

Interim Consolidated Statement of Financial Position

| | 30 Sept 2011 BD 000 | Audited 31 Dec 2010 BD 000 |
|---|---------------------------|-------------------------------------|
| ASSETS | | |
| Cash and balances with banks and Central Bank of Bahrain | 42,946 | 38,968 |
| Murabaha and due from banks | 140,434 | 51,370 |
| Financing contracts with customers | 621,710 | 640,391 |
| Investments | 267,002 | 257,340 |
| Investment in joint ventures and associates | 123,471 | 85,994 |
| Investment properties | 151,941 | 143,073 |
| Receivables, prepayments and other assets | 159,997 | 158,331 |
| Goodwill and intangibles | 29,860 | 28,644 |
| Premises and equipment | 44,014 | 42,561 |
| TOTAL ASSETS | 1,581,375 | 1,446,672 |
| LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY | | |
| LIABILITIES | | |
| Customers' current accounts | 57,500 | 55,780 |
| Murabaha and due to banks | 239,421 | 246,406 |
| Murabaha and due to non-banks | 283,430 | 187,785 |
| Other liabilities | 44,972 | 44,067 |
| Subordinated murabaha payable | 100,715 | 99,423 |
| Total liabilities | 726,038 | 633,461 |
| EQUITY OF INVESTMENT ACCOUNT HOLDERS | 490,246 | 452,963 |
| OWNERS' EQUITY | | |
| Share capital | 177,140 | 177,140 |
| Share premium | 71,403 | 71,403 |
| Statutory reserve | 13,353 | 13,353 |
| General reserve | 28,236 | 28,236 |
| Available for sale reserve | (6,244) | (4,784) |
| Investment revaluation reserve | 43,694 | 46,997 |
| Foreign currency translation reserve | (818) | (1,446) |
| Retained earnings | 14,991 | 4,677 |
| | 341,755 | 335,576 |
| NON - CONTROLLING STAKEHOLDERS | 23,336 | 24,672 |
| | 365,091 | 360,248 |
| TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY | 1,581,375 | 1,446,672 |
| OFF-BALANCE SHEET ITEMS: | | |
| EQUITY OF INVESTMENT ACCOUNTHOLDERS | 64,639 | 87,031 |
| COMMITMENTS AND CONTINGENT ITEMS | 39,355 | 44,850 |

Interim Consolidated Statement of Income

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|----------------|-----------------------------------|----------------|
| | 2011 BD 000 | 2010 BD 000 | 2011 BD 000 | 2010 BD 000 |
| Income from retail and corporate banking activities | 11,671 | 14,148 | 34,918 | 38,566 |
| Income from investment activities | 2,672 | 1,483 | 11,368 | 13,897 |
| Share of loss of joint venture and associates | (443) | (708) | (435) | (2,076) |
| Other income | 3,543 | 754 | 8,914 | 2,284 |
| Operating income | 17,443 | 15,677 | 54,765 | 52,671 |
| Return on equity of investment account holders, net of mudarib share | (3,050) | (3,169) | (9,359) | (10,225) |
| Profit on murabaha and due to banks, murabaha and due to non-banks and subordinated murabaha payable | (3,710) | (3,275) | (10,409) | (9,130) |
| Net operating income | 10,683 | 9,233 | 34,997 | 33,316 |
| Other expenses | 4,758 | 3,333 | 13,588 | 9,622 |
| Staff costs | 3,655 | 3,030 | 10,575 | 9,016 |
| Depreciation | 1,814 | 1,042 | 5,538 | 3,214 |
| Provisions | - | - | 500 | 113 |
| Total operating expenses | 10,227 | 7,405 | 30,201 | 21,965 |
| Net income for the period from continuing operations | 456 | 1,828 | 4,796 | 11,351 |
| Income (loss) for the period from discontinued operations | - | 78 | - | (658) |
| Net income before adjustment for non-controlling stakeholders | 456 | 1,906 | 4,796 | 10,693 |
| Adjustment attributable to non-controlling stakeholders | 492 | 418 | 2,215 | 1,386 |
| NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | 948 | 2,324 | 7,011 | 12,079 |

Interim Consolidated Statement of Comprehensive Income

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|----------------|-----------------------------------|----------------|
| | 2011 BD 000 | 2010 BD 000 | 2011 BD 000 | 2010 BD 000 |
| Net income before adjustment for non-controlling stakeholders | 456 | 1,906 | 4,796 | 10,693 |
| Other comprehensive income: | | | | |
| Net unrealised gain (loss) on available for sale investments | 176 | 141 | (877) | 1,439 |
| Net movement in foreign currency translation reserve | 633 | 389 | 628 | 10 |
| Share of other comprehensive (loss) income of joint venture | (1,054) | 515 | (583) | 268 |
| Other comprehensive (loss) income for the period | (245) | 1,045 | (832) | 1,717 |
| Total comprehensive income for the period | 211 | 2,951 | 3,964 | 12,410 |
| Adjustment attributable to non-controlling stakeholders | 492 | 418 | 2,215 | 1,386 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | 703 | 3,369 | 6,179 | 13,796 |

