

**Seera Investment Bank B.S.C. (c)**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**31 MARCH 2010**

## REVIEW REPORT TO THE BOARD OF DIRECTORS OF SEERA INVESTMENT BANK B.S.C. (c)

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Seera Investment Bank B.S.C. (c) ("the Bank") and its subsidiaries ("the Group") as of 31 March 2010, comprising the interim consolidated statement of financial position as at 31 March 2010 and the related interim consolidated statements of income, cash flows and changes in equity 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 the 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 the 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 note 2.



12 May 2010  
Manama, Kingdom of Bahrain

# Seera Investment Bank B.S.C. (c)

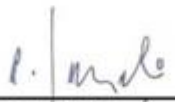
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2010

		<i>(Unaudited)</i> <b>31 March</b> <b>2010</b> <b>US\$ '000</b>	<i>(Audited)</i> <b>31 December</b> <b>2009</b> <b>US\$ '000</b>
	<b>Note</b>		
<b>ASSETS</b>			
Cash and balances with banks		11,840	4,363
Due from banks and financial institutions		23,754	37,940
Non-trading investments		22,421	27,624
Investments in leases		93,390	93,390
Net assets of disposal group classified as held for sale	4	114,798	115,846
Investment property		11,454	11,454
Other assets		6,078	6,128
Property and equipment		9,646	10,044
<b>TOTAL ASSETS</b>		<b>293,381</b>	<b>306,789</b>
<b>LIABILITIES AND EQUITY</b>			
Due to banks and financial institutions		10,770	25,874
Other liabilities		5,212	4,903
<b>TOTAL LIABILITIES</b>		<b>15,982</b>	<b>30,777</b>
<b>EQUITY</b>			
Share capital		291,286	291,286
Reserves		3,442	2,420
Accumulated losses		(32,486)	(32,804)
Equity attributable to shareholders of the parent		262,242	260,902
Non-controlling interest		15,157	15,110
<b>TOTAL EQUITY</b>		<b>277,399</b>	<b>276,012</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>293,381</b>	<b>306,789</b>

  
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**Asaad Al Banwan**  
 Chairman

  
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**Khalid Al Nasser**  
 Board Member

  
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**Abdulla Janahi**  
 Chief Executive Officer

The attached explanatory notes 1 to 6 form part of these interim condensed consolidated financial statements

Seera Investment Bank B.S.C. (c)

CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2010 (Unaudited)

	<i>Three months ended</i>	
	<b>31 March 2010 US\$ '000</b>	<b>31 March 2009 US\$ '000</b>
Rental income from investments in leases	<b>8,617</b>	9,546
Rental expense on investments in leases	<b>(6,376)</b>	(6,677)
Management fees relating to leases	<b>(378)</b>	(391)
<b>Net income from investments in leases</b>	<b>1,863</b>	2,478
Profit on amounts due from banks and financial institutions	<b>50</b>	373
Profit on amounts due to banks and financial institutions	<b>(69)</b>	(570)
<b>Net cost on due from / to banks and financial institutions</b>	<b>(19)</b>	(197)
Gain on disposal of non-trading investment	<b>1,826</b>	187
Fee income	<b>154</b>	147
<b>TOTAL INCOME</b>	<b>3,824</b>	2,615
<b>Expenses</b>		
Staff expenses	<b>1,459</b>	1,329
General and administration expenses	<b>559</b>	784
Foreign exchange	<b>853</b>	308
Depreciation	<b>424</b>	419
<b>TOTAL EXPENSES</b>	<b>3,295</b>	2,840
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>	<b>529</b>	(225)
Attributable to:		
Equity holders of the parent	<b>318</b>	(519)
Non-controlling interest	<b>211</b>	294
	<b>529</b>	(225)

Seera Investment Bank B.S.C. (c)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2010 (Unaudited)

	<i>Three months</i>	
	<b>31 March 2010 US\$ '000</b>	<b>31 March 2009 US\$ '000</b>
<b>OPERATING ACTIVITIES</b>		
Net income / (loss) for the period	529	(225)
Adjustments for:		
Provision for employees' end of service benefits	50	69
Depreciation	424	419
(Gain) / loss on disposal of non-trading investments	(1,826)	283
	<u>(823)</u>	<u>546</u>
Changes in operating assets and liabilities:		
Due from banks and financial institutions	-	(11,076)
Due to banks and financial institutions	(12,847)	(4,512)
Other assets	50	(442)
Other liabilities	172	(2,849)
	<u>(13,448)</u>	<u>(18,333)</u>
Net cash used in operating activities		
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of non-trading investments	6,929	4,728
Purchase of property and equipment	(26)	(8)
	<u>6,903</u>	<u>4,720</u>
Net cash from investing activities		
<b>FINANCING ACTIVITY</b>		
Non-controlling interest	(164)	(258)
	<u>(164)</u>	<u>(258)</u>
Net cash used in financing activity		
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,709)</b>	<b>(13,871)</b>
Cash and cash equivalents at beginning of the period	<u>42,303</u>	<u>66,340</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>35,594</u></b>	<b><u>52,469</u></b>

The attached explanatory notes 1 to 6 form part of these interim condensed consolidated financial statements

Seera Investment Bank B.S.C. (c)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2010 (Unaudited)

