

United Gulf Bank B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2013 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED GULF BANK B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Gulf Bank B.S.C. (the Bank) and its subsidiaries (together the Group) as at 31 March 2013, comprising of the interim consolidated statement of financial position as at 31 March 2013 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34). 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 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 IAS 34.

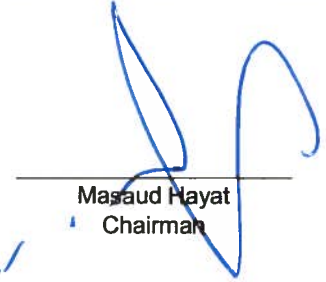
A stylized, handwritten-style signature of 'Ernst & Young' in black ink.

14 May 2013
Manama, Kingdom of Bahrain

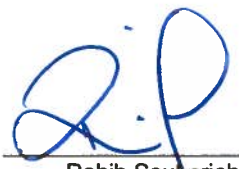
United Gulf Bank B.S.C.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013 (Unaudited)

		<i>Unaudited</i> 31 March 2013 US\$ 000	<i>Audited</i> 31 December 2012 US\$ 000	<i>Unaudited</i> 31 March 2012 US\$ 000
	<i>Note</i>			
ASSETS				
Demand and call deposits with banks		18,467	15,682	26,646
Placements with banks		102,512	67,030	75,184
Investments carried at fair value through statement of income		51,618	53,296	67,633
Non-trading investments	4	184,031	190,838	435,827
Loans and receivables		4,169	4,286	27,778
Other assets		29,945	24,181	34,349
Investments in associates and joint ventures accounted for under the equity method		799,577	799,314	1,006,501
Investment properties		14,020	14,020	16,054
Property and equipment		633	627	826
Goodwill		56,303	56,303	56,782
TOTAL ASSETS		1,261,275	1,225,577	1,747,580
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		218,803	175,369	162,345
Deposits from customers		59,664	64,520	93,794
Loans payable		371,588	382,389	720,822
Subordinated debt		100,000	100,000	100,000
Other liabilities		26,719	25,117	49,500
TOTAL LIABILITIES		776,774	747,395	1,126,461
EQUITY				
Share capital		208,644	208,644	208,640
Treasury shares		(15,340)	(15,340)	(15,340)
Share premium		11,459	11,459	11,459
Statutory reserve		96,623	96,623	95,518
General reserve		77,108	77,108	76,003
Treasury shares reserve		14,308	14,308	14,308
Fair value reserve		(2,189)	(3,562)	(2,894)
Foreign currency translation reserve		11,189	12,586	39,665
Retained earnings		60,867	54,382	151,157
CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		462,669	456,208	578,516
Non-controlling interests in equity		21,832	21,974	42,603
TOTAL EQUITY		484,501	478,182	621,119
TOTAL LIABILITIES AND EQUITY		1,261,275	1,225,577	1,747,580


 Mas'ud Hayat
 Chairman


 Faisal Al Ayyar
 Director


 Rabih Soukari
 Acting Chief Executive Officer

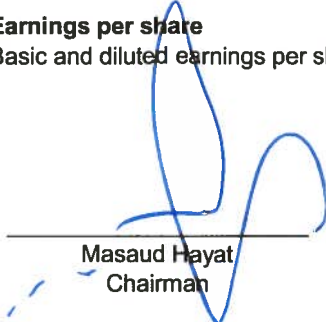
The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

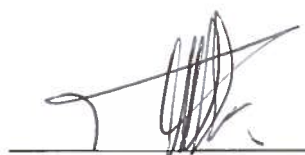
United Gulf Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2013 (Unaudited)

