

Capital Management House B.S.C.(c)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

31 MARCH 2011 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Capital Management House B.S.C.(c) ('the Bank') and its subsidiaries (together "the Group") as at 31 March 2011, comprising of the interim condensed consolidated statement of financial position as at 31 March 2011 and the related interim condensed consolidated statements of income, changes in equity and cash flows 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 as set out in note 3. 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. Consequently, it 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 as set out in note 3.



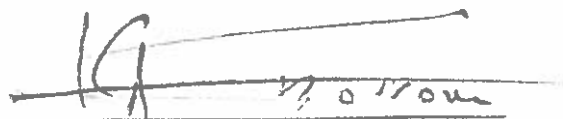
10 May 2011
Manama, Kingdom of Bahrain

Capital Management House B.S.C.(c)

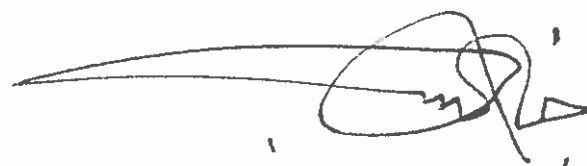
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011 (Unaudited)

| | Notes | <i>Unaudited</i> 31 March 2011 USD'000 | <i>Audited</i> 31 December 2010 USD'000 <i>Restated</i> |
|---|-------|---|---|
| ASSETS | | | |
| Cash and bank balances | | 2,691 | 894 |
| Due from financial institutions | 4 | 13,000 | 37,006 |
| Investments | 5 | 117,063 | 115,034 |
| Non-current assets held for sale | | 1,326 | 1,614 |
| Fixed assets | | 1,215 | 1,337 |
| Other assets | | 1,210 | 961 |
| TOTAL ASSETS | | 136,505 | 156,846 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Due to financial institutions | 6 | 22,555 | 39,258 |
| Customers' current account | | 709 | 34 |
| Other liabilities | | 782 | 944 |
| Total liabilities | | 24,046 | 40,236 |
| Equity | | | |
| Share capital | 7 | 100,568 | 100,568 |
| Share premium | | 17,912 | 17,912 |
| Reserves | | (6,021) | (1,870) |
| Total equity | | 112,459 | 116,610 |
| TOTAL LIABILITIES AND EQUITY | | 136,505 | 156,846 |
| RESTRICTED INVESTMENT ACCOUNTS | 13 | 112,382 | 103,486 |
| COMMITMENTS AND CONTINGENT LIABILITIES | 8 | 13,261 | 13,324 |



Khalid Abdulla Al Bassam
Chairman



Khalid Mohamed Najibi
Managing Director

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

Capital Management House B.S.C.(c)
INTERIM CONSOLIDATED STATEMENT OF INCOME

For period ended 31 March 2011 (Unaudited)

| | <i>Unaudited</i> | |
|---|---------------------------|-----------------|
| | <i>three months ended</i> | |
| | 31 March | 31 March |
| | 2011 | 2010 |
| | USD'000 | USD'000 |
| INCOME | | |
| Income from Islamic financing contracts | 141 | 100 |
| Income from investments | 573 | 625 |
| Gain on sale of investments | 46 | 414 |
| Investment banking fees | 915 | 2 |
| Foreign exchange loss | (21) | (12) |
| Total income | 1,654 | 1,129 |
| EXPENSES | | |
| Profit payable on Islamic financing contracts | 97 | 74 |
| Staff costs | 672 | 687 |
| General, administrative and project expenses | 671 | 576 |
| Total expenses | 1,440 | 1,337 |
| NET INCOME / (LOSS) FOR THE PERIOD | | |
| BEFORE FAIR VALUE ADJUSTMENTS AND PROVISIONS | 214 | (208) |
| Fair value loss on investment designated at fair value through statement of income | (3,000) | - |
| Impairment and collective provisions | (1,183) | - |
| NET LOSS FOR THE PERIOD AFTER PROVISIONS | (3,969) | (208) |

