1,000,042
Total comprehensive income (page 4)	-	-	-	1,624	6,581	(82)	8,123
Non-controlling interest	-	-	-	-	-	37,808	37,808
<b>Balance at 30 September 2009</b>	<b>1,000,000</b>	<b>-</b>	<b>4</b>	<b>1,624</b>	<b>6,619</b>	<b>37,726</b>	<b>1,045,973</b>

	Attributable to shareholders of the parent					Non-controlling interest	Total
	Share Capital	Share premium	Statutory reserve	Investments fair value reserve	Retained earnings		
2008 (not reviewed)							
Share capital introduced	1,000,000	9,100	-	-	-	-	1,009,100
Share issue expenses	-	(9,100)	-	-	-	-	(9,100)
Total comprehensive income (page 4)	-	-	-	-	(1,934)	-	(1,934)
Balance at 30 September 2008	1,000,000	-	-	-	(1,934)	-	998,066

The interim financial information consists of pages 2 to 11.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the nine months ended 30 September 2009**

US\$ 000's

	<b>30 September 2009</b> (reviewed)	<b>23 June 2008 to 30 September 2008</b> (not reviewed)
<b>OPERATING ACTIVITIES</b>		
Investors' funds received	108,300	-
Advisory income received	5,750	-
Income received from placements with financial institutions	14,576	9,326
Placements with financial institutions, net (with original maturity of more than 90 days)	(420,817)	-
Placements from financial institutions	127,086	-
Financing receivables	(15,000)	-
Payments for expenses and project costs	(216,048)	(46,304)
<b>Cash flows from operating activities</b>	<b>(396,153)</b>	<b>(36,978)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(27,614)	(8)
Acquisition of available-for-sale investments	(195,236)	-
Net cash flows on acquisition of a subsidiary (note 11)	(42,000)	-
Sale of available-for-sale investment (sukuk)	27,931	-
Income from available-for-sale investments (sukuk) received	659	-
<b>Cash flows from investing activities</b>	<b>(236,260)</b>	<b>(8)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	-	1,009,100
Contribution from non-controlling interest	37,809	-
<b>Cash flows from financing activities</b>	<b>37,809</b>	<b>1,009,100</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(594,604)</b>	<b>972,114</b>
Cash and cash equivalents at the beginning of the period	972,890	-
<b>Cash and cash equivalents at the end of the period</b>	<b>378,286</b>	<b>972,114</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	22,575	4,900
Placements with financial institutions (with original maturity of 90 days or less) (note 5)	355,711	967,214
	<b>378,286</b>	<b>972,114</b>

The interim financial information consists of pages 2 to 11.

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2009**

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**1 REPORTING ENTITY**

The interim financial information comprise the financial information of First Energy Bank BSC (c) (the "Bank") and its subsidiaries (together the "Group").

During the period, the Bank established a partially owned subsidiary, Al Dur Energy Investment Company (ADEIC), with a share capital of US\$ 85 million for the purpose of investing in a power and water plant project in the Kingdom of Bahrain. The Bank holds 58.83% of the share capital of ADEIC. The financial information of the subsidiary from the date of its formation is consolidated with the financial information of the Bank.

Further, during the period, the Bank acquired 93.47% stake in Cosmos Industrial Investment Corporation BSC (c) (CIIC), a Bahrain Closed Company, which is a holding company for investment in a project for development and operation of a polycrystalline silicon plant in the Kingdom of Saudi Arabia (note 11). The financial information of the subsidiary is consolidated with the financial information of the Bank.

**2 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.

***Accounting policies***

The accounting policies have been consistently applied by the Bank and are consistent with those of the previous year, as set out in the audited financial statements for the period ended 31 December 2008, except for changes in presentation resulting amendments to IAS 1 and IFRS 8.

***Presentation of financial statements***

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. The adoption of revised IAS 1 impacted the type and amount of disclosures made in the interim financial information, but had no impact on the reported profits or the financial position of the Bank. In accordance with the transitional requirements of the standard, the Bank has provided full comparative information.

***Segment information***

IFRS 8 "Operating Segments" is applicable for periods beginning on or after 1 January 2009. This standard introduces the "management approach" to segment reporting which requires a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Bank's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. The Group currently primarily operates as a single investment banking unit and its revenue, expenses and results are reviewed only at a Group level and therefore no separate operating segment results and other disclosures are provided in this interim financial information.

**NOTES TO THE INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2009**

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**2 BASIS OF PREPARATION (continued)***Accounting policies (continued)**Available-for-sale investments*

Available-for-sale investments include investments in quoted sukuks and certain unquoted equity securities. Available-for-sale investments are initially recognised at fair value, plus transaction costs. Subsequent to initial recognition, quoted available-for-sale investments are re-measured to fair value and the fair value changes are recognised directly in the statement of comprehensive income. Available-for-sale investments which do not have a quoted market price or other appropriate methods from which to derive reliable fair values, are stated at cost less impairment allowances.

