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Elaf Bank B.S.C. (c)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
31 MARCH 2013 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ELAF BANK B.S.C. (c)

Introduction

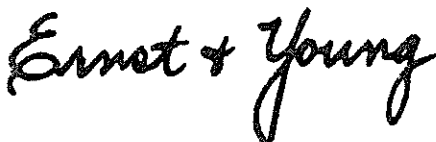
We have reviewed the accompanying interim consolidated statement of financial position of Elaf Bank B.S.C. (c) (the "Bank") and its subsidiaries (the "Group") as at 31 March 2013, and the related interim consolidated statements of income, cash flows, changes in owners' equity and changes in off-balance sheet equity of investment account holders for the three month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.



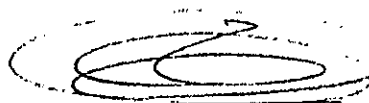
14 May 2013
Manama, Kingdom of Bahrain

Elaf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013 (Unaudited)

		<i>Unaudited</i> 31 March 2013 US\$	<i>Audited</i> 31 December 2012 US\$
	Notes		
ASSETS			
Cash and balances with banks		16,254,890	12,986,997
Due from financial institutions		24,559,750	35,083,388
Financing receivable		12,232,440	13,698,448
Musharaka financing		1,522,912	1,902,720
Receivable from Ijarah investors		14,800,849	14,800,849
Investment in Ijarah asset		4,961,974	4,961,974
Ijarah muntahia bittamleek		1,751,712	1,905,822
Investments in securities	3	229,810,323	232,067,260
Investment in associates		5,046,963	5,046,963
Investment in real estate	4	38,441,871	38,441,871
Development properties		16,173,111	16,173,111
Non-current asset held for sale		1,326,260	1,326,260
Fixed assets		610,479	433,070
Other assets	5	3,553,774	3,938,566
TOTAL ASSETS		371,047,308	382,767,299
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNER'S EQUITY			
Liabilities			
Due to financial institutions		31,897,940	39,036,923
Due to non financial institutions		435,408	435,408
Other liabilities	6	11,416,935	15,641,883
Total liabilities		43,750,283	55,114,214
EQUITY OF INVESTMENT ACCOUNT HOLDERS			
Owners' equity			
Share capital		300,000,000	300,000,000
Share premium		16,385,368	16,385,368
Statutory reserve		676,313	676,313
Retained earnings		1,644,007	-
Investment fair value reserves		(729,196)	796,081
General reserve		4,618,036	4,618,036
Equity attributable to parent's shareholders		322,594,528	322,475,798
Non-controlling interest		3,829,492	3,913,654
Total owners' equity		326,424,020	326,389,452
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNER'S EQUITY		371,047,308	382,767,299
OFF BALANCE SHEET:			
EQUITY OF INVESTMENT ACCOUNT HOLDERS		111,463,042	111,994,905


Paul Mercer
Chairman

Mohamed Al Adsani
Vice Chairman

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Elaf Bank B.S.C. (c)

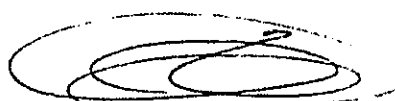
INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 March 2013 (Unaudited)

	Notes	Three months ended	
		31 March	
		2013	2012
		US\$	US\$
INCOME			
Profit from Islamic financing		1,127,643	537,371
Profit on Islamic financing		(176,050)	(33,370)
Net income from Islamic financing		951,593	504,001
Income from investment in securities	7	2,775,464	2,844,524
Income from investment banking services		170,638	53,684
Other income	8	1,203,682	26,100
Total income		5,101,377	3,428,309
EXPENSES			
Staff costs		(2,017,285)	(1,725,603)
Depreciation and amortisation		(25,320)	(349,150)
Other expenses		(1,095,857)	(639,106)
Total expenses		(3,138,462)	(2,713,859)
PROFIT BEFORE MERGER EXPENSES, IMPAIRMENT AND PROVISION		1,962,915	714,450
Impairment and provision	9	(403,070)	-
Acquisition expenses		-	(437,611)
NET PROFIT FOR THE PERIOD		1,559,845	276,839
Attributable to:			
Equity holders of the parent		1,644,007	276,839
Non-controlling interest		(84,162)	-
		1,559,845	276,839