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

Capital Management House B.S.C.(c)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For period ended 31 March 2011 (Unaudited)

| | <i>Unaudited</i> | |
|---|---------------------------|-----------------|
| | <i>three months ended</i> | |
| | 31 March | 31 March |
| | 2011 | 2010 |
| | USD'000 | USD'000 |
| OPERATING ACTIVITIES | | |
| Loss for the period | (3,969) | (208) |
| Adjustments for: | | |
| Depreciation | 136 | 139 |
| Amortisation of Held to Maturity investments | (20) | - |
| Fair value loss on investments designated at fair value through statement of income | 3,000 | - |
| Collective provisions | 1,183 | - |
| Gain on sale of investments | (46) | (414) |
| Share grant reserve | 38 | 63 |
| Operating profit / (loss) before changes in operating assets and liabilities | 322 | (420) |
| Working capital adjustments: | | |
| Other assets | (249) | (275) |
| Due to financial institutions | (16,703) | 2,990 |
| Customers' current account | 675 | (223) |
| Other liabilities | (233) | (359) |
| Net cash flows (used in) from operating activities | (16,188) | 1,713 |
| INVESTING ACTIVITIES | | |
| Proceeds from investments | 12,255 | 15,561 |
| Purchase of investments | (18,550) | (3,125) |
| Net Investments in non-current assets held for sale | 288 | - |
| Net movement in fixed assets | (14) | (3) |
| Net cash flows (used in) from investing activities | (6,021) | 12,433 |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (22,209) | 14,146 |
| Cash and cash equivalents at beginning of the period | 37,400 | 12,365 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 15,191 | 26,511 |
| Cash and cash equivalents comprise of: | | |
| Cash and bank balances | 2,691 | 5,450 |
| Due from financial institutions with original maturities of less than 90 days | 12,500 | 21,061 |
| | 15,191 | 26,511 |

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

Capital Management House B.S.C.(c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For period ended 31 March 2011 (Unaudited)

| | Reserves | | | | | | | Total Equity | | |
|---|--------------------------|--|--------------------------|------------------------------|-----------------------------|---|------------------------------|--------------|--------------------------------|--------------------------|
| | Share capital USD'000 | Treasury and unallocated shares under MIP USD'000 | Share premium USD'000 | Statutory reserve USD'000 | General reserves USD'000 | Cumulative changes in fair value reserve USD'000 | Retained earnings USD'000 | | Share grant reserve USD'000 | Total reserve USD'000 |
| Balance at 1 January 2011 | 105,000 | (4,432) | 17,912 | 2,180 | 563 | 3,978 | (8,962) | 371 | (1,870) | 116,610 |
| Changes due to adoption of FAS 25 | | | | | | 5 | (5) | | | |
| Balance at 1 January 2011 | 105,000 | (4,432) | 17,912 | 2,180 | 563 | 3,983 | (8,967) | 371 | (1,870) | 116,610 |
| Net (loss) for the period | - | - | - | - | - | - | (3,969) | - | (3,969) | (3,969) |
| Share grant reserve | - | - | - | - | - | - | - | 38 | 38 | 38 |
| Transfer to Zakat fund | - | - | - | - | - | - | (71) | - | (71) | (71) |
| Fair value loss on available-for-sale investments | - | - | - | - | - | (149) | - | - | (149) | (149) |
| Balance at 31 March 2011 | 105,000 | (4,432) | 17,912 | 2,180 | 563 | 3,834 | (13,007) | 409 | (6,021) | 112,459 |
| Balance at 1 January 2010 | 100,000 | - | 17,579 | 2,180 | 563 | 1,467 | 629 | 1,060 | 5,899 | 123,478 |
| Fair value gain on available-for-sale investments | - | - | - | - | - | 1,190 | - | - | 1,190 | 1,190 |
| Net income for the period | - | - | - | - | - | - | (208) | - | (208) | (208) |
| Share grant reserve | - | - | - | - | - | - | - | 63 | 63 | 63 |
| Balance at 31 March 2010 | 100,000 | - | 17,579 | 2,180 | 563 | 2,657 | 421 | 1,123 | 6,944 | 124,523 |

1 INCORPORATION AND ACTIVITIES

Capital Management House B.S.C.(c) ("the Bank") was incorporated in the Kingdom of Bahrain in accordance with and subject to the provisions of the Bahrain Commercial Companies Law, Decree no (21) of 2001 and its Implementation Regulations issued as per Ministerial Order No (6) of 2002 and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) number 61045 on 15 May 2006. Until 7 October 2009 the Bank operated under an Investment Firm (Category I) License issued by the Central Bank of Bahrain ("CBB") and with effect from 7 October 2009, CBB upgraded its license to a "Wholesale Islamic Bank". The Bank's registered office is at Office 81, Building B1, Road 365, Block 316, Bahrain World Trade Center, Manama Center, Kingdom of Bahrain. The principle activities of the Bank includes:

- Short term investments;
- Capital market: Sukuk securities, equity linked offering, initial public offering and rights issues;
- Advisory services: Mergers and acquisitions, private placement, divestitures and real estate developments;
- Asset management; and
- Islamic deposit products and unrestricted accounts to customers.