Note	Three-month period ended 31 March	
	2013 US\$ 000	2012 US\$ 000
Investment income - net	2,769	3,723
Interest income	1,685	1,633
	4,454	5,356
Fees and commissions	5,360	6,696
Foreign currency translation gains (losses) - net	45	(234)
Share of results of associates and joint ventures accounted for under the equity method - net	5 12,043	20,636
Total income	21,902	32,454
Interest expense	(7,979)	(13,305)
Operating income before expenses and provisions	13,923	19,149
Salaries and benefits	(4,536)	(5,582)
General and administrative expenses	(1,959)	(2,025)
Operating income before provisions	7,428	11,542
Write-back of doubtful loans, guarantees and other assets - net	597	-
Impairment loss on investments	(1,160)	(2,426)
NET PROFIT FOR THE PERIOD	6,865	9,116
Profit (loss) attributable to		
- shareholders of the parent	6,485	9,120
- non-controlling interests	380	(4)
	6,865	9,116
Earnings per share		
Basic and diluted earnings per share (US cents)	0.79	1.11


Masaud Hayat
Chairman


Faisal Al Ayyar
Director


Rabin Soukari
Acting Chief Executive Officer

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

United Gulf Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2013 (Unaudited)

	<i>Three-month period ended 31 March</i>	
	2013	2012
	US\$ 000	US\$ 000
NET PROFIT FOR THE PERIOD	6,865	9,116
Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation reserve	(1,729)	(332)
Fair value reserve	816	8,995
Transfer to interim consolidated statement of income upon disposal / impairment	(795)	338
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	1,211	1,389
Cash flow hedges	123	1,373
Other comprehensive (loss) income for the period to be reclassified to profit or loss in subsequent periods	(374)	11,763
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,491	20,879
Total comprehensive income (loss) attributable to		
- shareholders of the parent	6,461	19,289
- non-controlling interests	30	1,590
	6,491	20,879

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the parent

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2013 (Unaudited)

		Three-month period ended 31 March	
		2013	2012
	Note	US\$ 000	US\$ 000
OPERATING ACTIVITIES			
Net profit for the period including profit attributable to non-controlling interests		6,865	9,116
Adjustments for non-cash items:			
Depreciation		90	128
Gain on investments carried at fair value through income statement		(1,652)	(1,145)
Share of results of associates and joint ventures accounted for under the equity method - net	5	(12,043)	(20,636)
Impairment loss on investments		1,160	2,426
Write-back of provisions for doubtful loans, guarantees and other assets - net		(597)	-
Interest income		(1,685)	(1,633)
Interest expense		7,979	13,305
Dividend income		(973)	(2,230)
Operating loss before working capital changes		(856)	(669)
Changes in operating assets and liabilities:			
Investments carried at fair value through statement of income		3,330	6,695
Non-trading investments		5,686	4,651
Loans and receivables		714	164
Other assets		(5,699)	4,661
Due to banks and other financial institutions		43,434	(49,450)
Deposits from customers		(4,856)	13,445
Other liabilities		2,561	1,156
Interest received		1,743	1,486
Interest paid		(8,538)	(8,731)
Dividends received		973	2,230
Donations		(200)	(50)
Directors' remuneration		(200)	(200)
Net cash from (used in) operating activities		38,092	(24,612)
INVESTING ACTIVITIES			
Sale of investments in associates and joint ventures accounted for under the equity method - net		12,991	18,464
Property and equipment - net		(96)	(8)
Net cash from investing activities		12,895	18,456
FINANCING ACTIVITIES			
Loans repaid		(10,801)	(10,363)
Purchase of treasury shares		-	(2,615)
Net cash used in financing activities		(10,801)	(12,978)
Foreign currency translation adjustments		(1,397)	(469)
Movement in non-controlling interests		(522)	1,295
NET CHANGE IN CASH AND CASH EQUIVALENTS		38,267	(18,308)
Cash and cash equivalents at 1 January		82,393	119,820
CASH AND CASH EQUIVALENTS AT 31 MARCH	6	120,660	101,512

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

1 INCORPORATION AND PRINCIPAL ACTIVITY

United Gulf Bank B.S.C. [the Bank] is a joint stock company incorporated in the Kingdom of Bahrain in 1980, under Commercial Registration number 10550, and is listed on the Bahrain Bourse. The address of the Bank's registered office is UGB Tower, Diplomatic Area, P.O. Box 5964, Manama, Kingdom of Bahrain.

