

FIRST ENERGY BANK B.S.C. (c)
INTERIM FINANCIAL INFORMATION
30 September 2010

Commercial registration	:	69089 (registered with Central Bank of Bahrain as a wholesale Islamic bank)
Registered Office	:	Bahrain Financial Harbour, East Tower, 5 th Floor PO Box 209, Manama, Kingdom of Bahrain Telephone +973 17170000
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 Mohammed Al Fahim Ahmed Saif Al Darmaki Khalid Jassim Mohd. Bin Kalban Sadoun Bargash Hamoud Al Sadoun Adel Abdulaziz Aljabr Khalid Mohamed Najibi Ebrahim Hussain Ebrahim Hesham Ismaeel Abdulrahman
Chief Executive Officer	:	Vahan Zanoayan
Auditors	:	KPMG Fakhro

First Energy Bank BSC (c)

INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2010

CONTENTS	Page
Independent auditors' report on review of interim financial information	1
Interim financial information	
Condensed consolidated statement of financial position	2
Condensed consolidated income statement	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of changes in equity	5-6
Condensed consolidated statement of cash flows	7
Condensed consolidated statement of sources and uses of zakah and charity fund	8
Notes to the interim financial information	9-12



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1

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

3 November 2010

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of First Energy Bank B.S.C.(c) (the "Bank") and its subsidiaries (together the "Group") as at 30 September 2010, and the related condensed consolidated statements of income, comprehensive income, changes in equity, cash flows and sources and uses of zakah and charity fund 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 2010


US\$ 000's

	Note	30 September 2010 (reviewed)	31 December 2009 (audited)
ASSETS			
Cash and bank balances		15,996	12,358
Placements with financial institutions	5	569,811	685,880
Financing receivables		239,645	138,544
Investment securities	6	230,743	236,973
Investment in associates		91,136	96,787
Other assets		48,672	42,333
Property and equipment		19,330	21,044
Total assets		1,215,333	1,233,919
LIABILITIES AND EQUITY			
Liabilities			
Placements from financial institutions		147,807	171,464
Other liabilities		8,282	7,778
Total liabilities		156,089	179,242
Equity			
Share capital		1,000,000	1,000,000
Statutory reserve	9	1,437	1,437
Investments fair value reserve		53	148
Foreign exchange translation reserve		(2,286)	2,478
Retained earnings		22,421	12,940
Total equity attributable to shareholders of the Bank		1,021,625	1,017,003
Non-controlling interest		37,619	37,674
Total equity (page 5)		1,059,244	1,054,677
Total liabilities and equity		1,215,333	1,233,919

The interim financial information, which consists of pages 2 to 12, was approved by the Board of Directors on 3 November 2010 and signed on its behalf by:



Mustafa Mohamed Zarti
Vice-Chairman



Ebrahim Hussain Ebrahim
Director




Vahan Zanyan
Chief Executive Officer

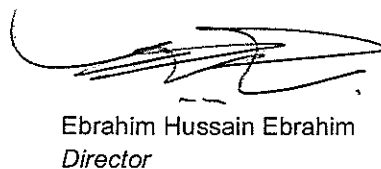
CONDENSED CONSOLIDATED INCOME STATEMENT
for the nine months ended 30 September 2010

US\$ 000's

	Nine months ended		Three months ended	
	30 September 2010 (reviewed)	30 September 2009 (reviewed)	30 September 2010 (reviewed)	30 September 2009 (reviewed)
Income from investment banking services	-	5,750	-	-
Income from placements with financial institutions	8,335	14,076	2,752	4,642
Income from financing	5,823	-	2,293	-
Income from investment securities	6,189	2,838	3,093	1,423
Share of profit of associates	7,123	-	1,995	-
Other income, net	748	260	(32)	235
Total income	28,218	22,924	10,101	6,300
Staff cost	9,819	8,899	3,295	2,764
Finance expense	563	4	221	2
Investment banking related expenses	1,496	2,536	532	729
Depreciation	1,916	182	646	92
Other operating expenses	4,359	4,804	1,328	1,825
Total expenses	18,153	16,425	6,022	5,412
Profit for the period	10,065	6,499	4,079	888
Attributable to:				
Shareholders of the Bank	10,120	6,581	4,099	970
Non-controlling interest	(55)	(82)	(20)	(82)
	10,065	6,499	4,079	888

The interim financial information, which consists of pages 2 to 12, was approved by the Board of Directors on 3 November 2010 and signed on its behalf by:


 Mustafa Mohamed Zarti
 Vice-Chairman


 Ebrahim Hussain Ebrahim
 Director


 Vahan Zanooyan
 Chief Executive Officer

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2010

US\$ 000's

	Nine months ended		Three months ended	
	30 September 2010 (reviewed)	30 September 2009 (reviewed)	30 September 2010 (reviewed)	30 September 2009 (reviewed)
Profit for the period	10,065	6,499	4,079	888
Other comprehensive income:				
Net changes in fair value of available- for-sale investments	(95)	1,624	(875)	979
Exchange differences arising on translation of investment in associate	(4,764)	-	1,783	-
Total other comprehensive income	(4,859)	1,624	908	979
Total comprehensive income for the period	5,206	8,123	4,987	1,867
Attributable to:				
Equity holders of the Bank	5,261	8,205	5,008	1,949
Non-controlling interest	(55)	(82)	(21)	(82)
	5,206	8,123	4,987	1,867

The interim financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2010

US\$ 000's

	Attributable to shareholders of the Bank						Non- controlling interest	Total equity
	Share Capital	Statutory reserve	Investments fair value reserve	Foreign exchange translation reserve	Retained earnings	Total		
2010 (reviewed)								
Balance at 1 January 2010	1,000,000	1,437	148	2,478	12,940	1,017,003	37,674	1,054,677
Profit for the period	-	-	-	-	10,120	10,120	(55)	10,065
Net changes in fair value of available- for-sale investments	-	-	(95)	-	-	(95)	-	(95)
Exchange differences arising on translation of investment in an associate	-	-	-	(4,764)	-	(4,764)	-	(4,764)
Total comprehensive income (page 4)	-	-	(95)	(4,764)	10,120	5,261	(55)	5,206
Transfer to zakah and charity fund	-	-	-	-	(639)	(639)	-	(639)
Balance at 30 September 2010	1,000,000	1,437	53	(2,286)	22,421	1,021,625	37,619	1,059,244

The interim financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
for the nine months ended 30 September 2010

US\$ 000's

	Attributable to shareholders of the Bank						Non- controlling interest	Total Equity
	Share Capital	Statutory reserve	Investments fair value reserve	Foreign exchange translation reserve	Retained earnings	Total		
2009 (reviewed)								
Balance at 1 January 2009	1,000,000	4	-	-	38	1,000,042	37,808	1,037,850
Profit for the period	-	-	-	-	6,581	6,581	(82)	6,499
Net changes in fair value of available- for-sale investments	-	-	1,624	-	-	1,624	-	1,624
Exchange differences arising on translation of investment in an associate	-	-	-	-	-	-	-	-
Total comprehensive income (page 4)	-	-	1,624	-	6,581	8,205	(82)	8,123
Transfer to zakah and charity fund	-	-	-	-	-	-	-	-
Balance at 30 September 2009	1,000,000	4	1,624	-	6,619	1,008,247	37,726	1,045,973

The interim financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2010

US\$ 000's

	30 September 2010 (reviewed)	30 September 2009 (reviewed)
OPERATING ACTIVITIES		
Receipt of investors' funds	-	108,300
Receipt of income from placements with financial institutions	8,335	14,576
Receipt of income from investment banking services	-	5,750
Receipt/(payment) of placements with financial institutions, net (note 5)	65,695	(420,817)
(Payment)/receipt of placements from financial institutions, net	(23,608)	127,086
Financing disbursements	(91,830)	(15,000)
Payment for expenses and project costs	(21,759)	(216,048)
Cash flows from operating activities	(63,167)	(396,153)
INVESTING ACTIVITIES		
Purchase of property and equipment	(202)	(27,614)
Purchase of software	(194)	-
Net cash flow on acquisition of a subsidiary	-	(42,000)
Dividends received	4,562	-
Acquisition of investment securities	(34,080)	(195,236)
Sale of investment securities	46,772	27,931
Income from available-for-sale investment	-	659
Cash flows from investing activities	16,858	(236,260)
FINANCING ACTIVITIES		
Contribution from non-controlling interest	-	37,809
Payment to charities	(427)	-
Cash flows from financing activities	(427)	37,809
Net decrease in cash and cash equivalents	(46,736)	(594,604)
Cash and cash equivalents at the beginning of the period	578,349	972,890
Cash and cash equivalents at the end of the period	531,613	378,286
Cash and cash equivalents comprise:		
Cash and bank balances	15,996	22,575
Placements with financial institutions (note 5)	515,617	355,711
	531,613	378,286

The interim financial information consists of pages 2 to 12.

CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF ZAKAH AND CHARITY FUND

for the nine months ended 30 September 2010

US\$ 000's

	30 September 2010 (reviewed)	30 September 2009 (reviewed)
Sources of zakah and charity fund		
Contributions by the Bank	639	-
Total sources	639	-
Uses of zakah and charity fund		
Contributions to charitable organisations	(426)	-
Total uses	(426)	-
Excess of sources over uses	213	
Balance at the beginning of the period	-	-
Undistributed zakat and charity fund at end of the period	213	-

The interim financial information consists of pages 2 to 12.

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2010

1. BASIS OF PREPARATION

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

The interim financial information has been prepared in summarised form in accordance with International Accounting Standard 34 (IAS 34), *Interim Financial Reporting*, which does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2009.

The accounting policies and methods of computation applied by the Group in the preparation of the interim financial information are consistent with those applied in the preparation of the audited consolidated financial statements for the year ended 31 December 2009, except for the changes arising from adoption of relevant revised IFRS, amendments and interpretation issued by IASB and FAS issued by AAOIFI that are effective for annual reporting periods beginning 1 January 2010. The adoption of these standards did not have an impact on the interim financial information.

The Bank's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2009.

2. The interim financial information is not audited but has been reviewed by KPMG. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2009. The corresponding figures for the condensed consolidated statements of income, comprehensive income, changes in equity, cash flows and sources and uses of zakah and charity fund have been extracted from the reviewed interim financial information for the nine months ended 30 September 2009.
3. In their annual general meeting dated 30 March 2010, the shareholders approved zakah contribution of USD 539 thousand and charity contribution of USD 100 thousand.
4. Due to the nature of the Bank's investment banking business, the results reported in this interim financial information may not represent a proportionate share of the overall annual results.

5. PLACEMENTS WITH FINANCIAL INSTITUTIONS

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

	30 September 2010	31 December 2009
Due within 90 days	515,617	565,991
Due after 90 days	54,194	119,889
	569,811	685,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the nine months ended 30 September 2010

US\$ in 000's

6. INVESTMENT SECURITIES

	30 September 2010	31 December 2009
<i>Available-for-sale investments</i>		
Investment in quoted sukuk (at fair value)	39,607	47,744
Investment in unquoted equities (at cost less impairment)	124,920	124,920
	164,527	172,664
<i>Held-to-maturity investments</i>		
Investment in quoted sukuk (at amortised cost)	66,216	64,309
	230,473	236,973

7. RELATED PARTY TRANSACTIONS

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

30 September 2010

	Associates	Key management personnel	Significant shareholders / entities in which directors are interested	Total
Assets				
Bank balances	-	-	10,014	10,014
Placements with financial institutions	-	-	285,961	285,961
Financing receivables	227,575	-	-	227,575
Investment securities	-	-	58,493	58,493
Investment in associates	91,136	-	-	91,136
Other assets	2,537	3,677	-	6,214
Liabilities				
Placement from financial institutions	-	-	81,298	81,298
Accruals and other liabilities	-	178	-	178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the nine months ended 30 September 2010

US\$ in 000's

Period ended 30 September 2010	Associates	Key management personnel	Significant shareholders / entities in which directors are interested	Total
Income				
Income from placements with financial institutions	-	-	6,342	6,342
Income from financing	5,034	-	-	5,034
Income from investment securities	-	-	702	702
Share of profit of associates	7,123	-	-	7,123
Other income	420	-	-	420
Expenses				
Staff cost	-	2,585	-	2,585
Finance expenses	-	-	313	313
Investment banking related expenses	-	182	-	182
Other operating expenses	-	113	389	502
31 December 2009				
Assets				
Bank balances	-	-	398	398
Placements with financial institutions	-	-	283,690	283,690
Financing receivables	123,203	-	-	123,203
Investment securities	-	-	57,828	57,828
Investment in associates	96,787	-	-	96,787
Other assets	2,957	3,646	146	6,749
Liabilities				
Placement from a financial institutions	-	-	106,070	106,070
Accruals and other liabilities	-	175	-	175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the nine months ended 30 September 2010

US\$ in 000's

Period ended 30 September 2009	Associates	Key management personnel	Significant shareholders / entities in which directors are interested	Total
Income				
Income from investment banking services	-	-	5,750	5,750
Income from placements with financial institutions	-	-	6,769	6,769
Expenses				
Staff cost	-	2,752	-	2,752
Other operating expenses	-	481	-	481

8. COMMITMENTS AND CONTINGENCIES

	30 September 2010	31 December 2009
Commitment to finance	101,969	204,000
Other capital commitments	62,112	62,511
Operating lease commitments	2,808	3,573

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

10. Certain prior period amounts have been regrouped to conform to the current period's presentation. Such regrouping did not affect previously reported profit, comprehensive income or equity.