The activities of the Bank and its wholly owned subsidiaries (together the "Group") are to carry out operations in accordance with the teachings of Islam (Shari'ah). The Group's Shari'ah Supervisory Board is entrusted to ensure the Group's adherence to Shari'ah rules and principles in its transactions and activities.

Approval of financial statements

The interim condensed consolidated financial statements for the period ended 31 March 2011 were authorised for issue by the Board of Directors on 10 May 2011.

Recent developments in the MENA region

The Group operates and undertakes business in several countries in the MENA region in which social and political unrest has occurred over the course of the first quarter. The Group exposure is mainly in the GCC where the circumstances have greatly stabilised. In the MENA region the Group has "NIL" exposure in Egypt, Yemen and Syria where the unrest is continuing.

However, the Group has invested in entities which have undertaken significant business activity in Libya, which has been subjected to civil unrest and military activity during the first quarter. The operations of these investee companies within Libya have been suspended and an asset protection program has been implemented. The Board of Directors is optimistic that, as events stabilise, the Group will be able to recover and reestablish profitable operations in Libya. In the meanwhile appropriate fair value adjustments against these investments have been incorporated in these financial statements.

During the period ended 31 March 2011, the United Nations Security Council called upon member states to impose economic sanctions on a number of Libyan or Libyan related individuals and entities, including Central Bank of Libya, The Group has no relationship to any of the entities to whom the sanctions apply.

At the time of approval of these interim condensed financial statements, the Board of Directors were satisfied with the liquidity position of the Group remained satisfactory, and the Group had liquid resources to enable to meet its obligations for the foreseeable future, including the prospective flow of new business.

At 31 March 2011 (Unaudited)

2 INVESTMENTS IN SUBSIDIARIES

As at 31 March 2011, the Group had the following subsidiaries:

| | Subsidiary | Activities/Status | Year of incorporation | Country of incorporation | Ownership % |
|-----|---|--|------------------------------|---------------------------------|--------------------|
| (A) | Tamkeen Investment Company B.S.C.(c) ("Tamkeen") | Subsidiary to administer Management Incentive Program ("MIP"). | 2008 | Kingdom of Bahrain | 100 |
| (B) | Suffun Bahrain W.L.L. ("Suffun") | SPV for an associated company investment. | 2010 | Kingdom of Bahrain | 100 |
| (C) | Suffun Investment company. ("Suffun 1") | SPV for Investors investment in an associated company. | 2010 | Cayman Island | 100 |
| (D) | GCC Balanced Growth Fund Company B.S.C.(c) ("GCC fund") | SPV for GCC Balanced Growth Fund. | 2010 | Kingdom of Bahrain | 100 |

As at 31 March 2011, the above subsidiaries are operational and have been consolidated or included as "Non current assets held for sale" (note 6).

3 BASIS OF PREPARATION AND ACCOUNTING POLICIES**Basis of preparation**

The interim condensed consolidated financial statements for the three month ended 31 March 2011 have been prepared in accordance with 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 financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2010. In addition, results for the three-month period ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

Significant accounting policies

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 2010, which were prepared in accordance with Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (the "AAOIFI"), the Shari'ah Rules and Principles, the Bahrain Commercial Companies Law, CBB and Financial Institutions Law. For matters which are not covered by AAOIFI standards, including "Interim Financial Reporting", the Group uses relevant International Financial Reporting Standards.

NEW AND AMENDED ACCOUNTING STANDARD AND FRAMEWORK

During 2010, AAOIFI amended its conceptual framework and issued a new Financial Accounting Standard (FAS 25) "Investment in sukuk, shares and similar instruments", which are effective as of 1 January 2011.

STATEMENT OF FINANCIAL ACCOUNTING NO.1: CONCEPTUAL FRAMEWORK FOR THE FINANCIAL REPORTING BY ISLAMIC FINANCIAL INSTITUTIONS

The amended conceptual frame work provides the basis for the financial accounting standards issued by AAOIFI. The amended framework introduces the concept of substance and form compared to the concept of form over substance. The framework state that it is necessary that information, transaction and other events are accounted for and presented in accordance with its substance and economic reality as well as the legal form.