Paul Mercer
Chairman



Mohamed Al Adsani
Vice Chairman

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Elaf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2013 (Unaudited)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2013	2012
	US\$	US\$
OPERATING ACTIVITIES		
Net profit for the period	1,559,845	276,839
Adjustment for:		
Depreciation and amortisation	25,320	349,150
Gain on sale of debt-type instruments at amortised cost	(1,458,409)	(531,647)
Gain on sale of equity-type instruments at fair value through equity	(217,935)	(783,845)
Gain on disposal of fixed assets	(14,986)	(15,915)
Gain on sale of investment in real estate	(857,143)	-
Impairment and provision	403,070	-
Net amortisation of premium (discount)	150,402	(340,993)
Operating loss before changes in operating assets and liabilities	(409,836)	(1,046,411)
Changes in operating assets and liabilities:		
Financing receivable	1,466,008	258,518
Due from financial institutions	4,536,313	-
Musharaka financing	358,135	(37,547)
Ijarah muntahia bittamleek	-	(2,378,425)
Other assets	538,902	(2,704,760)
Other liabilities	(4,224,948)	566,195
Equity of investment account holders	(390,628)	-
Net cash from (used in) operating activities	1,873,946	(5,342,430)
INVESTMENT ACTIVITIES		
Purchase of investment in securities	(19,506,960)	(19,348,664)
Proceeds from sale of investments in securities	21,383,165	19,438,030
Proceeds from sale of investments in real estate	857,143	-
Sale of fixed assets	14,986	15,915
Purchase of fixed assets	(202,729)	(65,871)
Net cash from investing activities	2,545,605	39,410
FINANCING ACTIVITIES		
Wakala payable	(7,138,983)	14,985,913
Net cash (used in) from financing activity	(7,138,983)	14,985,913
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,719,432)	9,682,893
Cash and cash equivalents at 1 January	43,534,072	16,560,985
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	40,814,640	26,243,878
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	16,254,890	2,020,855
Due from financial institutions with original maturity of 90 days or less	24,559,750	24,223,023
	40,814,640	26,243,878

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Elaf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the period ended 31 March 2013 (Unaudited)

	Share capital US\$	Share premium US\$	Statutory reserve US\$	Retained earnings/ (Accumulated losses) US\$	Investment fair value reserve US\$	General reserve	Total US\$	Non- controlling interest US\$	Total owners' equity US\$
Balance at 1 January 2013	300,000,000	16,385,368	676,313	-	796,081	4,618,036	322,475,798	3,913,654	326,389,452
Net profit (loss) for the period	-	-	-	1,644,007	-	-	1,644,007	(84,162)	1,559,845
Cumulative changes in fair values	-	-	-	-	(1,525,277)	-	(1,525,277)	-	(1,525,277)
Balance as at 31 March 2013	300,000,000	16,385,368	676,313	1,644,007	(729,196)	4,618,036	322,594,528	3,829,492	326,424,020
Balance at 1 January 2012	200,000,000	-	676,313	(45,011,717)	(896,197)	-	154,768,399	-	154,768,399
Net profit for the period	-	-	-	1,704,360	-	-	1,704,360	-	1,704,360
Cumulative changes in fair values	-	-	-	-	203,108	-	203,108	-	203,108
Balance as at 31 March 2012	200,000,000	-	676,313	(43,307,357)	(693,089)	-	156,675,867	-	156,675,867

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Elaf Bank B.S.C. (c)

**CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET
EQUITY OF INVESTMENT ACCOUNT HOLDERS**

For the period ended 31 March 2013 (Unaudited)

	<i>Cash</i> US\$	<i>Marketable equity securities portfolio</i> US\$	<i>Unlisted securities portfolio</i> US\$	<i>Real estate portfolio</i> US\$	<i>Total</i> US\$
Balance at					
1 January 2013	1,263,634	1,756,161	66,250,381	42,724,729	111,994,905
Deposits and issues	1,651,889	-	613,031	-	2,264,920
Repurchased investment units and withdrawal	(2,042,517)	(442,838)	-	-	(2,485,355)
Fair valuation and foreign exchange revaluation	-	(25,705)	(285,723)	-	(311,428)
Balance at					
31 March 2013	873,006	1,287,618	66,577,689	42,724,729	111,463,042

On 31 December 2012, via letter no. EDBS/KH/337/2012, CBB approved the legal amalgamation of Capinvest B.S.C (c) (Capinvest) and Capital Management House B.S.C. (CMH) operations into the Bank in respect to which the net identifiable assets of CMH and Capinvest as of 31 December 2012 were assumed by the Bank along with the off-balance sheet equity of investment accountholders.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

