

GLOBAL BANKING CORPORATION B.S.C. (c)

INTERIM FINANCIAL INFORMATION

31 MARCH 2010

Commercial Registration:	65708
Central Bank License:	Wholesale Islamic Bank
Registered Office:	Building 1411, Road 4626, Manama / Sea front 346 Bahrain Financial Harbour District Kingdom of Bahrain Telephone + 973 17200200
Directors:	Saleh Al Ali Al Rashed, <i>Chairman</i> A. Rahman M. Al-Jasmi, <i>Vice Chairman & Managing Director</i> Talal Al Mutawa Salah Saleh Asheer Khalid Al Ankary Fady Bakhos Terry A. Newendorp
Corporate Secretary:	Dr. Raid Al-Zude
Auditors:	KPMG

INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2010

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Independent auditor's report on review of interim financial information

To

The Board of Directors
Global Banking Corporation B.S.C. (c)
Kingdom of Bahrain

13 May 2010

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Global Banking Corporation B.S.C. (c) (the "Bank") and its subsidiaries (together, "the Group") as at 31 March 2010, and the related condensed consolidated statements of income, comprehensive income, changes in equity, cash flows and changes in restricted investment accounts (the "interim financial information") for the three month period then ended. The Board of Directors of the Bank is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information 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 financial information is not prepared, in all material respects, in accordance with IAS - 34 *Interim Financial Reporting*.


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2010

US\$ 000's

	Note	31 March 2010 (reviewed)	31 December 2009 (audited)
ASSETS			
Cash and bank balances		33	33
Placements with financial and other institutions		26,602	44,590
Investment securities	5	72,323	71,801
Investment property	6	51,140	51,452
Investment in joint venture		182	-
Property and equipment		21,977	22,420
Other assets	7	19,196	7,359
Total assets		191,453	197,655
LIABILITIES AND EQUITY			
Liabilities			
Investors' funds		3,990	3,775
Bank financing	8	26,524	29,841
Accruals and other liabilities		2,366	2,504
Total liabilities		32,880	36,120
Equity			
Share capital		173,750	173,750
Statutory reserve		5,801	5,801
Accumulated losses		(21,345)	(18,388)
Total equity attributable to equity holders of the Bank		158,206	161,163
Non-controlling interest		367	372
Total equity (page 5)		158,573	161,535
Total liabilities and equity		191,453	197,655
Restricted investment accounts (page 7)		190,000	190,000

The interim financial information, which consists of pages 2 to 11, was approved by the Board of Directors on 13 May 2010 and signed on its behalf by:


 Saleh Al Ali Al Rashed
 Chairman


 A. Rahman M. Al Jasmi
 Vice Chairman & Managing Director

CONDENSED CONSOLIDATED INCOME STATEMENT
for the three months ended 31 March 2010

US\$ 000's

	Three months ended 31 March 2010 (reviewed)	Three months ended 31 March 2009 (reviewed)
Income from investment banking services	-	4,956
Income from placements with financial and other institutions	80	888
Income / (loss) from investment securities	522	(22)
Rental income from investment property	1,035	509
Share of profit from joint venture	49	-
Other income	161	1,267
Total income	1,847	7,598
Staff cost	2,134	2,634
Professional and travel expenses	329	1,044
Marketing & corporate communication expenses	155	605
Finance cost	297	837
Other operating expenses	704	886
Depreciation	1,190	903
Total expenses	4,809	6,909
(Loss) / profit for the period	(2,962)	689
Attributable to:		
Equity holders of the Bank	(2,957)	689
Non-controlling interest	(5)	-
	(2,962)	689

The interim financial information consists of pages 2 to 11.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2010

US\$ 000's

	Three months ended 31 March 2010 (reviewed)	Three months ended 31 March 2009 (reviewed)
(Loss) / profit for the period	(2,962)	689
Other comprehensive income	-	-
Total comprehensive income for the period	(2,962)	689
Attributable to:		
Equity holders of the Bank	(2,957)	689
Non-controlling interest	(5)	-
	(2,962)	689

The interim financial information consists of pages 2 to 11

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2010

US\$ 000's

2010 (reviewed)