At 31 March 2011 (Unaudited)

3 BASIS OF PREPARATION AND ACCOUNTING POLICIES**FINANCIAL ACCOUNTING STANDARD (FAS 25) "INVESTMENT IN SUKUK, SHARES AND SIMILAR INSTRUMENTS".**

The Group has adopted FAS 25 issued by AAOIFI which covers the recognition, measurement, presentation and disclosure of investment in sukuk, shares and similar investments that exhibit characteristics of debt and equity instruments made by the Islamic financial institutions.

The adoption of FAS 25 had an effect on the classification and measurement of the Groups financial assets. As a result of the application of this new standard, the classification of the investment portfolio were revisited and changes if any, were made in these classification in line with FAS 25. The impact on the opening retained earnings for the 2011 was loss USD 65 thousands (2010 : USD nil).

4 DUE FROM FINANCIAL INSTITUTIONS

| | <i>Unaudited</i> 31 March <i>2010</i> USD'000 | <i>Audited</i> 31 December <i>2010</i> USD'000 |
|--|--|---|
| Commodity Murabaha receivables | 2,000 | 17,752 |
| Mudaraba investments | 10,500 | 12,755 |
| Wakala receivables | 2,000 | 7,999 |
| | 14,500 | 38,506 |
| Less: Provision against Commodity Murabaha receivables | (1,500) | (1,500) |
| | 13,000 | 37,006 |

5 INVESTMENTS

| | <i>Fair value</i> <i>through</i> <i>statement of</i> <i>income</i> USD'000 | <i>Amortised</i> <i>Cost</i> USD'000 | <i>Fair value</i> <i>through</i> <i>equity</i> USD'000 | <i>Total</i> USD'000 |
|--|---|---|--|--------------------------------|
| As at 31 March 2011 - Unaudited | | | | |
| Debt type | | | | |
| <i>Unquoted investments</i> | | | | |
| Sukuk | 5,000 | 4,768 | - | 9,768 |
| Equity type | | | | |
| <i>Quoted investments</i> | | | | |
| Equity shares | - | - | 9,122 | 9,122 |
| <i>Unquoted investments</i> | | | | |
| Equity shares | 36,371 | - | 63,493 | 99,864 |
| Musharaka | - | - | 3,317 | 3,317 |
| Investment property | 5,406 | - | - | 5,406 |
| | 46,777 | 4,768 | 75,932 | 127,477 |
| Impairment Provisions | - | - | (8,764) | (8,764) |
| | 46,777 | 4,768 | 67,168 | 118,713 |
| Collective provisions | | | | (1,650) |
| | | | | 117,063 |

At 31 March 2011 (Unaudited)

5 INVESTMENTS (continued)

| | <i>Fair value through statement of income USD'000</i> | <i>Amortised Cost USD'000</i> | <i>Fair value through equity USD'000</i> | <i>Total USD'000</i> |
|----------------------------------|---|---------------------------------------|--|--------------------------|
| As at 31 December 2010 - audited | | | | |
| Debt type | | | | |
| <i>Unquoted investments</i> | | | | |
| Sukuk | 5,000 | 8,584 | - | 13,584 |
| Equity type | | | | |
| <i>Quoted investments</i> | | | | |
| Equity shares | - | - | 9,332 | 9,332 |
| <i>Unquoted investments</i> | | | | |
| Equity shares | 29,147 | - | 63,167 | 92,314 |
| Musharaka | - | - | 3,629 | 3,629 |
| Investment property | 5,406 | - | - | 5,406 |
| | <u>39,553</u> | <u>8,584</u> | <u>76,128</u> | <u>124,265</u> |
| Impairment Provisions | - | - | (7,831) | (7,831) |
| | <u>39,553</u> | <u>8,584</u> | <u>68,297</u> | <u>116,434</u> |
| Collective provisions | | | | (1,400) |
| | | | | <u><u>115,034</u></u> |

RECLASSIFICATION OF INVESTMENTS

The adoption FAS 25 resulted in the following adjustment to the carrying value of the investments as follows:

| | <u>Before adopting FAS</u> | | | <u>On adopting FAS 25</u> | | |
|-----------------------|---|---|---|---|---------------------------------------|--|
| | <i>Held to maturity USD'000</i> | <i>Available for sale USD'000</i> | <i>FAS 25 reclassification adjustment USD'000</i> | <i>Fair value through statement of income USD'000</i> | <i>Amortised cost USD'000</i> | <i>Fair value through equity USD'000</i> |
| Debt type | | | | | | |
| <i>Unquoted sukuk</i> | - | 5,000 | - | 5,000 | - | - |
| <i>Quoted sukuks</i> | - | 2,971 | 5 | - | 3,007 | - |
| | <u>-</u> | <u>7,971</u> | <u>5</u> | <u>5,000</u> | <u>3,007</u> | <u>-</u> |