1 INCORPORATION AND ACTIVITIES

Elaf Bank B.S.C. (c) (the "Bank"), is a closed shareholding company incorporated in the Kingdom of Bahrain on 12 June 2007 under commercial registration (CR) number 65549. The Bank operates as an Islamic Wholesale Investment Bank under a license issued by the Central Bank of Bahrain ("the CBB"). The Bank's registered office is Zamil Tower, 6th Floor, Al Khalifa Avenue, Block 305, Manama, Kingdom of Bahrain.

During the year 2012, the shareholders of the Bank approved the merger of the Bank with Capivest and CMH where Capivest and CMH operations were amalgamated into the Bank's operations to form the Merged Entity in accordance with Article 312 (a) (1) of the Bahrain Commercial Companies Law. The merger was approved by the CBB and the Ministry of Industry and Commerce on 13 September 2012 and 11 October 2012 respectively subject to a 90 days no objection period. On 31 December 2012, via letter no. EDBS/KH/337/2012, CBB approved the legal amalgamation of Capivest and CMH operations into the Bank in respect to which the assets of CMH and Capivest as of 31 December 2012 were takenover and liabilities of CMH and Capivest as of 31 December 2012 were assumed by the Bank along with the off-balance sheet equity of investment account holders. As the acquisition took place on the last day of the financial year 2012, the statement of financial position was consolidated and there was no impact on the statement of income for the year ended 31 December 2012 due to the acquisition. Consequently, the comparative information might not be comparable with the current period financial information.

The Bank's activities are regulated by the CBB and supervised by a Shari'a Supervisory Board whose role is defined in the Bank's Memorandum and Articles of Association.

The principal activities of the Bank include investment advisory services and investment transactions, which comply with Islamic rules and principles according to the opinion of the Bank's Shari'a Supervisory Board.

The Bank carries out its business activities through its head office in the Kingdom of Bahrain and its branch in Malaysia. The branch was granted a license to perform Islamic Banking Business on 15 June 2011 under Islamic Banking Act 1983.

These condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank and its subsidiaries (together the "Group") for the three month period ended 31 March 2013 have been prepared in accordance with the guidance given by the International Accounting Standard 34 - "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. In addition, results for the three months period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

2.2 Accounting convention

The consolidated financial statements have been prepared on a historical cost basis, except for investment in real estate and investments classified as "fair value through equity" and "fair value through statement of income" that have been measured at fair value.

The consolidated financial statements have been presented in United States Dollars ("US\$"), being the functional currency of the Group's operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Basis of consolidation**

The condensed consolidated interim financial information for the period ended 31 March 2013 comprises the financial information of the Bank and its subsidiaries after eliminating inter-company transactions and balances. A subsidiary is an entity over which the Bank has control to govern its financial and operating policies in order to obtain benefits from its activities. The principal subsidiaries and associate of the Group included in this condensed consolidated interim financial information are as follows:

<i>Company</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>(%) of ownership</i>
Elaf Bahrain Real Estate Company B.S.C. (c)	Kingdom of Bahrain	2008	100%
Elaf Corporate Services Limited	British Virgin Islands	2008	100%
Sokouk Exchange Centre – Tadawul Holding W.L.L.	Kingdom of Bahrain	2008	100%
Tamkeen Investment Company B.S.C. (c)	Kingdom of Bahrain	2008	100%
Suffun Bahrain W.L.L. *	Kingdom of Bahrain	2010	100%
Suffun Investment Company **	Cayman Island	2010	100%
GCC Balanced Growth Fund Company B.S.C.(c) **	Kingdom of Bahrain	2010	100%
Medical Management Group SPC **	Kingdom of Bahrain	2005	100%
Omavest Holding W.L.L. **	Kingdom of Bahrain	2009	100%
Capinvest Real Estate Fund **	Kingdom of Bahrain	2010	100%
Sakan Development Company Limited	Cayman Island	2006	70.91%
Associate			
Alpha Lease and Finance Holding Company B.S.C. (c)	Kingdom of Bahrain	30 December 2007	30%

* Subsidiary is held as "Non-current assets held for sale"

** Subsidiaries not operational at 31 March 2013.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements, for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group has made the applicable disclosures as required by IAS 34.

IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group does not set off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group has made the applicable disclosures as required by IFRS 13.

FAS 26 Investment in Real Estate

The Group has adopted FAS 26 issued by AAOIFI which covers the recognition, measurement, presentation and disclosure of investment in real estate that is acquired for the purpose of earning periodical income or held for future capital appreciation or both. The adoption of this standard did not have any impact on the accounting policies, financial position or performance of the Group.

Elaf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

3 INVESTMENT IN SECURITIES

At 31 March 2013 (unaudited)

	<i>Amortised cost US\$</i>	<i>Fair value through equity US\$</i>	<i>Fair value through statement of income US\$</i>	<i>Unaudited Total US\$</i>
Debt type				
<i>Quoted sukuk</i>	74,744,814	-	-	74,744,814
Equity type				
<i>Quoted shares</i>	-	9,752,887	-	9,752,887
<i>Unquoted shares</i>	-	125,346,282	20,347,737	145,694,019
Less: Impairment	-	(381,397)	-	(381,397)
	<u>74,744,814</u>	<u>134,717,772</u>	<u>20,347,737</u>	<u>229,810,323</u>

	<i>Amortised cost US\$</i>	<i>Fair value through equity US\$</i>	<i>Fair value through statement of income US\$</i>	<i>Audited Total US\$</i>
Debt type				
<i>Quoted sukuk</i>	72,752,595	-	-	72,752,595
Equity type				
<i>Quoted shares</i>	-	13,665,212	-	13,665,212
<i>Unquoted shares</i>	-	128,645,865	20,347,737	148,993,602
Less: Impairment	(371,342)	(2,972,807)	-	(3,344,149)
	<u>72,381,253</u>	<u>139,338,270</u>	<u>20,347,737</u>	<u>232,067,260</u>

The Group's investments in sukuk held at amortised cost amounting to US\$ 74,746 thousand (2012: US\$ 72,753 thousand) has a fair value amounting to US\$ 77,026 thousand (2012: US\$ 74,495 thousand).

4 INVESTMENT IN REAT ESTATE

	<i>Unaudited 31 March 2013 US\$</i>	<i>Audited 31 December 2012 US\$</i>
Lands	26,447,550	26,447,550
Buildings	11,994,321	11,994,321
	<u>38,441,871</u>	<u>38,441,871</u>

Elaf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

4 INVESTMENT IN REAT ESTATE (continued)

The following is a reconciliation between the carrying amounts of investment in real estate at the beginning and end of the period:

	<i>Unaudited</i> 31 March 2013 US\$	<i>Audited</i> 31 December 2012 US\$
Beginning balance of the period/ year	38,441,871	15,842,773
Addition by amalgamation (note 1)	-	22,599,098
Ending balance of the period/ year	<u>38,441,871</u>	<u>38,441,871</u>

5 OTHER ASSETS

	<i>Unaudited</i> 31 March 2013 US\$	<i>Audited</i> 31 December 2012 US\$
Income receivable	1,333,259	1,159,201
Ijarah receivable	784,035	630,133
Sales proceeds receivables	597,723	1,302,935
Prepaid expenses	244,129	307,087
Staff receivable	111,842	61,432
Others	482,786	477,778
	<u>3,553,774</u>	<u>3,938,566</u>

6 OTHER LIABILITIES

	<i>Unaudited</i> 31 March 2013 US\$	<i>Audited</i> 31 December 2012 US\$
Advances for sale of villas	3,039,981	342,168
Accounts payables	2,207,171	1,897,756
Acquisition payables	2,158,701	8,017,873
Due to Ijara investors	1,045,305	1,073,424
Provision for employee benefits	640,122	1,613,808
Directors' fee accrual	240,033	520,823
Bonus accruals	52,343	268,786
Others	2,033,279	1,907,245
	<u>11,416,935</u>	<u>15,641,883</u>

7 INCOME FROM INVESTMENT IN SECURITIES

	<i>Unaudited</i> 31 March 2013 US\$	<i>Unaudited</i> 31 March 2012 US\$
Gain on sale of equity-type instruments at fair value through equity	1,458,409	531,647
Profit earned on debt-type instruments at amortised cost	1,003,931	1,529,032
Gain on sale of debt-type instruments at amortised cost	217,935	783,845
Dividends on equity-type instruments at fair value through equity	95,189	-
	<u>2,775,464</u>	<u>2,844,524</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

