

Investors Bank B.S.C. (c)

INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2013

REVIEW REPORT TO THE BOARD OF DIRECTORS OF INVESTORS BANK B.S.C. (c)

Introduction

We have reviewed the accompanying interim condensed financial statements of Investors Bank B.S.C. (c) ["the Bank"] as of 31 March 2013, comprising the interim statement of financial position as at 31 March 2013 and the related interim statements of income, cash flows and changes in owners' equity for the three month period then ended and explanatory notes. The Bank's Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed 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. 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.

Basis for Qualified Conclusion

As explained in note 7, the Bank holds an equity investment, with a carrying value of US\$ 5,760,487 as at 31 March 2013, pledged in respect of financing obtained by a related party from a financial institution. Following the default by the related party, the financial institution had filed a legal case in the court and the court ruled in favor of the financial institution as set out in note 7. Since, the claim that could be made on the Bank is uncertain and dependent on the selling price of the pledged shares, we are unable to determine the adjustment that may be required to these interim condensed financial statements, if any.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF
INVESTORS BANK B.S.C. (c) (continued)

Qualified Conclusion

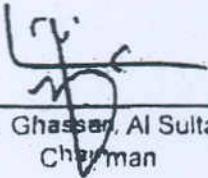
Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.

Ernst & Young

7 May 2013
Manama, Kingdom of Bahrain

Investors Bank B.S.C. (c)
INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2013 (Unaudited)

		(Unaudited) 31 March 2013 US\$	(Audited) 31 December 2012 US\$
	Note		
ASSETS			
Cash and balances with banks		821,646	993,440
Due from a financial institution		530,504	-
Investments	3	13,485,819	14,252,457
Deferred payment sale receivables		3,680,203	3,680,203
Investment in real estate		19,757,502	20,020,180
Other assets		2,315,519	1,403,831
Equipment, furniture and fixtures		70,030	53,650
TOTAL ASSETS		40,661,223	40,403,761
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Due to a financial institution		3,670,202	3,670,202
Murabaha payable		3,229,064	3,229,064
Other liabilities		697,646	697,194
Total liabilities		7,596,912	7,596,460
Owners' Equity			
Share capital		80,000,000	80,000,000
Statutory reserve		7,409,515	7,409,515
Investments fair value reserve		3,095,030	2,988,199
Accumulated losses		(57,440,234)	(57,590,413)
Total owners' equity		33,064,311	32,807,301
TOTAL LIABILITIES AND OWNERS' EQUITY		40,661,223	40,403,761
OFF-BALANCE SHEET ITEMS:			
EQUITY OF INVESTMENT ACCOUNTHOLDERS		16,265,814	16,440,667


Mr. Ghassan Al Sultan
Chairman

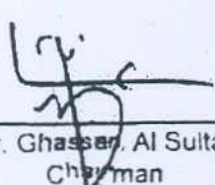

Mr. Ebrahim Al Shaikh
Director

Investors Bank B.S.C. (c)

INTERIM STATEMENT OF INCOME

For the three months ended 31 March 2013 (Unaudited)

		(Unaudited) Three months ended 31 March	
	Note	2013 US\$	2012 US\$
Gain on disposal of investment at fair value through equity		270,000	-
Fair value (loss) / gain on investments at fair value through statement of income, net		(3,469)	19,104
Other income, net	4	445,333	403,603
Operating income		711,864	422,707
EXPENSES			
Staff cost		220,034	194,482
Administrative and general expenses		216,334	123,912
Depreciation		113,897	199,127
Operating expenses		550,265	517,521
Net income / (loss) before provision for impairment		161,599	(94,814)
Provision for impairment		(11,420)	(185,231)
NET INCOME / (LOSS) FOR THE PERIOD		150,179	(280,045)



Mr. Ghassan Al Sultan
Chairman



Mr. Ebrahim Al Shaikh
Director

The attached notes 1 to 10 form part of these interim condensed financial statements

Investors Bank B.S.C.(c)

INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2013 (Unaudited)

	<i>(Unaudited)</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	2013	2012
	US\$	US\$
OPERATING ACTIVITIES		
Net income / (loss) for the period	150,179	(280,045)
Adjustments for non-cash items:		
Depreciation	113,897	199,127
Provision for impairment	11,420	185,231
Gain on disposal of investment at fair value through equity	(270,000)	-
Gain on disposal of investment in real estate	(50,935)	(30,117)
Fair value loss / (gain) on investments at fair value through statement of income	3,469	(19,104)
Operating (loss) / gain before changes in operating assets and liabilities:	(41,970)	55,092
Working capital adjustments:		
Other assets	(68,887)	(198,765)
Other liabilities	(5,649)	317
Net cash used in operating activities	(116,506)	(143,356)
INVESTING ACTIVITIES		
Proceeds from disposal of investment at fair value through equity	490,000	-
Proceeds from disposal of investment in real estate	-	190,606
Purchase of equipment, furniture and fixtures	(14,784)	(396)
Net cash from investing activities	475,216	190,210
NET INCREASE IN CASH AND CASH EQUIVALENTS	358,710	46,854
Cash and cash equivalents at beginning of the period	993,440	158,912
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,352,150	205,766
Cash and cash equivalents comprise:		
Cash and balances with banks	821,646	205,766
Due from a financial institution with original maturity of ninety days or less	530,504	-
	1,352,150	205,766
Non-cash activities		
Proceeds from disposal of investment at fair value through equity	650,000	-
Proceeds from disposal of investment in real estate	204,221	-
Purchase of equipment, furniture and fixtures	6,101	-

The attached notes 1 to 10 form part of these interim condensed financial statements

Investors Bank B.S.C. (c)

INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months ended 31 March 2013 (Unaudited)

	Share capital US\$	Statutory reserve US\$	Investments fair value reserve US\$	Accumulated losses US\$	Total Owners' equity US\$
Balance at 1 January 2013	80,000,000	7,409,515	2,988,199	(57,590,413)	32,807,301
Net income for the period	-	-	-	150,179	150,179
Other comprehensive income during the period (note 3.1.3)	-	-	106,831	-	106,831
Balance as at 31 March 2013	80,000,000	7,409,515	3,095,030	(57,440,234)	33,064,311
Balance at 1 January 2012	80,000,000	7,409,515	3,679,690	(56,105,725)	34,983,480
Net loss for the period	-	-	-	(280,045)	(280,045)
Other comprehensive income during the period	-	-	152,827	-	152,827
Balance as at 31 March 2012	80,000,000	7,409,515	3,832,517	(56,385,770)	34,856,262

The attached notes 1 to 10 form part of these interim condensed financial statements

Investors Bank B.S.C. (c)

INTERIM STATEMENT OF CHANGES IN OFF-BALANCE SHEET INVESTMENT ACCOUNTHOLDERS

For the three months ended 31 March 2013 (Unaudited)

	Balance at 1 January 2013			Movements during the period			Balance at 31 March 2013	
	No of units (000)	Average value per share US\$	Total US\$	Investment/ (withdrawal) US\$	Revaluations US\$	No of units (000)	Average value per share US\$	Total US\$
Murabaha with Lotus Air Ltd Investments in International Investment Group K.S.C.C. (note 2 below)	-	-	317,689	-	-	-	-	317,689
Portfolio managed by the Bank (Gulf Monetary Group shares)	12,887	0.44	5,670,202	-	-	12,887	0.44	5,670,202
	142,059	0.0736	10,452,776	-	(174,853)	142,059	0.0723	10,277,923
			<u>16,440,667</u>		<u>(174,853)</u>			<u>16,265,814</u>
	Balance at 1 January 2012			Movements during the period			Balance at 31 March 2012	
	No of units (000)	Average value per share US\$	Total US\$	Investment/ (withdrawal) US\$	Revaluations US\$	No of units (000)	Average value per share US\$	Total US\$
Murabaha with Lotus Air Ltd Investments in International Investment Group K.S.C.C. (note 2 below)	-	-	317,689	-	-	-	-	317,689
Portfolio managed by the Bank (Gulf Monetary Group shares)	12,887	0.44	5,670,202	-	-	12,887	0.44	5,670,202
	142,059	0.0743	10,558,259	-	28,324	142,059	0.0745	10,586,583
			<u>16,546,150</u>		<u>28,324</u>			<u>16,574,474</u>

1 Off -balance sheet investment accounts represent amounts received from and transactions entered on behalf of related parties.