Fair value loss that would have been recognised in the statement of changes in owner equity for the period ended 31 March 2011 had the investments not been reclassified amount to USD 13 thousands (31 December 2010: fair value gain / (loss) of USD nil).

6 DUE TO FINANCIAL INSTITUTIONS

| | <i>Unaudited 31 March 2011 USD'000</i> | <i>Audited 31 December 2010 USD'000</i> |
|-------------------|--|---|
| Murabaha payables | 17,555 | 27,758 |
| Wakala payables | 5,000 | 11,500 |
| | <u><u>22,555</u></u> | <u><u>39,258</u></u> |

At 31 March 2011 (Unaudited)

7 EQUITY

| | <i>Unaudited</i> 31 March 2011 USD'000 | <i>Audited</i> 31 December 2010 USD'000 |
|--|--|--|
| (i) <i>Share capital</i> | | |
| Authorised 200,000,000 Ordinary shares of USD 1 each | 200,000 | 200,000 |
| <i>Issued and fully paid up</i> | | |
| At the beginning (105,000,000 Ordinary shares of USD 1 each) | 105,000 | 105,000 |
| <i>Issued during the period</i> | - | - |
| At end (105,000,000 Ordinary shares of USD 1 each) | 105,000 | 105,000 |
| Less: unallocated shares under MIP | (4,432) | (4,432) |
| | 100,568 | 100,568 |

The unallocated shares under MIP of 4,431,892 shares has been reduced as "treasury and unallocated shares under MIP" in the Interim consolidated statement of changes in equity.

8 COMMITMENTS AND CONTINGENT LIABILITIES

Credit related commitments

These include commitments to enter into financing contracts which are designed to meet the requirements of the Group's customers.

Commitments represent contractual commitments under Murabaha receivables. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash flow requirements.

The Group has the following credit related commitments.

| | <i>Unaudited</i> 31 March 2011 USD'000 | <i>Audited</i> 31 December 2010 USD'000 |
|---|--|--|
| Uncalled capital commitment to a related party | 11,785 | 11,785 |
| Promise to purchase foreign exchange commitment | 479 | 461 |
| Commitment related to project developments | 133 | 133 |
| | 12,397 | 12,379 |

The Group has commitments relating to premises lease rentals as follows:

| | <i>Unaudited</i> 31 March 2011 USD'000 | <i>Audited</i> 31 December 2010 USD'000 |
|--|--|--|
| Within one year | 324 | 324 |
| After one year but not more than five years | 540 | 621 |
| | 864 | 945 |
| Total commitments and contingent liabilities | 13,261 | 13,324 |

At 31 March 2011 (Unaudited)

9 MANAGEMENT INCENTIVE PROGRAM

On 27 March 2008, the Group has set up a MIP and incorporated Tamkeen, to administer the program. Under the program the shareholders have authorised the issue of 15 million shares (maximum). The employees under this program are entitled to incentives comprising of cash and equity awards for each financial year based on achievement of performance parameters. The equity awards vest to the benefit of employees subject to the satisfaction of additional service conditions.

During 2009 the Bank issued 5,000,000 shares and transferred 568,208 shares as vested shares to employees applicable to year 2008-2010 out of the total 1,066,241 shares which was awarded during 2008 (vesting period 2008-2012). The balance of 4,431,892 shares are included as "Treasury and unallocated shares under MIP) in the consolidated statement of equity.

10 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, close members of their families, entities owned or controlled by them, key management personnel and companies affiliated by virtue of common ownership or directors with that of the Group. The Bank nominates representatives in the Board of the investee companies and the transactions with these investee companies are separately disclosed below. The transactions with these parties were made on commercial terms.