The Bank operates in Bahrain under a Wholesale Banking License issued by the Central Bank of Bahrain [the CBB].

The principal activities of the Bank and its principal subsidiaries [together the Group] comprise of investment and commercial banking. Investment banking includes asset portfolio management, corporate finance, advisory, investment in quoted and private equity / funds, real estate, capital markets, international banking and treasury functions. Commercial banking includes extending loans and other credit facilities, accepting deposits and current accounts from corporate and institutional customers.

The Bank's parent and ultimate holding company is Kuwait Projects Company (Holding) K.S.C. [KIPCO], a company incorporated in the State of Kuwait and listed on the Kuwait Stock Exchange. As at 31 March 2013, KIPCO owned 96.23% of the Bank's outstanding shares (31 December 2012: 96.23%).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 14 May 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Bank and its subsidiaries [together the Group] for the three-month period ended 31 March 2013 are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated 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.

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 Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The nature and the impact of each new standard / amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 became effective as of 1 July 2012 and is applied by the Group for the first time in the interim condensed consolidated financial statements. The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 11.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). The Group already includes disclosure of total segment liabilities in its interim condensed consolidated financial statements (note 8).

In addition to the above, the Group adopted the following new standards and amendments effective as of 1 January 2013 which did not have any material impact on the Group's financial position, performance or disclosures:

- IAS 1 Clarification of the requirement for comparative information (Amendment);
- IAS 19 Employee Benefits (Revised 2011) (IAS 19R);
- IAS 32 Tax effects of distributions to holders of equity instruments (Amendment);
- IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7;
- IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements;
- IFRS 11 Joint Arrangements, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures; and
- IFRS 12 Disclosure of Interests in Other Entities.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements incorporate the interim condensed financial statements of the Bank and its principal subsidiaries.

4 NON - TRADING INVESTMENTS

Included under non-trading investments are unquoted available for sale investments, primarily representing nominal equity stakes of up to 13% (31 December 2012: 13%) in various geographically and sectorally dispersed entities, amounting to US\$ 50,661 thousand (31 December 2012: US\$ 56,055 thousand) for which fair value cannot be determined with sufficient accuracy, as future cash flows are not determinable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

5 SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD - NET

	<i>Unaudited Three-month period ended 31 March</i>	
	2013	2012
	US\$ 000	US\$ 000
Al Sharq Financial Brokerage Co.	(48)	(62)
Burgan Bank	9,713	10,642
KAMCO Energy Service Fund	-	1,016
Kuwait Private Equity Opportunities Fund	-	(52)
Manafae Investment Company	(86)	45
North Africa Holding Company	722	(391)
Overland Real Estate Company	-	(3,991)
Royal Capital Company P.S.C.	-	(92)
Takaud Savings and Pensions Company	(383)	-
United Capital Transport Company	684	961
United Industries Company	-	1,655
United Real Estate Company - Kuwait	1,441	10,905
	12,043	20,636

6 CASH AND CASH EQUIVALENTS

	<i>Unaudited 31 March 2013 US\$ 000</i>	<i>Audited 31 December 2012 US\$ 000</i>	<i>Unaudited 31 March 2012 US\$ 000</i>
Demand and call deposits with banks	18,467	15,682	26,646
Time deposits with original maturities of ninety days or less	102,193	66,711	74,866
	120,660	82,393	101,512

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 RELATED PARTY TRANSACTIONS

The income and expenses in respect of related party transactions during the three-month period are included in the interim condensed consolidated financial statements and are as follows:

Loss on investments carried at fair value through statement of income-net
Fees and commissions
Dividend income
Interest income
Interest expense
Others