2 On the instructions of an off-balance sheet investment account holder, a related party, the Bank has entered into a deferred payment purchase agreement with a financial institution to acquire shares of International Investment Group K.S.C.C ('IIG'). The Bank then entered into a deferred payment sale agreement with the off-balance sheet investment account holder for sale of the these shares. However, due to a legal dispute with the financial institution, the Bank could not effect the transfer of the IIG shares to the off-balance sheet investment account holder (note 6).

1 INCORPORATION AND ACTIVITIES

Investors Bank B.S.C. (c) ["the Bank"] was established in the Kingdom of Bahrain as an exempt company on 26 October 1997 and operates under an investment banking license [Wholesale Bank (Islamic principles)] granted by the Central Bank of Bahrain ["the CBB"]. The Bank commenced commercial operations on 15 June 1998. The legal status of the Bank was changed to a closed Bahraini joint stock company on 3 July 2005. The postal address of the registered office of the Bank is Seef Star Building, Seef District, PO Box 11818, Manama, Kingdom of Bahrain.

The Bank's activities are regulated by the CBB and supervised by a Religious Supervisory Board.

The principal activities of the Bank include investment banking and financial activities, investment transactions, participating in equity investments in projects in conformity with Shari'a. The Bank may, in particular, carry on the following business activities:

- a) Providing investment account facilities;
- b) Accepting off balance sheet investment accounts commingling the same with those of the Bank and investing them in accordance with Shari'a;
- c) Managing investments of third parties as an agent for a fixed fee as a Mudarib and any other banking activities not contravening the provisions of Shari'a;
- d) Industrial, commercial and agricultural business activities, either directly or through companies which the Bank may establish, or in which the Bank may acquire shares; and
- e) Purchasing, leasing and constructing buildings, and their renting thereof.

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 7 May 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial statements of the Bank 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" (IAS 34). The interim condensed financial statements do not contain all information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2012. In addition, results for the three month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The interim condensed financial statements have been prepared under the historical cost convention as modified for the re-measurement of investments at fair value through statement of income and certain investments at fair value through equity. The interim condensed financial statements have been presented in United States Dollar ("US\$"), being the functional currency of the Bank's operations.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2012, except for the adoption of new accounting standard as of 1 January 2013 which was prepared in accordance with Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank, the Bahrain Commercial Companies Law and Central Bank of Bahrain and Financial Institutions Law. For matters which are not covered by AAOIFI standards, including "Interim Financial Reporting", the Bank uses the relevant International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Adoption of new and amended standard**

During 2012, AAOFI issued a new Financial Accounting Standard (FAS 26) "Investment in real estate", which is effective as of 1 January 2013.

FINANCIAL ACCOUNTING STANDARD (FAS 26) "INVESTMENT IN REAL ESTATE".

The Bank 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. Before the adoption of FAS 26, the Bank was following FAS 17 'Investments' and measured its investments in real estate at cost and this measurement continued to be followed under FAS 26.

Accordingly, the Bank has reclassified assets amounting to US\$ 2,584,068 from "property and equipment" (changed in the current period to "equipment, furniture and fixtures") to "investment in real estate", and has reclassified assets amounting to US\$ 17,436,112 from "investment properties" to "investment in real estate". The reclassification had no impact on previously reported profit and retained earnings.