Balances with related parties included in the interim consolidated statement of financial position are as follows:

| | <i>Unaudited</i> 31 March 2011 <i>USD'000</i> | <i>Audited</i> 31 December 2010 <i>USD'000</i> |
|--|--|---|
| Assets: | | |
| Cash and bank balances | 1,122 | 317 |
| Due from financial institutions | - | 9,001 |
| Investments | 16,146 | 19,163 |
| Investments with nominee directors | 42,601 | 32,664 |
| Liabilities: | | |
| Due to financial institutions | 4,500 | 21,500 |
| Commitments and contingent liabilities | 11,785 | 11,785 |

Transactions with related parties included in the interim consolidated statement of income are as follows:

| | <i>Unaudited</i> <i>three months ended</i> 31 March 2011 <i>USD'000</i> | <i>31 March</i> 2010 <i>USD'000</i> |
|---|---|--|
| Income from investment | 263 | 12 |
| Income from Islamic financing contracts | 2 | - |
| Placement, arrangement and underwriting fees | 134 | - |
| Gain on sale of investments | 779 | - |
| Profit payable on Islamic financing contracts | (46) | (33) |
| General and administrative expenses | (29) | (29) |

At 31 March 2011 (Unaudited)

10 RELATED PARTY TRANSACTIONS (continued)

Compensation of the key management personnel are as follows:

| | <i>Unaudited three months ended</i> | |
|------------------------------|---|--------------------------------------|
| | 31 March 2011 USD'000 | 31 March 2010 USD'000 |
| Short term employee benefits | 158 | 1,175 |
| Long term employee benefits | 38 | 209 |

11 CONCENTRATIONS OF ASSETS, LIABILITIES, AND COMMITMENTS AND CONTINGENT LIABILITIES

The distribution of assets and liabilities by geographical region and industry sector wise are as follows:

| | <i>Assets USD '000</i> | | <i>Liabilities USD '000</i> | | <i>Commitments and contingent liabilities USD '000</i> | |
|----------------------------------|----------------------------|-----------------------------|---------------------------------|-----------------------------|--|-----------------------------|
| | <i>Unaudited</i> | <i>Audited</i> | <i>Unaudited</i> | <i>Audited</i> | <i>Unaudited</i> | <i>Audited</i> |
| | 31 March 2011 | 31 December 2010 | 31 March 2011 | 31 December 2010 | 31 March 2011 | 31 December 2010 |
| Geographical region | | | | | | |
| North America | 1,448 | 704 | - | - | - | - |
| Europe | 8,522 | 8,218 | 8,055 | 7,758 | 479 | 461 |
| GCC & Middle east | 110,465 | 128,794 | 15,953 | 32,474 | 12,403 | 12,484 |
| Africa | 16,069 | 19,129 | 38 | 4 | 379 | 379 |
| Asia | 1 | 1 | - | - | - | - |
| | 136,505 | 156,846 | 24,046 | 40,236 | 13,261 | 13,324 |
| Industry sector | | | | | | |
| Trading and manufacturing | 15,716 | 22,145 | 38 | 4 | 379 | 379 |
| Banks and financial institutions | 45,058 | 67,983 | 22,595 | 39,977 | 479 | 461 |
| Real Estate | 39,082 | 42,124 | - | - | - | - |
| Others | 36,649 | 24,594 | 1,413 | 255 | 12,403 | 12,484 |
| | 136,505 | 156,846 | 24,046 | 40,236 | 13,261 | 13,324 |

Exposures to banks and non banks which exceeds 15% of the Group's regulatory capital is USD 34,930 thousand (31 December 2010 USD 37,930 thousand).

12 SEGMENT INFORMATION**Primary Segment Information**

The activities of the Group are performed on an integrated basis and for management purposes, the group is organized into four business segments:

Venture and private equity: Principally the Bank's proprietary portfolio and serving clients with a range of Venture and Private Equity Investments. These investments are primarily held for medium to long term and producing Capital gains on exits.

Asset Backed investment: Principally the Bank's proprietary portfolio and serving clients with a range of Investments which are Asset Backed. These investments are primarily held for medium to long term and producing both recurring income during the period of investments and Capital gains on exits.

At 31 March 2011 (Unaudited)

12 SEGMENT INFORMATION (continued)

Real Estate: Principally the Bank's proprietary portfolio and serving clients with a range of Investments which have Real Estate as underlying assets. These investments are primarily held for medium to long term and producing both recurring income during the period of investments and Capital gains on exits. However quoted sukuks which are real estate backed are excluded from this segment.

