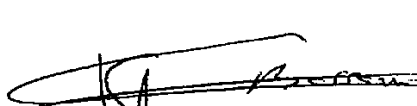


Bahrain Islamic Bank B.S.C.

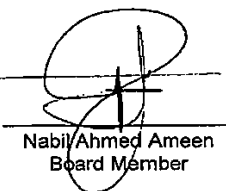
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012 (Unaudited)

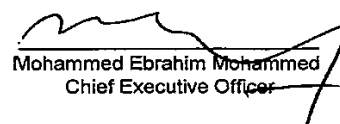
		30 September 2012	Audited 31 December 2011
	<i>Notes</i>	<i>BD'000</i>	<i>BD'000</i>
ASSETS			
Cash and balances with banks and Central Bank		56,783	41,681
Due from banks and financial institutions		94,310	148,813
Murabaha receivables		227,293	201,972
Musharaka investments		93,656	92,853
Investments	3	111,462	109,922
Investment in associates		6,976	7,151
Investment in Ijarah assets		10,632	9,496
Ijarah muntahia bittamleek		100,284	97,416
Investment properties		108,913	115,008
Ijarah rental receivables		7,873	7,873
Other assets	4	7,335	6,958
TOTAL ASSETS		825,517	839,143
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
Liabilities			
Customers' current accounts		88,030	85,096
Other liabilities	5	17,790	14,507
Total Liabilities		105,820	99,603
EQUITY OF INVESTMENT ACCOUNTHOLDERS			
Financial institutions' investment accounts		70,227	108,879
Customers' investment accounts		568,858	529,332
Total Equity of Investment Accountholders		639,085	638,211
Owners' Equity			
Share capital	6	93,967	93,967
Treasury shares		(563)	(563)
Share premium		-	43,936
Reserves		(12,792)	(36,011)
Total Owners' Equity		80,612	101,329
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		825,517	839,143
COMMITMENTS AND CONTINGENT LIABILITIES	7	11,501	10,099



Khalid Abdulla Al Bassam
Chairman



Nabil Ahmed Ameen
Board Member



Mohammed Ebrahim Mohammed
Chief Executive Officer

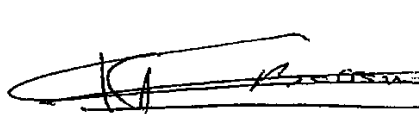
The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

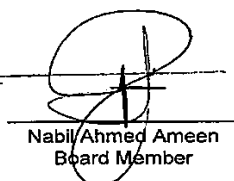
Bahrain Islamic Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2012 (Unaudited)

		Three months ended 30 September		Nine months ended 30 September	
		2012	2011	2012	2011
	Note	BD'000	BD'000	BD'000	BD'000
INCOME					
Income from Islamic finances		6,858	6,827	19,775	22,440
Income from investment in sukuk	8	718	924	2,578	2,943
		<u>7,576</u>	<u>7,751</u>	<u>22,353</u>	<u>25,383</u>
Gross return to equity of investment acountholders		7,946	6,183	21,616	20,551
Group's share as a Mudarib		(4,469)	(2,823)	(10,929)	(9,246)
Return on equity of investment accountholders		<u>3,477</u>	<u>3,360</u>	<u>10,687</u>	<u>11,305</u>
Group's share of income from joint financing and investment accounts		4,099	4,391	11,666	14,078
Net income from investments		608	194	2,001	703
(Loss) gain on sale of equity type instruments		(134)	591	669	1,491
Share of results of associates		81	81	62	107
Fee and commission income		998	756	3,496	3,326
Net (loss) gain from foreign currencies		(291)	89	265	1,386
Total income		<u>5,361</u>	<u>6,102</u>	<u>18,159</u>	<u>21,091</u>
EXPENSES					
Staff costs		2,435	2,365	7,219	7,136
Depreciation		434	421	1,323	1,265
Other expenses		2,056	2,112	5,619	5,875
Total expenses		<u>4,925</u>	<u>4,898</u>	<u>14,161</u>	<u>14,276</u>
Net income before fair value adjustment for investment properties and net provision for impairment		436	1,204	3,998	6,815
Fair value adjustment for investment properties		-	-	(7,219)	-
Net provision for impairment		(5,396)	(878)	(17,637)	(3,299)
NET (LOSS) INCOME FOR THE PERIOD		<u>(4,960)</u>	<u>326</u>	<u>(20,858)</u>	<u>3,516</u>
BASIC AND DILUTED EARNINGS PER SHARE (filis)		<u>(5.30)</u>	<u>0.35</u>	<u>(22.28)</u>	<u>3.76</u>


Khalid Abdulla Al Bassam
Chairman


Nabil Ahmed Ameen
Board Member


Mohammed Ebrahim Mohammed
Chief Executive Officer

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

Bahrain Islamic Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2012 (Unaudited)

