

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

30 JUNE 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	:	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 Zanoayan
Auditors	:	KPMG

INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 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

13 August 2009

Introduction

We have reviewed the accompanying condensed statement of financial position of First Energy Bank B.S.C.(c) (the "Bank") as at 30 June 2009, and the related condensed statements of income, comprehensive income, changes in equity and cash flows (the "interim financial information") for the six 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 30 June 2009

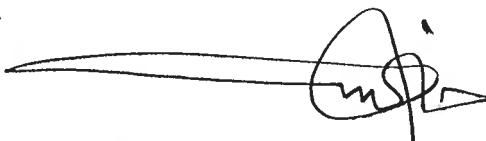
US\$ 000's

	Note	30 June 2009 (reviewed)	31 December 2008 (audited)
ASSETS			
Cash and bank balances		51,756	2,225
Placements with financial institutions	5	759,597	970,665
Available-for-sale investments	6	109,760	-
Advance for purchase of investments		23,646	3,646
Other assets	7	199,378	41,639
Property and equipment		17,379	3,016
Total assets		1,161,516	1,021,191
LIABILITIES AND EQUITY			
Liabilities			
Investors' funds	8	82,800	-
Placement from financial institutions		17,400	-
Payable to a related party	9	891	18,294
Accruals and other liabilities		54,127	2,855
Total liabilities		155,218	21,149
Equity			
Share capital		1,000,000	1,000,000
Statutory reserve		4	4
Investments fair value reserve		645	-
Retained earnings		5,649	38
Total equity (page 5)		1,006,298	1,000,042
Total liabilities and equity		1,161,516	1,021,191

The interim financial information, which consists of pages 2 to 9, was approved by the Board of Directors on 13 August 2009 and signed on its behalf by:



Esam Y. Janahi
Chairman



Khalid Najibi
Board Member



Vahan Zanoyan
Chief Executive Officer

CONDENSED INCOME STATEMENT
for the six months ended 30 June 2009

US\$ 000's

	Six months ended 30 June 2009 (reviewed)	Three months ended 30 June 2009 (reviewed)
Income from advisory services	5,750	-
Income from placements with financial institutions	9,434	5,138
Income from available-for-sale investments	1,415	468
Other income	25	25
Total income	16,624	5,631
Staff cost	5,871	3,321
Investment banking related expenses	2,049	899
Other operating expenses	3,093	1,030
Total expenses	11,013	5,250
Profit for the period	5,611	381

The interim financial information consist of pages 2 to 9.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2009
 000's

US\$

	Six months ended 30 June 2009 (reviewed)	Three months ended 30 June 2009 (reviewed)
Profit for the period	5,611	381
Other comprehensive income		
Changes in fair value of available-for-sale investments (note 6)	645	679
Total comprehensive income for the period	6,256	1,060

The interim financial information consist of pages 2 to 9.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2009

US\$ 000's

2009 (reviewed)	Share capital	Statutory reserve	Investments fair value reserve	Retained earnings	Total equity
Balance at 1 January 2009	1,000,000	4	-	38	1,000,042
Total comprehensive income (page 4)	-	-	645	5,611	6,256
Balance at 30 June 2009	1,000,000	4	645	5,649	1,006,298

The interim financial information consist of pages 2 to 9.

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2009

US\$ 000's

	30 June 2009 (reviewed)
OPERATING ACTIVITIES	
Investors' funds received	82,800
Advisory income received	4,750
Income received from placements with financial institutions	9,434
Placements with financial institutions, net (with original maturity of more than 90 days)	(486,925)
Placement received from a financial institution	17,400
Payments for expenses and project costs	(133,792)
Other income received	25
Cash flows from operating activities	(506,308)
INVESTING ACTIVITIES	
Payment for purchase of equipment and capital work-in-progress	(14,454)
Advance for purchase of investments	(20,000)
Payments for acquisition of investments	(125,165)
Proceeds on sale of sukuk	17,465
Cash flows from investing activities	(142,154)
Cash flows from financing activities	-
Net decrease in cash and cash equivalents	(648,462)
Cash and cash equivalents at the beginning of the period	972,890
Cash and cash equivalents at 30 June	324,428
Cash and cash equivalents comprise:	
Cash and bank balances	51,756
Placements with financial institutions (with original maturity of less than 90 days) (note 5)	272,672
	324,428

The interim financial information consist of pages 2 to 9.

**NOTES TO THE INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2009**

1 BASIS OF PREPARATION

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

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 from those used in the preparation of the Bank's audited financial statements for the period ended 31 December 2008. Further, the Bank's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements of the Bank for the period ended 31 December 2008.

- 2** 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.
- 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. 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.
- 4** 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2009

5 PLACEMENTS WITH FINANCIAL INSTITUTIONS

Placements with financial institutions comprise placements under wakala contracts and commodity murabaha contracts.

The original maturity of placements with financial institutions is as follows:

	30 June 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
0 to 90 days	272,672	970,665
91 days to 180 days	256,556	-
181 days to 365 days	149,333	-
more than 365 days	81,036	-
	759,597	970,665

6 AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
Investments in quoted sukuk	89,115	-
Add: Changes in fair value	645	-
	89,760	-
Investment in unquoted equities (at cost)	20,000	-
	109,760	-

7 OTHER ASSETS

	30 June 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
Project costs recoverable	193,153	37,452
Murabaha profits receivable	3,475	3,475
Others	2,750	712
	199,378	41,639

8 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 six months ended 30 June 2009

9 RELATED PARTY TRANSACTIONS

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

	30 June 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
Assets / transactions		
Bank balances	50,198	923
Placements with financial institutions	396,711	800,378
Available-for-sale investment	20,000	-
Advance for investments	23,646	-
Other assets	4,538	3,475
Liabilities / transactions		
Placement from a financial institution	10,000	-
Payable to a related party	891	18,294
Accruals and other liabilities	191	-

	30 June 2009 (reviewed) US\$ 000's
Income	
Income from advisory services	4,000
Income from placements with financial institutions	5,064
Expenses	
Other operating expenses	334

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

11 COMMITMENTS AND CONTINGENCIES

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

	30 June 2009 (reviewed) US\$ 000's	31 December 2008 (audited) US\$ 000's
Capital commitments in relation to project costs	162,591	327,528
Capital commitments in relation to land acquisition	11,388	-
Other capital commitments	2,514	2,752