

ESKAN BANK B.S.C. (c)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011 (Unaudited)

(Amounts in Bahraini Dinars thousands)

| | 31 March 2011 (unaudited) | 31 December 2010 (audited) |
|--|------------------------------|-------------------------------|
| ASSETS | | |
| Cash and cash equivalents | 93,343 | 73,317 |
| Investments | 3,543 | 3,579 |
| Loans | 284,783 | 278,524 |
| Investment in associates | 1,936 | 2,031 |
| Investment property | 58,084 | 57,441 |
| Development property | 6,185 | 6,603 |
| Other assets | 1,917 | 1,970 |
| TOTAL ASSETS | 449,791 | 423,465 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Deposits from financial and other institutions | 28,607 | 21,503 |
| Government accounts | 130,117 | 120,083 |
| Term loans | 88,167 | 88,167 |
| Other liabilities | 13,021 | 5,741 |
| Total liabilities | 259,912 | 235,494 |
| EQUITY | | |
| Share capital | 15,000 | 15,000 |
| Contribution by a shareholder | 19,824 | 19,824 |
| Statutory reserve | 7,762 | 7,762 |
| Retained earnings | 147,293 | 145,385 |
| Total equity | 189,879 | 187,971 |
| TOTAL LIABILITIES AND EQUITY | 449,791 | 423,465 |

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2011 (unaudited)

(Amounts in Bahraini Dinars thousands)

| | Three months ended | |
|---|------------------------------|------------------------------|
| | 31 March 2011 (unaudited) | 31 March 2010 (unaudited) |
| Management charges | 2,298 | 2,236 |
| Interest income | 650 | 631 |
| Net fair value gain on investments carried at fair value through profit or loss | - | 30 |
| Income from investment property | 51 | 186 |
| Share of loss of associates | (96) | (78) |
| Other income | 1,400 | 1,230 |
| TOTAL INCOME | 4,303 | 4,235 |
| Staff cost | 1,070 | 1,031 |
| Interest expense | 906 | 1,459 |
| Other expenses | 408 | 414 |
| Provision on loans | 11 | 20 |
| TOTAL EXPENSES | 2,395 | 2,924 |
| PROFIT FOR THE PERIOD | 1,908 | 1,311 |
| Other comprehensive income | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 1,908 | 1,311 |

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2011 (unaudited)

(Amounts in Bahraini Dinars thousands)

| | 31 March 2011 (unaudited) | 31 March 2010 (unaudited) |
|--|------------------------------|------------------------------|
| OPERATING ACTIVITIES | | |
| Profit for the period | 1,908 | 1,311 |
| Adjustments for: | | |
| Share of loss of associates | 96 | 78 |
| Net fair value gains on investment carried at fair value through profit and loss | - | (30) |
| Provision on loans | 11 | 20 |
| Depreciation | 141 | 144 |
| Operating profit before working capital changes | 2,156 | 1,523 |
| Increase in loans | (6,271) | (6,871) |
| Increase in investment properties | (1) | - |
| (Increase) / Decrease in development properties | (249) | 248 |
| (Increase) / Decrease in other assets | (33) | 185 |
| Increase / (Decrease) in deposits from financial and other institutions | 7,104 | (8,893) |
| Increase / (Decrease) in other liabilities | 7,279 | (2,072) |
| Cash flows from (used in) operating activities | 9,985 | (15,880) |
| INVESTING ACTIVITIES | | |
| Capital redemption proceeds from investment | 36 | - |
| Purchase of equipment | (29) | (15) |
| Cash from (used in) investing activities | 7 | (15) |
| FINANCING ACTIVITY | | |
| Net movement in Government Accounts | 10,034 | 8,923 |
| Cash from financing activity | 10,034 | 8,923 |
| INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD | 20,026 | (6,972) |
| Cash and cash equivalents at 1 January | 73,317 | 110,915 |
| CASH AND CASH EQUIVALENTS AT 31 MARCH | 93,343 | 103,943 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 1,545 | 2,098 |
| Placements with Banks | 91,798 | 101,845 |
| | 93,343 | 103,943 |

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2011 (unaudited)

(Amounts in Bahraini Dinars thousands)

| | Share capital | Contribution by a shareholder | Statutory reserve | Retained earnings | Total Equity |
|---|---------------|-------------------------------|-------------------|-------------------|----------------|
| As at 1 January 2011 | 15,000 | 19,824 | 7,762 | 145,385 | 187,971 |
| Total comprehensive income for the period | - | - | - | 1,908 | 1,908 |
| At 31 March 2011 | 15,000 | 19,824 | 7,762 | 147,293 | 189,879 |
| As at 1 January 2010 | 15,000 | 16,984 | 7,762 | 139,984 | 179,730 |
| Transfer of land | - | 2,086 | - | - | 2,086 |
| Total comprehensive income for the period | - | - | - | 1,311 | 1,311 |
| At 31 March 2010 | 15,000 | 19,070 | 7,762 | 141,295 | 183,127 |

Basim Yacob Al Hamer, Chairman

Sabah K. Almoayyed, General Manager

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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 20 April 2011

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ESKAN BANK