	<i>Nine months ended 30 September</i>	
	2012	2011
	BD'000	BD'000
OPERATING ACTIVITIES		
Net (loss) income for the period	(20,858)	3,516
Adjustments for non-cash items:		
Depreciation	1,323	1,265
Net provision for impairment	17,637	3,299
Fair value adjustment for investment properties	7,219	-
Gain on sale of investment in sukuk	(851)	(638)
Gain on sale of equity type instruments	(669)	(1,900)
Share of results of associates	(62)	(107)
Unrealised (gain) loss on equity type instruments carried at fair value through statement of income	(206)	305
Operating profit before changes in operating assets and liabilities	3,533	5,740
Working capital adjustments:		
Mandatory reserve with Central Bank of Bahrain	(1,595)	1,295
Due from banks and financial institutions	1,186	-
Murabaha receivables	(31,361)	(1,888)
Musharaka investments	(2,898)	(8,346)
Investment in Ijarah assets	(1,136)	1
Other assets	(1,700)	3,108
Customers' current accounts	2,934	949
Other liabilities	6,113	1,198
Net cash (used in) from operating activities	(24,924)	2,057
INVESTING ACTIVITIES		
Purchase of investment properties	(1,124)	(26)
Ijarah Muntahia Bittamleek	(5,018)	2,157
Investment in associates	(119)	-
Purchase of investments	(40,244)	(15,230)
Proceeds from disposal of investments	33,575	46,072
Net cash (used in) from investing activities	(12,930)	32,973
FINANCING ACTIVITIES		
Funds received towards capital increase	-	21,108
Purchase of treasury shares	-	(256)
Financial institutions' investment accounts	(38,652)	(41,929)
Customers' investment accounts	39,526	(88,358)
Dividends paid	(2,651)	(8)
Zakah paid	(179)	(374)
Net cash used in financing activities	(1,956)	(109,817)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(39,810)	(74,787)
Cash and cash equivalents at 1 January	163,063	226,967
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	123,253	152,180
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash on hand	6,398	6,020
Balances with CBB, excluding mandatory reserve deposits	1,147	2,961
Balances with banks and other financial institutions	21,398	6,593
Due from banks and financial institutions with original maturities less than 90 days	94,310	136,606
	123,253	152,180

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

Bahrain Islamic Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the period ended 30 September 2012 (Unaudited)

	Reserves							Total owners' equity BD'000
	Share capital BD'000	Treasury shares BD'000	Share premium BD'000	Statutory reserve BD'000	General reserve BD'000	Fair value reserve on investment properties BD'000	Cumulative changes in fair value of investments BD'000	
Balance at 1 January 2012	93,967	(563)	43,936	10,268	1,000	-	(3,343)	101,329
Net loss for the period	-	-	-	-	-	-	-	(20,858)
Net movement in cumulative changes in fair value of investments	-	-	-	-	-	-	-	-
Transfer of accumulated losses to share premium (note 6)	-	-	(43,936)	-	-	-	-	-
Balance at 30 September 2012	93,967	(563)	-	10,268	1,000	-	(3,202)	80,612
Balance at 1 January 2011	72,859	(307)	43,936	10,268	1,000	42	(1,278)	100,061
Rights issue	21,108	-	-	-	-	-	-	21,108
Purchase of treasury shares (note 6)	-	(256)	-	-	-	-	-	(256)
Zakah paid	-	-	-	-	-	-	-	(167)
Net Income for the period	-	-	-	-	-	-	-	3,516
Net movement in cumulative changes in fair value of investments	-	-	-	-	-	-	(3,045)	(3,045)
Balance at 30 September 2011	93,967	(563)	43,936	10,268	1,000	42	(4,323)	121,217

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

Bahrain Islamic Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF GOOD FAITH
QARD FUND

For the period ended 30 September 2012 (Unaudited)

	<i>Qard hasan receivables BD'000</i>	<i>Funds available for qard hasan BD'000</i>	<i>Total BD'000</i>
Balance at 1 January 2012	2	126	128
Uses of qard fund			
Marriage	7	(7)	-
Refurbishment	-	-	-
Medical treatment	-	-	-
Others	-	-	-
Total uses during the period	7	(7)	-
Repayments	(2)	2	-
Balance at 30 September 2012	7	121	128
Balance at 1 January 2011	4	124	128
Uses of qard fund			
Marriage	-	-	-
Refurbishment	-	-	-
Medical treatment	-	-	-
Others	-	-	-
Total uses during the period	-	-	-
Repayments	(1)	1	-
Balance at 30 September 2011	3	125	128
	30 September 2012 BD'000	30 September 2011 BD'000	
Sources of Qard fund			
Contribution by the Bank	121	125	
Donation	7	3	
Total of sources during the period	128	128	

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

Bahrain Islamic Bank B.S.C.

**INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF ZAKAH
AND CHARITY FUND**

For the period ended 30 September 2012 (Unaudited)

	30 September 2012 BD'000	30 September 2011 BD'000
Sources of zakah and charity funds		
Undistributed zakah and charity funds at the beginning of the period	209	541
Non-Islamic income / late fee	477	23
Total sources of zakah and charity funds during the period	686	564
Uses of zakah and charity funds		
Philanthropic societies	383	271
Aid to needy families	272	257
Total uses of funds during the period	655	528
Undistributed zakah and charity funds at the end of the period	31	36

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