*Income from investment banking services*

Income from investment banking services is recognised when the service is provided and income is earned. This is usually when the Bank has performed all significant acts in relation to a transaction and it is highly probable that the economic benefits from the transaction will flow to the Bank. Income from investment banking services is received in cash and measured at the fair value of the consideration received.

***Basis of consolidation******(i) Subsidiaries***

Subsidiaries are those enterprises (including special purpose vehicles) controlled by the Bank. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

***(ii) Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and associates are changed where necessary to ensure consistency with the policies adopted by the Group.

***Financial Risk Management***

The Bank's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the period ended 31 December 2008.

- 3** The interim financial information has been reviewed by KPMG. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the period ended 31 December 2008. Comparatives for the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows have been extracted from the management accounts for the period from 23 June 2008 to 30 September 2008 and were not independently reviewed.
- 4** Due to the nature of the Bank's business, the results reported in this interim financial information may not represent a proportionate share of the overall annual results.

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2009**

**5 PLACEMENTS WITH FINANCIAL INSTITUTIONS**

Placements with financial institutions comprise placements under wakala and commodity murabaha contracts. The original maturity of placements with financial institutions is as follows:

	<b>30 September 2009 (reviewed) US\$ 000's</b>	<b>31 December 2008 (audited) US\$ 000's</b>
0 to 90 days	355,711	970,665
91 days to 180 days	172,838	-
181 days to 365 days	165,895	-
more than 365 days	82,084	-
	<b>776,528</b>	<b>970,665</b>

**6 FINANCING RECEIVABLES**

Financing receivables represent shari'a compliant financing provided by the Bank which is stated at amortised cost less impairment allowances, if any.

**7 AVAILABLE-FOR-SALE INVESTMENTS**

	<b>30 September 2009 (reviewed) US\$ 000's</b>	<b>31 December 2008 (audited) US\$ 000's</b>
Investments in quoted sukuk	84,757	-
Add: Changes in fair value	1,624	-
	86,381	-
Investment in unquoted equities (at cost)	124,420	-
	<b>210,801</b>	<b>-</b>

**8 OTHER ASSETS**

	<b>30 September 2009 (reviewed) US\$ 000's</b>	<b>31 December 2008 (audited) US\$ 000's</b>
Project costs recoverable	218,984	37,452
Murabaha profits receivable	2,975	3,475
Advance for purchase of investments	3,646	3,646
Others	3,874	712
	<b>229,479</b>	<b>45,285</b>

**9 INVESTORS' FUNDS**

These represent funds raised from investors for a project promoted by the Bank and placed with the Bank pending utilisation by the project.

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2009**

**10 RELATED PARTY TRANSACTIONS**

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

	<b>30 September 2009</b> (reviewed) US\$ 000's	<b>31 December 2008</b> (audited) US\$ 000's
<b>Assets / transactions</b>		
Bank balances	8	923
Placements with financial institutions	331,018	800,378
Available-for-sale investments	40,000	-
Advance for investments	3,646	-
Other assets	225,605	3,475
<b>Liabilities / transactions</b>		
Investors' funds	108,300	-
Placement from a financial institution	64,084	-
Payable to a related party	900	18,294
Accruals and other liabilities	200	-
<b>Income</b>		
Income from investment banking services	5,750	-
Income from placements with financial institutions	6,769	9,326
<b>Expenses</b>		
Other operating expenses	481	-
Reimbursement of pre-operating expenses	-	17,250
Capital commitments in relation to project costs	164,016	-

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2009**

**11 ACQUISITION OF A SUBSIDIARY**

In September 2009, the Bank acquired 93.47% stake in CIIC. The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	<b>Amount on date of acquisition US\$ 000's</b>
Net fair value of assets acquired	43,000
Net fair value of liabilities acquired	-
<b>Net identifiable assets and liabilities</b>	<b>43,000</b>
Less: Non-controlling interest	(2,809)
<b>Net identifiable assets and liabilities attributable to the Bank</b>	<b>40,191</b>
Goodwill on acquisition	1,809
<b>Net consideration paid</b>	<b>42,000</b>
Less: Cash acquired on date of acquisition	-
<b>Net cash out flows on acquisition for the purposes of cash flow statement</b>	<b>42,000</b>

**12 COMMITMENTS AND CONTINGENCIES**

The commitments contracted in the normal course of business of the Bank are as follows:

	<b>30 September 2009 (reviewed) US\$ 000's</b>	<b>31 December 2008 (audited) US\$ 000's</b>
Capital commitments in relation to project costs	164,016	327,528
Other capital commitments	942	2,752

**13** Appropriations of net profit, if any, are made only at the year end.