8 OTHER INCOME

	<i>Unaudited</i> 31 March 2013 US\$	<i>Unaudited</i> 31 March 2012 US\$
Gain on sale of investment in real estate	857,143	-
Rental income	316,089	-
Foreign exchange gain	15,464	10,185
Gain on disposal of fixed assets	14,986	15,915
	1,203,682	26,100

9 IMPAIRMENT AND PROVISION

(a) The following table shows the movement of provision for impairment during the period ended 31 March:

	<i>Musharaka</i> <i>financing</i> US\$	<i>Investment</i> <i>in ijarah</i> <i>assets</i> US\$	<i>Unaudited</i> 2013 <i>Total</i> US\$	<i>Musharaka</i> <i>financing</i> US\$	<i>Investment</i> <i>in ijarah</i> <i>assets</i> US\$	<i>Unaudited</i> 2012 <i>Total</i> US\$
Provision at beginning of the period	55,981	1,903,567	1,959,548	-	-	-
Charged during the period	21,673	-	21,673	-	-	-
Foreign exchange translation	(531)	-	(531)	-	-	-
Provision at end of the period	77,123	1,903,567	1,980,690	-	-	-

(b) The following table shows the impairment and provision charge during the period ended:

	<i>Unaudited</i> 31 March 2013 US\$	<i>Unaudited</i> 31 March 2012 US\$
Investments in securities (note 3)	381,397	-
Musharaka financing	21,673	-
	403,070	-

Elaf Bank B.S.C. (c)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

10 SEGMENT INFORMATION

a) Geographic sector

The geographical distribution of the Group's assets and liabilities is as follows:

31 March 2013	Middle East US\$	Europe US\$	Africa US\$	South East Asia US\$	Unaudited Total US\$
Assets					
Cash and balances with banks	10,630,996	5,522,316	-	101,578	16,254,890
Due from financial institutions	24,559,750	-	-	-	24,559,750
Financing receivable	12,232,440	-	-	-	12,232,440
Musharaka financing	548,395	-	-	974,517	1,522,912
Receivable from Ijarah investors	14,800,849	-	-	-	14,800,849
Investment in Ijarah asset	-	-	-	4,961,974	4,961,974
Ijarah muntahia bittamleek	-	-	-	1,751,712	1,751,712
Investments in securities	184,847,616	28,246,374	16,716,333	-	229,810,323
Investment in associates	5,046,963	-	-	-	5,046,963
Investment in real estate	38,441,871	-	-	-	38,441,871
Development properties	16,173,111	-	-	-	16,173,111
Non-current asset held for sale	1,326,260	-	-	-	1,326,260
Fixed assets	610,479	-	-	-	610,479
Other assets	2,515,890	-	134,165	903,719	3,553,774
Total assets	311,734,620	33,768,690	16,850,498	8,693,500	371,047,308
Liabilities					
Due to financial institutions	19,859,133	-	-	12,038,807	31,897,940
Due to non financial institutions	435,408	-	-	-	435,408
Other liabilities	11,011,097	-	358,046	47,792	11,416,935
Total liabilities	31,305,638	-	358,046	12,086,599	43,750,283
Equity of investment accountholders	194,338	-	678,667	-	873,005

Elaf Bank B.S.C. (c)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

10 SEGMENT INFORMATION (continued)

a) Geographic sector (continued)

31 December 2012	<i>Middle East US\$</i>	<i>Europe US\$</i>	<i>Africa US\$</i>	<i>South East Asia US\$</i>	<i>Audited Total US\$</i>
Assets					
Cash and balances with banks	8,770,393	4,182,524	-	34,080	12,986,997
Due from financial institutions	35,083,388	-	-	-	35,083,388
Financing receivable	12,372,062	1,326,386	-	-	13,698,448
Musharaka financing	916,916	-	-	985,804	1,902,720
Receivable from Ijarah investors	14,800,849	-	-	-	14,800,849
Investment in ijarah asset	-	-	-	4,961,974	4,961,974
Ijarah muntahia bittamleek	-	-	-	1,905,822	1,905,822
Investments in securities	180,471,731	34,870,121	16,725,408	-	232,067,260
Investment in associates	5,046,963	-	-	-	5,046,963
Investment in real estate	38,441,871	-	-	-	38,441,871
Development properties	16,173,111	-	-	-	16,173,111
Non-current asset held for sale	1,326,260	-	-	-	1,326,260
Fixed assets	433,070	-	-	-	433,070
Other assets	2,958,842	45,515	133,808	800,401	3,938,566
Total assets	316,795,456	40,424,546	16,859,216	8,688,081	382,767,299
Liabilities					
Due to financial institutions	25,008,985	-	-	14,027,938	39,036,923
Due to non financial institutions	435,408	-	-	-	435,408
Other liabilities	15,579,539	-	62,344	-	15,641,883
Total liabilities	41,023,932	-	62,344	14,027,938	55,114,214
Equity of investment accountholders	125,836	-	1,137,797	-	1,263,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

