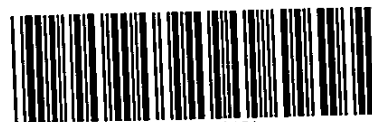


ABCIB LEASING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

31 December 2010

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COMPANIES HOUSE

ABCIB Leasing Limited

Registered No. 5329501

DIRECTOR

Nofal Barbar

SECRETARY

David Holden

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTERED OFFICE

Arab Banking Corporation House
1 - 5 Moorgate
London EC2R 6AB

BANKERS

ABC International Bank plc
1 - 5 Moorgate
London EC2R 6AB

ABCIB LEASING LIMITED

DIRECTOR'S REPORT

The Director presents the annual report and financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is that of buying leased assets on maturity of the lease term with a view to earning rentals and subsequent resale. These assets are located in the United States.

The ultimate Parent company, Arab Banking Corporation (B S C) has undertaken to provide the necessary finance to enable the company to meet its obligations as they fall due.

It is the Company's policy in every case to comply with the terms of payment expected by suppliers.

The company generated a profit in 2010, largely due to the increased rental income received from all assets purchased in 2008 and the profit on disposal of fixed assets, amounting to £411,060.

Subsequent to the year end the company sold its portfolio of leased assets. As part of the ongoing business review, management of the company assess and select appropriate assets which comply with the company's business strategy.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks facing the business arising out of its activities are its exposure to operating lease equipment, credit risk and foreign exchange risk. The company operates in a competitive environment and is therefore also subject to changes in markets or actions of competitors.

Operating lease equipment may become impaired, whereby the recoverable amount of the leased equipment falls below the book value. Management review operating lease equipment on a regular basis for impairment, and record any identified impairment.

Credit risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the company or its failure to perform as agreed. These are managed by a credit review and a limit setting process.

RESULTS AND DIVIDENDS

The profit of the company for the year amounted to £44,936 (2009 - £21,993).

Going Concern

The financial statements of ABCIB Leasing Limited have been prepared on the going concern basis. However, currently there is a material uncertainty related to events or conditions, as explained in notes 1 and 14 that casts significant doubt upon the Company's ability to continue as a going concern. Specifically in relation to the basis of preparation, current events in relation to the crises in Libya render the Company susceptible to political action.

In assessing whether the going concern assumption remains appropriate for the company, the Director has considered, the underlying purpose of the company, the sources of funding available to the company, its obligations forecast to fall due within 12 months of signing the financial statements and the ability of the ABC Group to support the company (factors considered are disclosed in note 14).

Based on these factors the Director has ascertained that the Company will continue as a going concern for a period of at least 12 months from the signing of the accounts. As such, it remains appropriate to prepare the financial statements on the going concern basis.

The Director does not recommend the payment of a dividend (2009 - Nil).

The Director does not rely on key performance indicators to monitor the business. The business is managed by monitoring the business' performance against budget, which is performed on a monthly basis.

DIRECTOR AND HIS INTEREST IN THE COMPANY

The name of the Director who served during the year is set out on page 2.

The Director did not have any interest in the shares of the Company during the year.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Director confirms that:

- there is no relevant information of which the Company's auditor is unaware, and
- he has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with Section 487(2) of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the re-appointment of Ernst & Young LLP as auditor of the company.

By order of the board



David Holden
Secretary

03 OCT 2011

Statement of Director's Responsibilities in Respect of the Accounts

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accountancy Standards and applicable law). Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABCIB LEASING LIMITED

We have audited the financial statements of ABCIB Leasing Limited for the year ended 31 December 2010, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- ▶ Give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- ▶ Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ▶ Have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion, which is not qualified we have also considered the adequacy of the disclosures made in notes 1 and 14 to the financial statements concerning the company's ability to continue as a going concern. The conditions described in both notes indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- ▶ Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ The financial statements are not in agreement with the accounting records and returns, or
- ▶ Certain disclosures of director's remuneration specified by law are not made, or
- ▶ We have not received all the information and explanations we require for our audit

Peter Wallace

Peter Wallace (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
4 October 2011

Notes

- 1 The maintenance and integrity of the ABCIB Leasing Limited's web site is the responsibility of the director, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site
- 2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

ABCIB Leasing Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2010

	Notes	2010 £	2009 £
OPERATING INCOME			
Rental income		577,635	642,658
Profit on disposal of fixed assets		411,060	245,228
Depreciation	8	<u>(519,690)</u>	<u>(642,658)</u>
		469,005	245,228
Other income		17,714	-
Fees payable		(100,849)	(96,990)
Management Fee		<u>(327,988)</u>	<u>(124,628)</u>
NET OPERATING INCOME		<u>57,881</u>	<u>23,610</u>
Net Interest expense	5	<u>(1,051)</u>	<u>(1,617)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		56,830	21,993
TAX CHARGE ON ORDINARY ACTIVITIES	4	(11,894)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		<u>44,936</u>	<u>21,993</u>

The results for the years ended 31 December 2010 and 31 December 2009 are derived from continuing operations
The notes on pages 10 to 13 form part of these financial statements

ABCIB Leasing Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 December 2010

	2010 £	2009 £
Profit for the year	44,936	21,993
Exchange movement from translation to presentation currency	9,527	(31,433)
TOTAL RECOGNISED GAINS/(LOSSES) SINCE LAST ANNUAL REPORT	<u>54,463</u>	<u>(9,440)</u>

The notes on pages 10 to 13 form part of these financial statements

BALANCE SHEET
at 31 December 2010

	Notes	2010 £	2009 £
NON CURRENT ASSETS			
Operating lease equipment	8	281,871	818,094
CURRENT ASSETS			
Cash at bank	6	962,706	528,003
Debtors	7	-	22,384
		<u>962,706</u>	<u>550,387</u>
CREDITORS, amounts falling due within one year	9	(955,345)	(1,133,712)
NET CURRENT ASSETS/ (LIABILITIES)		7,361	(583,325)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>289,232</u>	<u>234,769</u>
Called up share capital	10	1	1
Profit and loss account	11	<u>289,231</u>	<u>234,768</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>289,232</u>	<u>234,769</u>

The notes on pages 10 to 13 form part of these financial statements

The financial statements were approved and authorised for issue by the director on September 2011


 Nofal Barbar
 Director

03 OCT 2011

ABCIB Leasing Limited

NOTES TO THE ACCOUNTS

at 31 December 2010

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of ABCIB Leasing Limited are prepared under the historical cost convention. The accounting policies adopted are consistent with those used in the previous financial year.

The accounts have been prepared on the going concern basis as the ultimate parent company, Arab Banking Corporation (B S C), has undertaken to provide the necessary finance to enable the company to meet its obligations as they fall due. However, currently there is a material uncertainty related to events or conditions, as explained in note 14 that casts significant doubt upon the Company's ability to continue as a going concern. Specifically in relation to the basis of preparation, current events in relation to the crisis in Libya render the Company susceptible to political action as all of the Company's revenue is generated from ABC Group. Further, only once the situation as regards the impact of currently in force sanctions is clear will the company be able to properly assess its funding and liquidity position over the foreseeable future. However the director continues to prepare the financial statements on a going concern basis due to the following current mitigating circumstances:

- The director has not identified any historic events that have crystallised material actual or contingent losses.
- On the basis of the best currently available information, the company's liquidity position remains strong, and on the basis of the impact of current and historic events, it expects to be able to continue to meet its obligations as they fall due for the foreseeable future.
- ABC BSC as ultimate parent of the company continues to provide support, their own position being strengthened by a reconfirmation of support from The Kuwait Investment Authority (a founding Shareholder of ABC and which currently holds 29.6%).
- The Central Bank of Bahrain has previously provided support in obtaining licences to allow ABC Group to operate normally where necessary.

On the basis of these mitigating factors the director has continued to prepare the financial statements on a going concern basis and accordingly these financial statements do not contain the adjustments that would result if the company is unable to continue as a going concern.

Operating lease equipment

Operating lease equipment is recorded as fixed assets as the Company retains the risks and rewards of these assets. The Company buys these leased assets at the maturity of their original leases and books them at the residual values as specified in the original lease agreements, as per agreement with management, less any impairment. If the original lessee wishes to extend the original lease agreement, leasing the assets from ABCIB Leasing Limited, a new contract is entered as an amendment to the original lease agreement. Depreciation is provided on all fixed assets at rates to write off the cost less estimated residual value based on rentals received as these reflect as fairly as possible the pattern in which the assets' economic benefits are consumed by the entity.

Impairment losses on leased assets

The company reviews its portfolio of leased assets and commitments to buy leased assets at each reporting date to assess whether an allowance for impairment should be recorded in the profit and loss account. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required.

Debtors

Debtors are recognised and carried at the lower of their original due value and recoverable amount. These include amounts due from the Company's immediate parent, ABC International Bank plc.

Creditors

Accruals are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding rebates, VAT and other sales taxes. Fees receivable and payable are accounted for on an accruals basis, this includes net management fees from/ to the parent company. Rental income from the leased assets is credited to the profit and loss account when the right to receive rentals is established.

Net Interest Income

Net interest income is recognised on an accruals basis and relates to interest charged on inter company accounts with the immediate parent company, ABC International Bank plc. Interest earned is based on commercial floating rates such as LIBOR and base rates.

Statement of cash flows

There is no requirement to prepare a statement of cash flows in accordance with paragraph 5(a) of Financial Reporting Standard 1 (revised) 1996.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Company is US Dollars, as revenue streams and cash flows are denominated in US Dollars. The Company's Director has prepared the financial statements in Sterling in order that the Company's financial statements are consistent with those prepared under UK GAAP for the highest level parent company, ABC International Bank plc, in the United Kingdom.

2 DIRECTOR'S REMUNERATION

The director of the company is also a director of a fellow subsidiary, ABC International Bank plc. The director received total remuneration for the year of £460,043 (2009: £238,000), all of which was paid by the fellow subsidiary. The director does not believe that it is practicable to apportion this amount between his services as a director of the company and his services as a director of the fellow subsidiary company.

The company does not have any employees (2009: nil).

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Auditors' remuneration for the current and prior years was borne by the Company's immediate parent company.

ABCIB Leasing Limited

NOTES TO THE ACCOUNTS at 31 December 2010

4 TAXATION

	2010	2009
	£	£
a) Tax on profit on ordinary activities		-
The tax charge is made up as follows		
UK corporation tax	11,894	-
	<u>11,894</u>	<u>-</u>

b) Factors affecting current tax charge

The current taxation charge for the year is different to the standard rate of corporation tax in the UK of 28% (2009 - 28%)

The differences are explained below

	2010	2009
	£	
Tax at UK corporation tax rate of 28% (2009 - 28%)	15,912	6,158
Others		-
Previously unrecognised tax losses utilised	(2,132)	(6,158)
Group relief received for nil payment	(1,886)	-
Actual current tax charge	<u>11,894</u>	<u>-</u>

A deferred tax asset of £437 (2009 - £2,585) in respect of losses carried forward has not been recognised on the basis that future profits are uncertain

Deferred tax has been calculated at 27%, being the rate substantively enacted at the balance sheet date. On 23 March 2011, the UK government announced that legislation is to be introduced to reduce the main rate of corporation tax from 28% to 26% with effect from 1 April 2011. It is also intended to reduce the rate further by 1% per annum falling to 23% with effect from 1 April 2014. It is not expected that the proposed future rate reductions will have a material effect on the unrecognised deferred tax at 31 December 2010.

6 NET INTEREST PAYABLE

	2010	2009
	£	£
Net interest payable from immediate parent undertaking	<u>(1,051)</u>	<u>(1,817)</u>

6 Cash at bank

	2010	2009
	£	£
Cash at bank with the immediate parent company	<u>962,706</u>	<u>528,003</u>
Cash at bank deposited with the immediate parent company attracts interest at base rates		

7 DEBTORS

	2010	2009
	£	£
Amount due from Lease equipment debtors	<u>-</u>	<u>22,384</u>
	<u>-</u>	<u>22,384</u>

8 Operating Lease equipments

	2010
	£
Cost	Equipment
At 1 January	2,041,516
Disposal	(576,123)
Adjustment	(320,600)
Exchange differences	69,848
At 31 December	<u>1,214,641</u>
Depreciation	
At 1 January	1,223,422
Charge for the year	519,690
Disposal	(527,210)
Adjustment	(324,474)
Exchange differences	41,342
At 31 December	<u>932,770</u>
Net book value at 31 December 2010	<u>281,871</u>
Net book value at 31 December 2009	<u>818,094</u>

In the current year, an adjustment has been passed to correct the net book value of leased assets held on the balance sheet as a result of a discrepancy noted. The impact of these adjustments in the fixed assets note has the effect of increasing the brought forward net book value by £3,874 from £818,094 to £821,968, a 0.5% movement.

9 CREDITORS amounts falling due within one year

	2010	2009
	£	£
Amount due to immediate parent undertaking	943,451	1,133,712
Corporation Tax	11,894	-
	<u>955,345</u>	<u>1,133,712</u>

ABCIB Leasing Limited

NOTES TO THE ACCOUNTS at 31 December 2010

10 SHARE CAPITAL

	2010 £	2009 £
Authorised 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid 1 ordinary share of £1	<u>1</u>	<u>1</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Ordinary Share Capital £	Profit and Loss Account £	Total £
Brought forward at 1 January 2010	1	234,768	234,769
Profit for the year	-	44,936	44,936
Exchange movement	-	9,527	9,527
Carried forward at 31 December 2010	<u>1</u>	<u>289,231</u>	<u>289,232</u>

The shareholders' funds do not include any amounts attributable to non-equity interests

12 Related party transactions

The Group has taken advantage of the exemption given in paragraph 3(c) of Financial Reporting Standard 8 to subsidiaries from disclosing related party transactions with other group companies

The Director is unaware of any other related party transactions requiring disclosure

13 ULTIMATE HOLDING COMPANY

The ultimate parent undertaking is Arab Banking Corporation (BSC) incorporated in the Kingdom of Bahrain. The Company is a subsidiary undertaking of ABC International Bank plc, which is registered in England. Copies of the accounts of ABCIB and ABC (B S C) are available from Arab Banking Corporation House, 1 - 5 Moorgate, London EC2R 6AB

ABCIB Leasing Limited

NOTES TO THE ACCOUNTS at 31 December 2010

14

Going Concern

The financial statements of ABCIB Leasing Limited have been prepared on the going concern basis. However, currently there is a material uncertainty related to events or conditions, as explained in note 1 that casts significant doubt upon the Company's ability to continue as a going concern. Specifically in relation to the basis of preparation, current events in relation to the crisis in Libya render the Company susceptible to political action.

The following events may cast significant doubt on the company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1 Sanctions and security council resolution over Libya

In this situation of political and civil unrest in Libya, sanctions have been enforced by US, UN, UK and EU authorities against individual members of the Libyan ruling administration and close family members connected with it, and against other Libyan institutions thought likely to be under the control, direction or influence of those individuals including the Central Bank of Libya which owns 59% of ABC (B S C). Due to continuous evolving political situation, only once the situation as regards the impact of currently in force sanctions is clear will the Company be able to properly assess its funding and liquidity position over the foreseeable future. Therefore, the political events in Libya and international actions thereon has rendered the Company susceptible to political action such as the imposition of further sanctions over its operations and also over the loans, deposits and any other instrument that it has with certain specified counter parties.

The Company is located outside Libya, and is not itself subject to current sanctions. It is however obliged to comply with the obligations incorporated in the sanctions in connection with the affected Libyan institutions e.g. Central Bank of Libya and Libyan Foreign Bank.

The UK, UN, US and EU authorities are in the process of releasing entities from their sanctions lists. In this regard 28 entities have now been removed from the sanctions list since sanctions were first imposed. These entities include three banks, (which whom ABCIB Leasing Limited's parent company has transactions with) Gumhouria Bank, NBL Libya and Sahara Bank. In addition, sanctions have also been eased against a further two entities with whom ABCIB Leasing Limited's parent company has transactions with, namely Central Bank of Libya and Libyan Foreign Bank (sanctions remain in place for existing transactions, however new transactions are permitted).

2 Current political events in Middle East and North African region

Political and social events have taken place since the Company's year end in several of the countries in which the ABC group undertakes its business. These events continue to unfold, with final outcomes uncertain. Political change in Egypt and Tunisia has taken place in a relatively orderly fashion, whereas the security situations in Bahrain and Syria are not considered to be fully stable.

However, ABCIB Leasing Limited's parent company (ABC International Bank plc or "the Bank"), which has committed to provide support to the company, will be able to continue to do so. In ascertaining this the director has considered that,

- The Bank's capital adequacy position remains appropriate
- The Bank's capital adequacy position has shown itself resilient to the significant stress testing that the Bank has subjected it to assess the impact of various scenarios on the Bank's capital and liquidity
- The Bank's Board has not identified any historic events that have crystallised material actual or contingent losses
- On the basis of the best currently available information the Bank's liquidity position remains stable, and on the basis of the impact of current and historic events, it expects to be able to continue to meet its obligations as they fall due for the foreseeable future
- ABC BSC as parent of ABCIB continues to provide support, their own position being strengthened by a reconfirmation of support from The Kuwait Investment Authority (a founding Shareholder of ABC and which currently holds 29.6%)
- The Central Bank of Bahrain has previously provided support in obtaining licences to allow ABC Group to operate normally where necessary

On the basis of these mitigating factors which are based on detailed management stress analysis of Bank's liquidity, profitability including an assessment of assets and deposits and including interactions with regulators (FSA and HM Treasury) and its review by the Directors, the Directors have continued to prepare the financial statements on a going concern basis and accordingly these financial statements do not contain the adjustments that would result if the company is unable to continue as a going concern.