

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013 (Unaudited)
(Amounts in Bahraini Dinars thousands)

| | 30 June 2013 (unaudited) | 31 December 2012 (audited) |
|--|-----------------------------|-------------------------------|
| ASSETS | | |
| Cash and bank balances | 71,775 | 106,357 |
| Investments | 3,541 | 3,541 |
| Loans | 378,290 | 355,750 |
| Investment in associates | 10,515 | 8,939 |
| Investment properties | 39,337 | 39,008 |
| Development properties | 11,996 | 11,695 |
| Other assets | 6,135 | 7,697 |
| Disposal group | - | 436 |
| TOTAL ASSETS | 521,589 | 533,423 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Deposits from financial and other institutions | 35,490 | 51,333 |
| Government accounts | 194,734 | 192,423 |
| Term loans | 65,500 | 65,500 |
| Other liabilities | 19,265 | 19,924 |
| Disposal group | - | 144 |
| Total liabilities | 314,989 | 329,324 |
| EQUITY | | |
| Share capital | 108,300 | 108,300 |
| Contribution by shareholder | 18,258 | 20,292 |
| Statutory reserve | 54,462 | 54,462 |
| Retained earnings | 25,580 | 21,045 |
| Total equity | 206,600 | 204,099 |
| TOTAL LIABILITIES AND EQUITY | 521,589 | 533,423 |

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2013 (unaudited)
(Amounts in Bahraini Dinars thousands)

| | Three months ended | | Six months ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 30 June 2013 (unaudited) | 30 June 2012 (unaudited) | 30 June 2013 (unaudited) | 30 June 2012 (unaudited) |
| Management charges | 3,006 | 2,673 | 5,912 | 5,322 |
| Interest income | 689 | 697 | 1,429 | 1,431 |
| Income from investment properties | 92 | 80 | 187 | 175 |
| Share of loss of associates | (39) | (54) | (125) | (129) |
| Other income | 484 | 474 | 1,011 | 1,121 |
| TOTAL INCOME | 4,232 | 3,870 | 8,414 | 7,920 |
| Staff costs | 953 | 920 | 2,050 | 1,974 |
| Interest expense | 541 | 567 | 1,111 | 1,291 |
| Other expenses | 183 | 408 | 532 | 778 |
| Impairment provision / (recoveries) on loans | 136 | (8) | 187 | 54 |
| TOTAL EXPENSES | 1,813 | 1,887 | 3,880 | 4,097 |
| PROFIT FOR THE PERIOD | 2,419 | 1,983 | 4,534 | 3,823 |
| Other comprehensive income | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 2,419 | 1,983 | 4,534 | 3,823 |

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2013 (unaudited)
(Amounts in Bahraini Dinars thousands)

| | 30 June 2013 (unaudited) | 30 June 2012 (unaudited) |
|---|-----------------------------|-----------------------------|
| OPERATING ACTIVITIES | | |
| Profit for the period | 4,534 | 3,823 |
| Adjustments for: | | |
| Net share of loss of associates | 125 | 129 |
| Impairment provision on loans | 187 | 54 |
| Depreciation | 181 | 220 |
| Operating profit before working capital changes | 5,027 | 4,226 |
| Increase in placements with banks | (127) | - |
| Increase in loans | (22,726) | (20,221) |
| Increase in investment properties | - | (46) |
| Increase in development properties | (301) | (103) |
| Increase in other assets | (85) | (247) |
| (Decrease) / increase in deposits from financial and other institutions | (17,973) | 7,008 |
| (Decrease) / increase in other liabilities | (691) | 4,104 |
| Net cash flows used in operating activities | (36,876) | (5,279) |
| INVESTING ACTIVITY | | |
| Purchase of equipment | (158) | (24) |
| Net cash flows used in investing activity | (158) | (24) |
| FINANCING ACTIVITIES | | |
| Repayment of term loans | - | (16,667) |
| Net movement in Government Accounts | 2,311 | 525 |
| Net cash flows from / (used in) financing activities | 2,311 | (16,142) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (34,723) | (21,445) |
| Cash and cash equivalents at 1 January | 89,888 | 89,412 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 65,165 | 67,967 |
| Non-cash activities | | |
| Investment in associate by transfer of receivables | 1,700 | - |
| Transfer to the Shareholder | 2,449 | - |
| Investment properties (land contribution by the shareholder) | 415 | 63 |

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2013 (unaudited)
(Amounts in Bahraini Dinars thousands)

| | Share capital | Contribution by shareholder | Statutory reserve | Retained earnings | Total Equity |
|---|----------------|-----------------------------|-------------------|-------------------|----------------|
| As at 1 January 2013 | 108,300 | 20,292 | 54,462 | 21,046 | 204,100 |
| Transfer of land | - | 415 | - | - | 415 |
| Transfer to the Shareholder | - | (2,449) | - | - | (2,449) |
| Total comprehensive income for the period | - | - | - | 4,534 | 4,534 |
| At 30 June 2013 | 108,300 | 18,258 | 54,462 | 25,580 | 206,600 |
| As at 1 January 2012 | 108,300 | 20,229 | 54,462 | 12,717 | 195,708 |
| Transfer of land | - | 63 | - | - | 63 |
| Total comprehensive income for the period | - | - | - | 3,823 | 3,823 |
| At 30 June 2012 | 108,300 | 20,292 | 54,462 | 16,540 | 199,594 |

Basim Bin Yacob Al Hamer, Chairman

Dr. Khalid Abdulla, General Manager

The above interim consolidated statement of financial position and the related interim consolidated statements of comprehensive income, changes in equity and cash flows have been extracted from the interim consolidated financial statements of ESKAN BANK B.S.C. (c), which were approved by the Board of Directors and on which an unqualified review opinion was issued by Ernst & Young, Kingdom of Bahrain on 17 July 2013.