United Gulf Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

7 RELATED PARTY TRANSACTIONS (continued)

The period-end balances in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	Unaudited 31 March 2013			Audited 31 December 2012	Unaudited 31 March 2012
	Major shareholder US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000	US\$ 000
Demand and call deposits with banks	-	7,098	328	7,426	13,967
Placements with banks	-	40,000	31,498	71,498	9,789
Investments carried at fair value through statement of income	-	1,646	811	2,457	6,445
Investments carried at fair value through statement of income in funds managed by related party	-	-	11,020	11,020	12,036
Non-trading investments	-	-	14,966	14,966	12,425
Loans and receivables	-	2,679	819	3,498	11,471
Other assets	944	5,921	10,089	16,954	26,765
Due to banks and other financial institutions	-	(56,127)	(40,105)	(96,232)	(110,940)
Deposits from customers	(929)	(1,157)	(48,130)	(50,216)	(73,529)
Loans payable	-	(250,971)	-	(250,971)	(348,393)
Other liabilities	-	(496)	(2,270)	(2,766)	(10,156)
Off statement of financial position items:					
Letters of credit	-	-	6,903	6,903	18,685
Letters of guarantee	-	17,545	39,728	57,273	50,652
Funds managed or advised by the Group (including funds under management)	-	-	62,356	62,356	73,929

All related party exposures are performing and are free of any provision for possible credit losses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

8 SEGMENTAL INFORMATION

Operating segments are reported in accordance with the internal reporting provided to the Acting Chief Executive Officer (the chief operating decision-maker), who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments reported by the Group meet the definition of a reportable segment under IFRS 8.

For management purposes, the Group is organised into business units based on the nature of their operations and services. The Group has two reportable operating segments being 'asset management and investment banking' and 'commercial banking'.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are generally recorded at estimated market rates.

Segmental results

Segmental results for the three-month period ended 31 March 2013 were as follows:

	<i>Unaudited</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Total US\$ 000</i>
Income from external customers	9,859	-	9,859
Share of results of associates and joint ventures accounted for under the equity method	2,330	9,713	12,043
Total income	12,189	9,713	21,902
Operating (loss) income before provisions	(2,285)	9,713	7,428
Write-back of doubtful loans, guarantees and other assets - net	597	-	597
Impairment loss on investments	(1,160)	-	(1,160)
Net (loss) profit for the period	(2,848)	9,713	6,865
Profit attributable to shareholders of the parent			6,485
Profit attributable to non-controlling interests			380
			6,865

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

8 SEGMENTAL INFORMATION (continued)

Segmental results (continued)

Segmental results for the three-month period ended 31 March 2012 were as follows:

	<i>Unaudited</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Total US\$ 000</i>
Income from external customers	11,818	-	11,818
Share of results of associates and joint venture accounted for under the equity method	9,994	10,642	20,636
Total income	21,812	10,642	32,454
Operating income before provisions	900	10,642	11,542
Impairment loss on investments	(2,426)	-	(2,426)
Net (loss) profit for the period	(1,526)	10,642	9,116
Profit attributable to shareholders of the parent			9,120
Loss attributable to non-controlling interests			(4)
			9,116

Segmental assets and liabilities

Segmental assets and liabilities at 31 March 2013 were as follows:

	<i>Unaudited</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Total US\$ 000</i>
Investments in associates and joint ventures accounted for under the equity method	294,308	505,269	799,577
Segment assets	756,006	505,269	1,261,275
Segment liabilities	776,774	-	776,774

Segmental assets and liabilities at 31 December 2012 were as follows:

	<i>Audited</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Total US\$ 000</i>
Investments in associates and joint ventures accounted for under the equity method	297,195	502,119	799,314
Segment assets	723,458	502,119	1,225,577
Segment liabilities	747,395	-	747,395

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

9 COMMITMENTS, CONTINGENCIES AND OTHER OFF STATEMENT OF FINANCIAL POSITION ITEMS

Commitments

Credit-related commitments include commitments to extend credit, standby letters of credit, letters of guarantee and acceptances which are designed to meet the requirements of the Group's customers.

Letters of credit, letters of guarantee (including standby letters of credit) and acceptances commit the Group to make payments on behalf of customers if certain conditions are met under the terms of the contract.