10 SEGMENTAL ANALYSIS (continued)

b) Industry sector

The industrial distribution of the Group's assets and liabilities is as follows:

31 March 2013	Trading and manufacturing US\$	Banks and financial institutions US\$	Real Estate US\$	Others US\$	Unaudited Total US\$
Asset					
Cash and balances with banks	-	16,247,348	-	7,542	16,254,890
Due from financial institutions	-	24,559,750	-	-	24,559,750
Financing receivable	-	-	-	12,232,440	12,232,440
Musharaka financing	-	974,517	-	548,395	1,522,912
Receivable from Ijarah investors	-	-	-	14,800,849	14,800,849
Investment in Ijarah asset	-	-	-	4,961,974	4,961,974
Ijarah muntahia bittamleek	-	-	-	1,751,712	1,751,712
Investments in securities	21,899,486	67,091,896	77,586,893	63,232,048	229,810,323
Investment in associates	-	3,444,085	1,602,878	-	5,046,963
Investment in real estate	-	-	38,441,871	-	38,441,871
Development properties	-	-	16,173,111	-	16,173,111
Non-current asset held for sale	-	-	-	1,326,260	1,326,260
Fixed assets	-	-	-	610,479	610,479
Other assets	32,580	464,556	1,109,924	1,946,714	3,553,774
Total assets	21,932,066	112,782,152	134,914,677	101,418,413	371,047,308
Liabilities					
Due to financial institutions	-	31,897,940	-	-	31,897,940
Due to non financial institutions	268,679	-	-	166,729	435,408
Other liabilities	391,943	163,192	5,014,743	5,847,057	11,416,935
Total liabilities	660,622	32,061,132	5,014,743	6,013,786	43,750,283
Equity of investment accountholders	683,208	-	-	189,797	873,005

Elaf Bank B.S.C. (c)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

10 SEGMENTAL ANALYSIS (continued)

b) Industry sector (continued)

31 December 2012	Trading and manufacturing US\$	Banks and financial institutions US\$	Real Estate US\$	Others US\$	Audited Total US\$
Assets					
Cash and balances with banks	-	12,986,997	-	-	12,986,997
Due from financial institutions	-	35,083,388	-	-	35,083,388
Financing receivable	-	-	1,326,386	12,372,062	13,698,448
Musharaka financing	-	985,804	-	916,916	1,902,720
Receivable from Ijarah investors	-	-	-	14,800,849	14,800,849
Investment in Ijarah asset	-	-	-	4,961,974	4,961,974
Ijarah muntahia bittamleek	-	-	-	1,905,822	1,905,822
Investments in securities	15,695,096	82,000,945	91,654,476	42,716,743	232,067,260
Investment in associates	-	3,444,085	1,602,878	-	5,046,963
Investment in real estate	-	-	38,441,871	-	38,441,871
Development properties	-	-	16,173,111	-	16,173,111
Non-current asset held for sale	-	-	-	1,326,260	1,326,260
Fixed assets	-	-	-	433,070	433,070
Other assets	12,819	421,706	689,210	2,814,831	3,938,566
Total assets	15,707,915	134,922,925	149,887,932	82,248,527	382,767,299
Liabilities					
Due to financial institutions	-	39,036,923	-	-	39,036,923
Due to non financial institutions	268,679	-	-	166,729	435,408
Other liabilities	247,834	163,192	300,275	14,930,582	15,641,883
Total liabilities	516,513	39,200,115	300,275	15,097,311	55,114,214
Equity of investment accountholders	1,137,797	-	-	125,836	1,263,633

The Group's revenue and expenses are reviewed at a Group level and therefore no separate operating segment results and other disclosures are provided in these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

11 RELATED PARTIES BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence or joint control over the other party in making financial and operating decisions. Related parties comprise major shareholders, directors, shari'a supervisory board and executive management of the Group and/or entities over which they exercise control and/or significant influence.