2.4 Investment in real estate

Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. Investments in real estate is initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, buildings classified as investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on the straight line method at rates intended to write-off the cost of the assets over their estimated useful lives. Freehold land is subsequently measured at cost less accumulated impairment losses, if any.

3 INVESTMENTS

		<i>(Unaudited)</i> 31 March 2013 US\$	<i>(Audited)</i> 31 December 2012 US\$
	Note		
Investments at fair value through statement of income		1,795,970	1,799,439
Investments at fair value through equity	3.1	11,689,849	12,453,018
		13,485,819	14,252,457

3.1 Investments at fair value through equity

		<i>(Unaudited)</i> 31 March 2013 US\$	<i>(Audited)</i> 31 December 2012 US\$
Quoted equity securities	3.1.1	11,261,172	11,154,341
Unquoted equity securities (at cost)	3.1.2	428,677	1,298,677
		11,689,849	12,453,018

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

3 INVESTMENTS (continued)**3.1 Investments at fair value through equity (continued)**

The movement of investments carried at fair value through equity during the period is as follows:

	(Unaudited) 31 March 2013 US\$	(Audited) 31 December 2012 US\$
At 1 January	12,453,018	14,055,080
Fair value changes	106,831	(1,472,062)
Disposal	(870,000)	(130,000)
	<u>11,689,849</u>	<u>12,453,018</u>

3.1.1 As at the date of statement of financial position, investments with a carrying value of US\$ 2,107,003 (31 December 2012 : US\$ 1,898,618) are under dispute and in custody of the court as more fully explained in note 6. In addition, investments with a carrying value of US\$ 5,760,487 (31 December 2012 : US\$ 5,760,487) are pledged, on behalf of a related party, against amounts due to a financial institution as more fully explained in note 7.

3.1.2 These investments are carried at cost as their fair value could not be reliably measured.

3.1.3 Other comprehensive income represents fair value gain on investments classified at fair value through equity.

4 OTHER INCOME

	(Unaudited) Three months ended 31 March 2013 US\$	2012 US\$
Gain on disposal of investment in real estate	50,935	30,117
Rental income	367,325	373,455
Dividend income	26,325	-
Foreign exchange (loss) / gain	(667)	31
Others	1,415	-
	<u>445,333</u>	<u>403,603</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

5 RELATED PARTY TRANSACTIONS

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

Transactions with related parties are undertaken on terms agreed between the parties which may not necessarily be on arm's length basis.

Significant balances with related parties comprise:

	(Unaudited) 31 March 2013 US\$	(Audited) 31 December 2012 US\$
Assets		
Investments at fair value through statement of income	1,687,015	1,715,715
Investments at fair value through equity	8,235,334	8,235,384
Deferred payment sale receivables	3,680,203	3,680,203
Other assets	-	9,312
Liabilities		
Murabaha payable	3,229,064	3,229,064
Other liabilities	127,305	158,386
OFF-BALANCE SHEET ITEMS:		
EQUITY OF INVESTMENT ACCOUNTHOLDERS	15,948,125	16,122,978

The income and expenses with related parties included in the interim condensed financial statements are as follows:

	Three months ended (Unaudited)	
	31 March 2013 US\$	31 March 2012 US\$
Income		
Fair value (loss) / gain on investments at fair value value through statement of income	(28,700)	4,649
Expenses		
Provision for impairment	9,312	-
Board of Directors	-	3,216
Shari'a Supervisory Board	6,963	6,963
Other comprehensive (loss) / gain	(50)	2,121

Key management personnel of the Bank comprise key members of management having authority and responsibility for planning, directing and controlling activities of the Bank. The remuneration paid to key management personnel during the period was as follows:

	Three months ended (Unaudited)	
	31 March 2013 US\$	31 March 2012 US\$
Salaries and other short-term benefits *	53,887	-
Post employment benefits *	4,138	-
	58,025	-

5 RELATED PARTY TRANSACTIONS (continued)

* During the previous period (three months ended 31 March 2012) the responsibility of planning, directing and controlling the activities of the Bank was held by the Bank's Board of Directors, and therefore no disclosure was made for the compensation of key management personnel of the Bank in the previous period.