	Attributable to equity holders of the Bank				Non-controlling interest	Total
	Share capital	Statutory reserve	Accumulated losses	Total		
Balance at 1 January 2010	173,750	5,801	(18,388)	161,163	372	161,535
Total comprehensive income for the period (page 4)	-	-	(2,957)	(2,957)	(5)	(2,962)
Balance at 31 March 2010	173,750	5,801	(21,345)	158,206	367	158,573

2009 (reviewed)

	Attributable to equity holders of the Bank				Non-controlling interest	Total
	Share capital	Statutory reserve	Retained earnings	Total		
Balance at 1 January 2009	156,250	5,801	19,009	181,060	-	181,060
Total comprehensive income for the period (page 4)	-	-	689	689	-	689
Capitalisation of reserves	17,500	-	(17,500)	-	-	-
Board remuneration declared for 2008	-	-	(1,080)	(1,080)	-	(1,080)
Balance at 31 March 2009	173,750	5,801	1,118	180,669	-	180,669

The interim financial information consists of pages 2 to 11.

CONDENSED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2010

US\$ 000's

	31 March 2010 (reviewed)	31 March 2009 (reviewed)
OPERATING ACTIVITIES		
Investors' funds received	204	1,020
Investors' funds paid	-	(137,881)
Income from investment banking services received	-	2,620
Rental income from investment property received	733	953
Payments for expenses and project costs	(3,769)	(5,549)
Income from placements with financial institutions received	91	636
Advance operating lease rentals	-	(1,379)
Cash flows from operating activities	(2,741)	(139,580)
INVESTING ACTIVITIES		
Payments for acquisition of property, equipment and capital work-in-progress	(246)	(682)
Advance for purchase of investment securities	(11,254)	-
Investment in a joint venture	(133)	-
Cash flows from investing activities	(11,633)	(682)
FINANCING ACTIVITIES		
Bank financing repaid	(3,614)	(3,972)
Cash flows from financing activities	(3,614)	(3,972)
Net decrease in cash and cash equivalents	(17,988)	(144,234)
Cash and cash equivalents at the beginning of the period	44,623	298,946
Cash and cash equivalents at the end of the period	26,635	154,712
Represented by:		
Cash and bank balances	33	177
Placements with financial and other institutions	26,602	154,535
	26,635	154,712

The interim financial information consists of pages 2 to 11.

CONDENSED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the three months ended 31 March 2010

US\$ '000'

2010 (reviewed)

	Balance at 1 January 2010		Movements during the period					Balance 31 March 2010			
	No of units (000)	Average value per share US\$	Investment US\$	Gross income US\$	Dividends paid US\$	Bank's fees as an agent US\$	Administration expenses US\$	No of units (000)	Average value per share US\$	Total US\$	Total % ownership
Makkah Hills – Cayman Islands	-	-	-	-	-	-	-	-	-	190,000	N/A
										190,000	

2009 (reviewed)

	Balance at 1 January 2009		Movements during the period					Balance 31 March 2009			
	No of units (000)	Average value per share US\$	Investment US\$	Gross income US\$	Dividends paid US\$	Bank's fees as an agent US\$	Administration expenses US\$	No of units (000)	Average value per share US\$	Total US\$	Total % ownership
Makkah Hills – Cayman Islands	-	-	-	-	-	-	-	-	-	190,000	N/A
										190,000	

The interim financial information consists of pages 2 to 11.

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2010

1 REPORTING ENTITY

The interim financial information for the three months ended 31 March 2010 comprise the financial information of Global Banking Corporation BSC (c) (the "Bank") and its subsidiaries (together referred to as "the Group").

2 BASIS OF PREPARATION

The interim financial information has been prepared in summarised form in accordance with International Accounting Standard 34 (IAS 34), *Interim Financial Reporting*. The interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

Accounting policies

The accounting policies and methods of computation applied by the Group in the preparation of the interim financial information are consistent with those applied in the preparation of the audited consolidated financial statements for the year ended 31 December 2009, except for the changes arising from adoption of relevant revised IFRS, amendments and interpretation issued by IASB and FAS issued by AAOIFI that are effective for annual reporting periods beginning 1 January 2010. The adoption of these standards did not have any impact on the interim financial information.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2009.

3 The interim financial information is not audited but has been reviewed by KPMG. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2009. The comparatives for the condensed consolidated statements of income, comprehensive income, cash flows, changes in equity and changes in restricted investment accounts have been extracted from the reviewed interim financial information for the three months ended 31 March 2009.