Interim Consolidated Statement of Cash Flows

| | Nine months ended 30 September | |
|--|-----------------------------------|----------------|
| | 2011 BD 000 | 2010 BD 000 |
| OPERATING ACTIVITIES | | |
| Net income before adjustment for non-controlling stakeholders | 4,796 | 10,693 |
| Adjustments for: | | |
| Provisions | 500 | 113 |
| Depreciation | 5,538 | 3,214 |
| Share of loss of joint venture and associates | 435 | 2,076 |
| Gain on sale of investments | - | (11,751) |
| Gain on sale of investment property | (12,634) | - |
| Unrealised loss on investments | 2,351 | 149 |
| Operating income before changes in operating assets and liabilities | 986 | 4,494 |
| Changes in operating assets and liabilities: | | |
| Mandatory reserve with Central Bank of Bahrain | (3,395) | 15 |
| Financing contracts with customers | 18,681 | 16,811 |
| Receivables, prepayments and other assets | 3,033 | (32,364) |
| Customers' current accounts | 1,720 | (476) |
| Murabaha and due to banks | (6,985) | 29,293 |
| Murabaha and due to non-banks | 95,645 | 43,219 |
| Other liabilities | 905 | 8,581 |
| Subordinated murabaha payable | 1,292 | 905 |
| Net cash flows from operating activities | 111,882 | 70,478 |
| INVESTING ACTIVITIES | | |
| Purchase of investments | (29,443) | (19,215) |
| Proceeds from sale / maturity of investments | 23,284 | 17,761 |
| Purchase of investment in joint venture | (40,211) | - |
| Amount paid for the construction / purchase of investment properties | (3,156) | (3,184) |
| Purchase of premises and equipment - net | (9,993) | (1,798) |
| Net cash flows used in investing activities | (59,519) | (6,436) |
| FINANCING ACTIVITY | | |
| Increase (decrease) in equity of investment account holders | 37,283 | (41,443) |
| Net cash flows from (used in) financing activity | 37,283 | (41,443) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 89,646 | 22,599 |
| Cash and cash equivalents at 1 January | 66,718 | 41,493 |
| CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER | 156,364 | 64,092 |

Interim Consolidated Statement of Changes in Equity

| | Attributable to shareholders of the parent | | | | | | | | | | |
|---|--|-------------------------|-----------------------------|---------------------------|--------------------------------------|--|--|-----------------------------|-----------------|--|------------------------|
| | Share capital BD 000 | Share premium BD 000 | Statutory reserve BD 000 | General reserve BD 000 | Available for sale reserve BD 000 | Investment revaluation reserve BD 000 | Foreign currency translation reserve BD 000 | Retained earnings BD 000 | Total BD 000 | Non-controlling stakeholders BD 000 | Total equity BD 000 |
| Balance at 1 January 2011 | 177,140 | 71,403 | 13,353 | 28,236 | (4,784) | 46,997 | (1,446) | 4,677 | 335,576 | 24,672 | 360,248 |
| Income (loss) for the period | - | - | - | - | - | - | - | 7,011 | 7,011 | (2,215) | 4,796 |
| Other comprehensive (loss) income for the period | - | - | - | - | (1,460) | - | 628 | - | (832) | - | (832) |
| Total comprehensive (loss) income for the period | - | - | - | - | (1,460) | - | 628 | 7,011 | 6,179 | (2,215) | 3,964 |
| Transfer to investment revaluation reserve | - | - | - | - | - | (2,351) | - | 2,351 | - | - | - |
| Transfer to retained earnings on sale of investment | - | - | - | - | - | (952) | - | 952 | - | - | - |
| Net movement in non-controlling stakeholders | - | - | - | - | - | - | - | - | - | 879 | 879 |
| Balance at 30 September 2011 | 177,140 | 71,403 | 13,353 | 28,236 | (6,244) | 43,694 | (818) | 14,991 | 341,755 | 23,336 | 365,091 |
| Balance at 1 January 2010 | 177,140 | 71,403 | 12,420 | 28,236 | (5,984) | 37,043 | (1,688) | 6,239 | 324,809 | 26,305 | 351,114 |
| Income (loss) for the period | - | - | - | - | - | - | - | 12,079 | 12,079 | (1,386) | 10,693 |
| Other comprehensive income for the period | - | - | - | - | 1,707 | - | 10 | - | 1,717 | - | 1,717 |
| Total comprehensive income (loss) for the period | - | - | - | - | 1,707 | - | 10 | 12,079 | 13,796 | (1,386) | 12,410 |
| Transfer to investment revaluation reserve | - | - | - | - | - | (149) | - | 149 | - | - | - |
| Transfer to retained earnings on sale of investment | - | - | - | - | - | 6,261 | - | (6,261) | - | - | - |
| Net movement in non-controlling stakeholders | - | - | - | - | - | - | - | - | - | (378) | (378) |
| Balance at 30 September 2010 | 177,140 | 71,403 | 12,420 | 28,236 | (4,277) | 43,155 | (1,678) | 12,206 | 338,605 | 24,541 | 363,146 |

These statements have been extracted from the interim condensed consolidated financial statements for the period ended 30 September 2011, reviewed by Ernst & Young.

Bader Abdul Muhsen Al-Mukhaizeem
Chairman of the Board of Directors

Abdulhakeem Yaqoub Alkhatayt
Managing Director and Chief Executive Officer