The related parties balances and transactions included in these consolidated financial statements are as follows:

	Associated companies US\$	Directors/ key management personnel Shari'a board members US\$	Major shareholders / entities in which directors are interested US\$	Unaudited 31 March 2013 US\$	Associated companies US\$	Directors/ key management personnel Shari'a board members US\$	Major shareholders / entities in which directors are interested US\$	Audited 31 December 2012 US\$
Assets								
Cash and balances with banks	-	-	6,856,795	6,856,795	-	-	5,911,922	5,911,922
Due from financial institutions	-	-	4,575,688	4,575,688	-	-	5,650,499	5,650,499
Investments in securities	-	24,228,067	4,769,337	28,997,404	-	24,397,366	12,286,966	36,684,332
Investment in associates	5,046,963	-	-	5,046,963	5,046,963	-	-	5,046,963
Non-current asset held for sale	-	1,326,260	-	1,326,260	-	1,326,260	-	1,326,260
Other assets	25,585	13,939	2,122	41,646	-	78,818	1,061	79,879
	5,072,548	25,568,266	16,203,942	46,844,756	5,046,963	25,802,444	23,850,448	54,699,855
Liabilities								
Due to financial institutions	-	-	8,096,136	8,096,136	-	-	13,242,584	13,242,584
Due to non financial institutions	-	-	250,004	250,004	-	-	250,004	250,004
Other liabilities	79,576	1,552,345	19,285	1,651,206	79,576	2,166,890	5,336,519	7,582,985
	79,576	1,552,345	8,365,425	9,997,346	79,576	2,166,890	18,829,107	21,075,573
Equity of investment accountholders	-	678,667	-	678,667	-	1,137,797	-	1,137,797
Commitments	-	13,505,836	-	13,505,836	-	13,505,836	-	13,505,836

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

11 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

	31 March 2013		31 March 2012		Unaudited Total US\$	Unaudited 31 March 2012 US\$
	Associated companies US\$	Directors/ key management personnel Shari'a board members US\$	Major shareholders / entities in which directors are interested US\$	Directors/ key management personnel Shari'a board members US\$		
Income						
Profit from Islamic financing	-	-	43,165	-	43,165	-
Profit on Islamic financing	-	-	(117,851)	-	(117,851)	-
Income from investment in securities	-	-	89,662	-	89,662	66,558
Income from investment banking services	20,125	-	131,754	-	151,879	-
Expenses						
Staff costs	-	734,043	-	-	734,043	1,128,002
Other expenses	-	117,889	-	-	117,889	149,336

Compensation of key management personnel of the Bank, included in consolidated statement of income, is as follows:

	Unaudited 31 March 2013 US\$	Unaudited 31 March 2012 US\$
Short term employee benefits	585,249	1,121,195
Long term employee benefits	148,794	6,807

Elaf Bank B.S.C. (c)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

12 COMMITMENTS

	<i>Unaudited</i> 31 March 2013 US\$	<i>Audited</i> 31 December 2012 US\$
Uncalled capital commitments in respect of investment	13,505,836	13,505,836
Promise to purchase foreign currency commitment	448,380	484,140
Commitment related to project developments	132,626	132,626
Operating lease commitments - expiring within one year	96,520	97,472
Operating lease commitments - expiring in one to three years	40,624	57,388
	14,223,986	14,277,462

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing fair values of financial assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>US\$</i>	<i>Level 2</i> <i>US\$</i>	<i>Level 3</i> <i>US\$</i>	<i>Unaudited</i> <i>Total</i> <i>US\$</i>
31 March 2013				
Quoted shares	9,752,887	-	-	9,752,887
Unquoted shares	-	-	145,312,622	145,312,622
	9,752,887	-	145,312,622	155,065,509
31 December 2012				
Quoted shares	13,665,212	-	-	13,665,212
Unquoted shares	-	-	146,020,795	146,020,795
	13,665,212	-	146,020,795	159,686,007

The fair values of other financial instruments on the interim consolidated statement of financial position are not significantly different from their carrying values, except as disclosed in note 3.

14 COMPARATIVE FIGURES

Certain of the prior period's figures have been restated to confirm to the presentation adopted in the current period. Such reclassification did not affect previously reported net profit or owner's equity.