4 Due to the nature of the Bank's business, the results reported in this interim financial information may not represent a proportionate share of the overall annual results.

5 INVESTMENT SECURITIES

	31 March 2010 (reviewed) US\$ 000's	31 December 2009 (audited) US\$ 000's
Available-for-sale investments	67,252	67,252
Investments designated at fair value through profit or loss	4,796	4,310
Trading investments	275	239
	72,323	71,801

6 INVESTMENT PROPERTY

Investment property comprises the portion of land and building attributable to property that is let out under operating leases. Depreciation on the building component of the investment property is charged to the income statement on a straight line basis over its estimated useful life of 30 years. Land is not depreciated.

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2010

7 OTHER ASSETS

	31 March 2010 (reviewed) US\$ 000's	31 December 2009 (audited) US\$ 000's
Advance for purchase of an investment	11,254	-
Prepayment for car park spaces	5,149	5,287
Computer software and licenses, net	752	858
Project costs recoverable	1,156	278
Prepayments and other receivables	885	936
	19,196	7,359

8 BANK FINANCING

Bank financing comprise murabaha financing obtained from a financial institution in 2008 for the acquisition of a property (refer note 6). The financing carries a profit rate of 2.50% over the bench mark rate (BIBOR) and is repayable in quarterly instalments over 4 years. The financing is secured by mortgage on both land and building and assignment of rent from the property.

9 Appropriations of net profit, if any, are made only at the year end.

10 RELATED PARTY TRANSACTIONS

The significant related party balances and transactions (excluding compensation to key management personnel) included in these interim financial information are as follows:

	Significant shareholders / entities in which directors are interested (US\$ 000's)	Assets under management including special purpose entities (US\$ 000's)	Total (US\$ 000's)
31 March 2010 (reviewed)			
Assets			
Investment securities	12,402	54,850	67,252
Other assets	69	116	185
Liabilities			
Investors' funds	-	3,990	3,990
Income			
Rental income from investment property	218	58	276

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2010

10 *Related party transactions (continued)*

	Significant shareholders / entities in which directors are interested (US\$ 000's)	Assets under management including special purpose entities (US\$ 000's)	Total (US\$ 000's)
31 December 2009 (audited)			
Assets			
Investment securities	12,402	54,850	67,252
Other assets	116	36	152
Liabilities			
Investors' funds	-	3,775	3,775
31 March 2009 (reviewed)			
Income			
Income from investment banking services	-	4,956	4,956
Rental income from investment property	93	-	93

11 **OPERATING SEGMENT**

The Group primarily operates as an investment bank and also undertakes real estate and property management activity whose revenue and results are reported separately to the 'chief operating decision maker' in order to assess performance and allocate resources.

The segment information provided to the 'chief operating decision maker' for the reportable segments for the three months ended 31 March 2010 is as follows:

	Investment banking US\$ 000's	Property management US\$ 000's	Unallocated US\$ 000's	Total US\$ 000's
31 March 2010 (reviewed)				
External revenue	522	967	358	1,847
Segment result	(1,907)	(21)	(1,034)	(2,962)
<u>Other material items:</u>				
Finance income	-	-	80	80
Finance cost	-	286	11	297
Depreciation	-	313	877	1,190
Segment assets	84,915	56,289	50,249	191,453
Segment liabilities	4,077	27,103	1,700	32,880
Restricted investment accounts	190,000	-	-	190,000

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2010

11 *Segment information (continued)*

	Investment banking US\$ 000's	Property management US\$ 000's	Unallocated US\$ 000's	Total US\$ 000's
31 March 2009 (reviewed)				
External revenue	6,128	581	889	7,598
Segment result	2,441	(789)	(963)	689
<u>Other material items:</u>				
31 March 2009 (reviewed)				
Finance income	-	-	888	888
Finance cost	-	286	11	297
Depreciation	-	313	590	903
31 December 2009 (audited)				
Segment assets	72,079	56,811	68,765	197,655
Segment liabilities	4,705	30,137	1,278	36,120
Restricted investment accounts	190,000	-	-	190,000

12 **Comparatives**

The comparative figures for the previous period have been regrouped, where necessary in order to conform to the current period's preparation. Such regrouping has no impact on the Group's previously reported profits, comprehensive income or equity.