6 LITIGATION AND CLAIMS

In 2004, the Bank entered into a sale and purchase agreement with a financial institution to purchase shares of a related party on behalf of another related party. The net amount due to the financial institution was US\$ 3,670,202 as at 31 March 2013 (31 December 2012: US\$ 3,670,202). In accordance with the terms of the agreement, the Bank pledged certain equity shares with a carrying value of US\$ 2,107,003 as at 31 March 2013 (31 December 2012: US\$ 1,898,618) in addition to dividends received on these shares amounting to US\$ 887,733 as at 31 March 2013 (31 December 2012: US\$ 887,733). Subsequently, the agreement was terminated by the financial institution due to disputes with the Bank and as a result, the pledged investments have been retained by the financial institution. In the opinion of the Bank's lawyers and management, the agreement was wrongfully terminated and following the financial institution's refusal to settle the matter amicably, the Bank has filed a legal case in the courts of Bahrain against the financial institution for possession of the Bank's investments.

As a result, the court has taken custody of the shares under dispute and the related dividends. The related party on whose behalf the transactions was entered has provided a manager's cheque for an equal amount which has been deposited with the court amounting to US\$ 3,680,203 as at 31 March 2013 (31 December 2012: US\$ 3,680,203).

The related party on whose behalf the transaction was entered into has also agreed to reimburse the Bank for legal expenses and any losses arising on final settlement with the financial institution. Accordingly, in the opinion of the directors, no provision is required to be made in the financial statements against the investments pledged with the financial institution or for contingent claims that might arise on final settlement.

7 SHARES PLEDGED ON BEHALF OF A RELATED PARTY

In 2004, a related party of the Bank (the "borrower") has entered into a murabaha financing agreement (the "financing") with a financial institution, and the Bank has pledged certain listed equity shares, (8,352,705 shares) with a carrying value of US\$ 5,760,487 as at 31 March 2013 (31 December 2012: US\$ 5,760,487) on behalf of the borrower against the financing. In addition the borrower and another related party had also pledged 4,647,011 shares and 5,840,625 shares respectively against the same financing.

The borrower defaulted on the financing and the financial institution had filed a case in the court and the court ruled in favour of the financial institution. The court has ordered the borrower to settle the outstanding balance of US\$ 5,906,529 plus an annual profit of 3% from the date of the claim, being 10 April 2011, to the date of full payment in addition to legal expenses. The obligation of the Bank and the other related party is limited to the pledged shares.

The claim to be made on the Bank's pledged equity investments, if any, is dependent on the selling price of the pledged shares.

Further, the borrower on behalf of which the Bank has pledged its equity shares has provided an Islamic financing facility to the Bank which appears in the statement of financial position under "murabaha payable" and amounted to US\$ 3,229,064 as at 31 March 2013 (31 December 2012: US\$ 3,229,064).

8 CONTINGENCIES AND COMMITMENTS

	(Unaudited) 31 March 2013 US\$	(Audited) 31 December 2012 US\$
Lease commitment (note 8.1)	4,890,339	4,596,919
	<u>4,890,339</u>	<u>4,596,919</u>

- 8.1 During 2006, the Bank entered into a lease agreement for the lease of a land on behalf of a related party of the Bank for a term of 29 years, with a grace period of 2.5 years. The Bank also entered into a back to back agreement with the related party in which it has been agreed that the related party will make such lease payments to the Bank who in turn will settle the lease payments to the lessor. The related party had defaulted on its lease payments due to the delay in the execution of the planned project on the leased land. As at the reporting date, the lease commitment amounted to the lease payments outstanding as at that date. Based on an independent lawyers opinion, the Bank could include the related party as a defendant, if the lessor files a case against the Bank in case of default, where the related party would be liable to any settlement in accordance with the court ruling.