	<i>Equity attributable to shareholders of the parent</i>				<i>Total</i> <i>US\$ '000</i>	<i>Non-</i> <i>controlling</i> <i>interest</i> <i>US\$ '000</i>	<i>Total</i> <i>equity</i> <i>US\$ '000</i>
	<i>Share</i> <i>capital</i> <i>US\$ '000</i>	<i>Statutory</i> <i>reserve</i> <i>US\$ '000</i>	<i>Investment</i> <i>fair value</i> <i>reserve</i> <i>US\$ '000</i>	<i>Accumulated</i> <i>losses</i> <i>US\$ '000</i>			
Balance at 1 January 2010	291,286	2,002	418	(32,804)	260,902	15,110	276,012
Dividends paid by subsidiaries	-	-	-	-	-	(164)	(164)
Net income for the period	-	-	-	318	318	211	529
Unrealised gain on remeasurement to fair value	-	-	1,022	-	1,022	-	1,022
<b>Balance at 31 March 2010</b>	<b>291,286</b>	<b>2,002</b>	<b>1,440</b>	<b>(32,486)</b>	<b>262,242</b>	<b>15,157</b>	<b>277,399</b>
Balance at 1 January 2009	291,286	2,002	6,424	(2,693)	297,019	14,994	312,013
Dividends paid by subsidiaries	-	-	-	-	-	(258)	(258)
Net (loss) / income for the period	-	-	-	(519)	(519)	294	(225)
Unrealised losses on remeasurement to fair value	-	-	(1,960)	-	(1,960)	-	(1,960)
Balance at 31 March 2009	291,286	2,002	4,464	(3,212)	294,540	15,030	309,570

The attached explanatory notes 1 to 6 form part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2010

**1 INCORPORATION AND ACTIVITIES**

Seera Investment Bank B.S.C. (c) ["the Bank"] was incorporated on 5th of August 2006, under commercial registration number 62003 as a Bahrain Joint Stock Company (closed). The Bank's registered office is Building 2431, Road 2831, Block 428, Seef, Kingdom of Bahrain.

The Bank operates under an Islamic Wholesale Banking License issued by the Central Bank of Bahrain ["the CBB"]. The Bank and its subsidiaries ["the Group"] aim to provide a full range of investment banking products and services that are compliant with Shari'a principles.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2010.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

These interim condensed consolidated financial statements have been prepared using accounting policies which are in accordance with Financial Accounting Standards ["FAS"] issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ["AAOIFI"]. For matters for which no AAOIFI standards exist, including interim financial reporting, the Group uses the relevant International Financial Reporting Standard ["IFRS"] issued by the International Accounting Standards Board ["IASB"].

The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2009.

Results for the three month period ended 31 March 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

**3 CONSOLIDATED SUBSIDIARIES**

The following are the Group's significant subsidiaries as at 31 March 2010:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Equity interest</i>
Falak Aviation Fund Company	Kingdom of Bahrain	100%
Falak Aviation Fund B.S.C. (c)	Kingdom of Bahrain	86%
Falak Investments Limited	Bahamas	86%
Falak Lease One Limited	Bahamas	86%
Falak Lease Two Limited	Bahamas	86%
Falak Lease Three Limited	Bahamas	86%
Falak Lease Four Limited	Bahamas	86%
Falak Lease Five Limited *	Bahamas	86%
Falak Lease Six Limited *	Bahamas	86%
Falak Lease Seven Limited	Bahamas	86%
Falak Lease Eight Limited	Bahamas	86%
Falak Lease Nine Limited	Bahamas	86%
Falak Lease Ten Limited	Bahamas	86%
Falak Lease Eleven Limited	Bahamas	86%

\* The underlying assets in these entities were disposed off in October 2008.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2010

**4 NET ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

The Group has investments in two European based companies as part of its private equity investments portfolio.

The first is a company incorporated in Cayman Islands which has a stake of 92.02% in a Danish operator that is a global leader in the provision of systems and solutions for filling and reconditioning of liquefied petroleum gas cylinders. As at 31 March 2010, the Group retained a 21.5% stake in this Danish company (total assets and liabilities amounted to US\$ 52,532 thousand and US\$ 35,052 thousand) through the Cayman Islands holding company.

The other disposal group is a company incorporated in Cayman Islands which has a stake of 87.13% of a UK based company selling water treatment products. As at 31 March 2010, total assets and liabilities of this UK based company amounted to US\$ 202,465 thousand and US\$ 106,876 thousand respectively.

**5 RELATED PARTY TRANSACTIONS**

Related parties comprise major shareholders, directors of the Group, Shari'a Supervisory Board, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Group.

The significant balances with related parties were as follows:

	<i>(Unaudited)</i> <b>31 March</b> <b>2010</b> <b>US\$ '000</b>	<i>(Audited)</i> <b>31 December</b> <b>2009</b> <b>US\$ '000</b>
<b>Assets</b>		
Quoted investments managed by a shareholder - NIC	<b>4,767</b>	8,761

The significant transactions with related parties were as follows:

	<i>(Unaudited)</i> <i>Three months ended</i>	
	<b>31 March</b> <b>2010</b> <b>US\$ '000</b>	<b>31 March</b> <b>2009</b> <b>US\$ '000</b>
<b>Income</b>		
Profit on amounts due from banks and financial institutions	-	44
Fee income	<b>27</b>	26
<b>Expenses</b>		
Board of Directors and Committees meetings' expenses and attendance allowances	<b>47</b>	64
Shari'a Supervisory Board meetings' expenses and attendance allowances	<b>19</b>	18
Fee expense	<b>12</b>	21



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2010

**5 RELATED PARTY TRANSACTIONS (continued)**

Staff costs attributable to key management personnel of the Bank is as follows:

	<i>(Unaudited)</i>	
	<i>Three months ended</i>	
	<b>31 March</b>	<b>31 March</b>
	<b>2010</b>	<b>2009</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Short term employee costs	<b>486</b>	486
Termination costs	<b>44</b>	59
Staff costs attributable to key management personnel	<b>530</b>	545

**6 COMPARATIVE FIGURES**

Certain of the prior period figures have been reclassified to conform to the presentation adopted in the current period. Such reclassification did not affect the previously reported net loss for the period or total equity.