Banking: Principally managing Shari'a compliant profit sharing investment accounts, Shari'a compliant financing contracts, quoted securities and sukuks which are liquid. These investment are managed as part of treasury management with primary focus on liquidity. These investments are primarily held for short term and producing both recurring income during the period of investments and marginal Capital gains on exits of sukuks.

| Sector | Venture capital & Private equity USD'000 | Asset backed investments USD'000 | Real Estate USD'000 | Banking USD'000 | Others USD'000 | Total USD'000 |
|--|--|--|------------------------|--------------------|-------------------|------------------|
| At 31 March 2011 | | | | | | |
| Segment Income | - | 1,245 | 31 | 378 | - | 1,654 |
| Segment Expenses: | | | | | | |
| Profit payable | - | (24) | - | (73) | - | (97) |
| Allocated operating expenses | (379) | (293) | (306) | (229) | - | (1,207) |
| Unallocated expenses | - | - | - | - | (136) | (136) |
| Impairment and collective provisions | (3,250) | (933) | - | - | - | (4,183) |
| Total Segment Expenses | (3,629) | (1,250) | (306) | (302) | (136) | (5,623) |
| Segment results | (3,629) | (5) | (275) | 76 | (136) | (3,969) |
| Segment assets | 37,333 | 34,457 | 36,074 | 27,141 | 1,500 | 136,505 |
| Segment Liabilities and share capital | - | 8,055 | - | 14,512 | 113,938 | 136,505 |
| At 31 March 2010 | | | | | | |
| Segment Income | 58 | 103 | 82 | 886 | - | 1,129 |
| Segment Expenses: | | | | | | |
| Profit payable | - | (22) | - | (52) | - | (74) |
| Allocated operating expenses | (326) | (185) | (267) | (346) | - | (1,124) |
| Unallocated expenses | - | - | - | - | (139) | (139) |
| Impairment and collective provisions | - | - | - | - | - | - |
| Total Segment Expenses | (326) | (207) | (267) | (398) | (139) | (1,337) |
| Segment results | (268) | (104) | (185) | 488 | (139) | (208) |
| Segment assets | 43,088 | 24,506 | 35,364 | 45,757 | 2,336 | 151,051 |
| Segment Liabilities and share capital | - | 7,531 | - | 18,527 | 124,993 | 151,051 |

13 RESTRICTED INVESTMENT ACCOUNT

| | <i>Units of Restricted Investment Portfolio</i> | | | | | <i>Total</i> |
|--|---|---|--|--------------------------------------|-----------------------------|----------------|
| | <i>Cash</i> | <i>Marketable Equity Securities Portfolio</i> | <i>Unlisted Securities Portfolio</i> | <i>Real Estate Portfolio</i> | <i>Sukuks Portfolio</i> | |
| | <i>USD '000</i> | <i>USD '000</i> | <i>USD '000</i> | <i>USD '000</i> | <i>USD '000</i> | |
| Investment at 1 January 2011 | 1,934 | 3,273 | 53,556 | 42,725 | 1,998 | 103,486 |
| Deposits and issues | 7,751 | - | 9,810 | - | - | 17,561 |
| Repurchased investment units and withdrawal | (8,976) | (7) | - | - | (25) | (9,008) |
| Investment profit (losses) | - | 1 | - | - | 25 | 26 |
| Administrative expenditures | - | 2 | - | - | - | 2 |
| Bank's fees as an agent | - | 4 | - | - | - | 4 |
| Fair valuation and FX Revaluation | - | (58) | 369 | - | - | 311 |
| Investment at 31 March 2011 | 709 | 3,215 | 63,735 | 42,725 | 1,998 | 112,382 |
| Investment at 1 January 2010 | 464 | 3,884 | 51,680 | 42,725 | 1,998 | 100,751 |
| Deposits and issues | 1,470 | 2,293 | 2,250 | - | - | 6,013 |
| Repurchased investment units and withdrawal | - | (1,246) | - | - | (51) | (1,297) |
| Investment profit (losses) | - | 121 | - | - | 51 | 172 |
| Administrative expenditures | - | 7 | - | - | - | 7 |
| Bank's fees as an agent | - | - | - | - | - | - |
| Fair valuation and FX Revaluation | - | (1,786) | (374) | - | - | (2,160) |
| Investment '31 December 2010 | 1,934 | 3,273 | 53,556 | 42,725 | 1,998 | 103,486 |

The unquoted investments are stated at cost and quoted investments are stated at realisable value.

14 COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current period. Such reclassification has not affected the net income, loss, total assets, total liabilities and equity of the Group as previously reported.