9 SEGMENT INFORMATION

The Bank's assets and liabilities are distributed over the following industry sectors:

	(Unaudited) 31 March 2013			
	<i>Banks and financial institutions</i> US\$	<i>Investment companies</i> US\$	<i>Others</i> US\$	<i>Total</i> US\$
Assets				
Cash and balances with banks	821,646	-	-	821,646
Due from a financial institution	530,504	-	-	530,504
Investments	11,485,081	31,936	1,968,802	13,485,819
Deferred payment sale receivables	-	3,680,203	-	3,680,203
Investment in real estate	-	-	19,757,502	19,757,502
Other assets	900,996	-	1,414,523	2,315,519
Equipment, furniture and fixtures	-	-	70,030	70,030
Total assets	<u>13,738,227</u>	<u>3,712,139</u>	<u>23,210,857</u>	<u>40,661,223</u>
Liabilities				
Due to a financial institution	3,670,202	-	-	3,670,202
Murabaha payable	3,229,064	-	-	3,229,064
Other liabilities	24,974	-	672,672	697,646
Total liabilities	<u>6,924,240</u>	<u>-</u>	<u>672,672</u>	<u>7,596,912</u>
OFF-BALANCE SHEET ITEMS:				
EQUITY OF INVESTMENT ACCOUNTHOLDERS	<u>5,670,202</u>	<u>10,277,923</u>	<u>317,689</u>	<u>16,265,814</u>

Investors Bank B.S.C.(c)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

	(Audited) 31 December 2012			
	<i>Banks and financial institutions</i>	<i>Investment companies</i>	<i>Others</i>	<i>Total</i>
	US\$	US\$	US\$	US\$
Assets				
Cash and balances with banks	993,440	-	-	993,440
Investments	11,353,019	31,936	2,867,502	14,252,457
Deferred payment sale receivables	-	3,680,203	-	3,680,203
Investment in real estate	-	-	20,020,180	20,020,180
Other assets	900,996	-	502,835	1,403,831
Equipment, furniture and fixtures	-	-	53,650	53,650
Total assets	13,247,455	3,712,139	23,444,167	40,403,761
Liabilities				
Due to a financial institution	3,670,202	-	-	3,670,202
Murabaha payable	3,229,064	-	-	3,229,064
Other liabilities	35,395	-	661,799	697,194
Total liabilities	6,934,661	-	661,799	7,596,460
OFF-BALANCE SHEET ITEMS:				
EQUITY OF INVESTMENT				
ACCOUNTHOLDERS	5,670,202	10,452,776	317,689	16,440,667

Industrial concentration

Income and expenses of the Bank for the period ended 31 March 2013 and 31 December 2012 are primarily concentrated in the "Others" sector.

Geographical concentration

Assets and liabilities of the Bank as at 31 March 2013 and 31 December 2012 are primarily concentrated in the Middle East region.

10 FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and cash equivalents, held by the Bank as at 31 March 2013:

	<i>Amortised Cost US\$</i>	<i>Fair value through equity US\$</i>	<i>Fair value through statement of income US\$</i>
Financial assets:			
Investments	-	11,689,849	1,795,970
Deferred payment sale receivables	3,680,203	-	-
Other assets (excluding prepayments)	2,254,662	-	-
Total	5,934,865	11,689,849	1,795,970
Financial liabilities:			
Due to a financial institution	3,670,202	-	-
Murabaha payable	3,229,064	-	-
Other liabilities	697,646	-	-
Total	7,596,912	-	-

The fair values of all financial instruments are not materially different from their carrying values as at the date of statement of financial position.

Fair value hierarchy

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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 Bank's quoted equity investments with a carrying value as at 31 March 2013 of US\$ 13,057,142 (31 December 2012: US\$ 12,953,780) fall under level 1 of the fair value hierarchy. The Bank does not have financial instruments qualifying for Level 2 or Level 3. The other investments at fair value through equity are carried at cost less impairment, if any. Moreover, none of the financial assets were transferred into or out of level 1 during the period ended 31 March 2013.