The Group has the following credit and investment-related commitments:

	Unaudited 31 March 2013 US\$ 000	Audited 31 December 2012 US\$ 000	Unaudited 31 March 2012 US\$ 000
Credit-related commitments:			
Letters of credit	6,903	14,602	18,685
Letters of guarantee	57,975	64,909	51,373
	64,878	79,511	70,058
Investment-related commitments	11,706	11,947	120,567
	76,584	91,458	190,625

All credit-related commitments mature within one year.

Investment-related commitments represent commitments for capital calls of fund structures. These commitments can be called during the investment period of the fund, which is normally between 1 to 5 years.

Funds under management

The Group holds assets amounting to US\$ 8,439 million (31 December 2012: US\$ 8,112 million) under its management on behalf of third parties. As these are third party funds managed in a fiduciary capacity, without risk or recourse to the Group, these are not included as assets in the interim consolidated statement of financial position.

10 DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments.

	Unaudited 31 March 2013 US\$ 000	Audited 31 December 2012 US\$ 000	Unaudited 31 March 2012 US\$ 000
<i>Derivatives held for trading:</i>			
Forward foreign exchange contracts *	457,995	341,448	381,443
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	648,364	714,521	751,461
Cross currency swaps	602,310	749,518	407,103
<i>Derivatives used as cash flow hedges</i>			
Interest rate swap	175,000	175,000	100,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

10 DERIVATIVES (continued)

* The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operations hedges and are entered into for periods consistent with currency transaction exposures.

11 FINANCIAL INSTRUMENTS

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

	<i>Loans and receivables US\$ 000</i>	<i>Available- for-sale US\$ 000</i>	<i>Fair value through profit or loss US\$ 000</i>	<i>Fair value through other comprehensive income US\$ 000</i>
Financial assets:				
Placements with banks	319	-	-	-
Investments carried at fair value through statement of income	-	-	51,618	-
Non-trading investments	-	184,031	-	-
Loans and receivables	4,169	-	-	-
Other assets	16,079	-	-	-
Investment properties	-	-	14,020	-
Derivative financial assets	-	-	1,110	5,762
Total	20,567	184,031	66,748	5,762
	<i>Loans and receivables US\$ 000</i>	<i>Available- for-sale US\$ 000</i>	<i>Fair value through profit or loss US\$ 000</i>	<i>Fair value through other comprehensive income US\$ 000</i>
Financial liabilities:				
Due to banks and other financial institutions	218,803	-	-	-
Deposits from customers	59,664	-	-	-
Loans payable	371,588	-	-	-
Subordinated debt	100,000	-	-	-
Other liabilities	26,719	-	-	-
Total	776,774	-	-	-

The fair values of financial instruments on statement of financial position are not significantly different from their carrying values included in the interim condensed consolidated financial statements except for non-trading investments of US\$ 50,846 thousand carried at cost (note 4) and the following:

	<i>Carrying value US\$ 000</i>	<i>Fair value US\$ 000</i>
Subordinated debt	100,000	71,818

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2013 (Unaudited)

11 FINANCIAL INSTRUMENTS (continued)***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 fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

The Group 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 following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 31 March 2013:

	Level 1 US\$ 000	Level 2 US\$ 000	Level 3 US\$ 000	Total US\$ 000
Investments carried at fair value through statement of income				
Quoted equities	27,682	-	-	27,682
Quoted managed funds	13,785	-	-	13,785
Unquoted managed funds	-	10,151	-	10,151
	41,467	10,151	-	51,618
Non-trading investments				
<i>Quoted securities</i>				
Equities	6,395	-	-	6,395
<i>Unquoted securities</i>				
Equities	4,625	4,071	60	8,756
Real estate managed funds	-	924	-	924
Other managed funds	-	96,080	20,119	116,199
Debt securities	-	-	1,096	1,096
	11,020	101,075	21,275	133,370
	52,487	111,226	21,275	184,988

Transfers between Level 1, Level 2 and Level 3

During the three-month period ended 31 March 2013 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement.