



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2010 (UNAUDITED)

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2010 (UNAUDITED)

	Reviewed 30 September 2010	Audited 30 June 2010
	US\$ '000	US\$ '000
ASSETS		
Cash and short term funds	131,927	143,334
Receivables	1,123,200	1,073,959
Investments	2,173,439	2,074,420
Other assets	177,062	165,423
TOTAL ASSETS	3,605,628	3,457,136
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNT AND EQUITY		
LIABILITIES		
Due to financial and other institutions	1,237,681	1,084,104
Medium-term financing facility	1,095,717	1,094,031
Other liabilities	45,468	36,372
Total liabilities excluding unrestricted investment accounts	2,378,866	2,214,507
Unrestricted investment accounts	148,830	182,469
	2,527,696	2,396,976
EQUITY		
Share capital and premium	1,067,422	1,077,262
Reserves	10,510	(17,102)
	1,077,932	1,060,160
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	3,605,628	3,457,136

CONSOLIDATED STATEMENT OF INCOME

For the three months ended 30 September 2010 (Unaudited)

	Reviewed Three month period from 1 July to 30 September 2010	Reviewed Three month period from 1 July to 30 September 2009
	US\$'000	US\$'000
Management fees	27,519	25,319
Recurring and other income	26,941	24,706
Investment banking income	1,429	11,689
TOTAL INCOME	55,889	61,714
Relating to financial and other institutions	(21,859)	(22,999)
Relating to unrestricted investment accounts	(681)	(445)
Relating to medium term financing	(4,898)	(5,338)
NET FUNDING COST	(27,438)	(28,782)
NET OPERATING INCOME	28,451	32,932
OPERATING EXPENSES		
Staff compensation and benefits	(16,884)	(19,710)
General and administration expenses	(26,730)	(11,355)
	(43,614)	(31,065)
NET INCOME /(LOSS) BEFORE FAIR VALUE ADJUSTMENTS AND ALLOWANCES	(15,163)	1,867
Fair value changes	(7,803)	(12,854)
Net foreign exchange gain	99,333	29,791
Allowance for doubtful receivable	(47,263)	(50,000)
NET INCOME/(LOSS) FOR THE PERIOD	29,104	(31,196)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 30 September 2010 (Unaudited)

	Reviewed Three month period from 1 July to 30 September 2010	Reviewed Three month period from 1 July to 30 September 2009
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Net income (loss) for the period	29,104	(31,196)
Adjustments for non-cash items		
Share-based compensation expense (gain)	(1,492)	2,917
Allowance for doubtful commodity Murabaha receivables	47,263	50,000
Changes in fair value of investments	7,803	12,854
Operating income before changes in operating assets and liabilities	82,678	34,575
Changes in operating assets and liabilities:		
Receivables	(106,090)	70,148
Investments	(106,822)	(40,019)
Due to financial and other institutions	102,688	1,568
Other assets	(11,639)	(1,278)
Other liabilities	10,782	(39,001)
Net cash (used in) from operating activities	(28,403)	25,993
FINANCING ACTIVITIES		
Purchase of treasury Shares	(254)	-
Share subscription received	-	32,891
Movement in unrestricted investment accounts	17,250	(60,589)
Net cash (used in) from financing activities	16,996	(27,698)
Net movement in cash and cash equivalents	(11,407)	(1,705)
Cash and cash equivalents at beginning of the period	143,334	191,199
Cash and cash equivalents at end of the period	131,927	189,494
Cash and cash equivalents comprise:		
Cash and balances with banks	79,395	27,979
Short term deposits	52,532	170
Transitory funds	-	161,345
	131,927	189,494

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 (UNAUDITED)

	Share Capital and Premium				Total Reserves	Share subscription pending	Total equity
	Share capital	Share premium	Bank funded employee shares	Total share capital & premium			
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$'000	US\$ '000
Balance at 1 July 2010	311,323	954,175	(188,236)	1,077,262	(17,102)	-	1,060,160
Net income for the period	-	-	-	-	29,104	-	29,104
Movement in treasury shares	(66)	(188)	-	(254)	-	-	(254)
Share-based compensation expense	-	-	-	-	(1,492)	-	(1,492)
Net movement in unallocated employee shares	-	-	(9,586)	(9,586)	-	-	(9,586)
Balance at 30 September 2010	311,257	953,987	(197,822)	1,067,422	10,510	-	1,077,932
Balance at 1 July 2009	282,243	765,155	(168,221)	879,177	534,209	185,209	1,598,595
Net loss for the period	-	-	-	-	(31,196)	-	(31,196)
Share subscription received	-	-	-	-	-	32,891	32,891
Issue of shares	28,438	184,848	-	213,286	-	(213,286)	-
Share-based compensation expense	-	-	-	-	2,917	-	2,917
Net movement in unallocated employee shares	-	-	(5,552)	(5,552)	-	-	(5,552)
Balance at 30 September 2009	310,681	950,003	(173,773)	1,086,911	505,930	4,814	1,597,655

Certain prior year figures have been reclassified to conform to the presentation adopted in the current period. Such reclassification did not affect previously reported results or shareholders' equity.

These statements are extracted from the reviewed Interim Condensed Consolidated Financial Statements of Arcapita Bank B.S.C.(c) as at 30 September 2010.