



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010 (REVIEWED)

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2010

	Reviewed 31 December 2010	Audited 30 June 2010
	US\$ '000	US\$ '000
ASSETS		
Cash and short term funds	169,925	143,334
Receivables	1,153,484	1,073,959
Investments	2,126,603	2,074,420
Other assets	193,233	165,423
TOTAL ASSETS	3,643,245	3,457,136
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		
LIABILITIES		
Due to financial and other institutions	1,091,847	1,084,104
Medium-term financing facility	1,096,368	1,094,031
Other liabilities	41,165	36,372
Total liabilities excluding unrestricted investment accounts	2,229,380	2,214,507
Unrestricted investment accounts	291,457	182,469
Total liabilities including unrestricted investment accounts	2,520,837	2,396,976
EQUITY		
Share capital and premium	1,067,422	1,077,262
Reserves	15,705	(17,102)
Share subscription pending allotment	39,281	-
	1,122,408	1,060,160
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	3,643,245	3,457,136

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Share Capital & Premium				Reserves	Share Subscription pending allotment	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	-	-	-	-	34,299	-	34,299
Share subscription received	-	-	-	-	-	39,281	39,281
Repurchase of shares (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 31 December 2010 (Reviewed)	311,257	953,987	(197,822)	1,067,422	15,705	39,281	1,122,408
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	-	-	-	-	(190,715)	-	(190,715)
Share subscription received	-	-	-	-	-	32,891	32,891
Issue of shares	28,438	184,848	-	213,286	-	(213,286)	-
Share based compensation expense	-	-	-	-	3,531	-	3,531
Net movement in unallocated employee shares	-	-	(15,034)	(15,034)	-	-	(15,034)
Balance at 31 December 2009 (Reviewed)	310,681	950,003	(183,255)	1,077,429	347,025	4,814	1,429,268

CONSOLIDATED STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Reviewed Three month period from 1 October to 31 December		Reviewed Six month period from 1 July to 31 December	
	2010 US\$ '000	2009 US\$ '000	2010 US\$ '000	2009 US\$ '000
Fair value changes	89,670	(92,845)	81,867	(105,699)
Management fees	21,155	22,772	48,674	48,091
Recurring and other income	19,553	8,003	145,827	62,500
Investment banking income	(12,475)	(18,205)	(11,046)	(6,516)
TOTAL INCOME	117,903	(80,275)	265,322	(1,624)
Net Funding cost	(24,632)	(32,337)	(55,608)	(61,119)
NET OPERATING INCOME (LOSS)	93,271	(112,612)	209,714	(62,743)
OPERATING EXPENSES				
Staff compensation and benefits	(18,040)	(19,096)	(34,924)	(38,806)
General and administration expenses	(20,410)	(15,340)	(43,602)	(26,695)
	(38,450)	(34,436)	(78,526)	(65,501)
NET INCOME (LOSS) BEFORE ALLOWANCES	54,821	(147,048)	131,188	(128,244)
Allowance for doubtful receivables	(49,626)	(12,471)	(96,889)	(62,471)
NET INCOME (LOSS) FOR THE PERIOD	5,195	(159,519)	34,299	(190,715)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Reviewed Six month period from 1 July to 31 December 2010	Reviewed Six month period from 1 July to 31 December 2009
	US\$ '000	US\$ '000
OPERATING ACTIVITIES		
Net income (loss) for the period	34,299	(190,715)
Adjustments for non-cash items:		
Share based compensation expense (gain)	(1,492)	3,531
Allowance for doubtful receivables	96,889	62,471
Changes in fair value of investments	(81,867)	105,699
Operating income (loss) before changes in operating assets and liabilities	47,829	(19,014)
Changes in operating assets and liabilities:		
Receivables	(186,000)	195,521
Investments	29,684	(46,990)
Due to financial and other institutions	7,743	(141,852)
Other assets	(27,810)	(26,572)
Other liabilities	7,130	(24,545)
Net cash used in operating activities	(121,424)	(63,452)
FINANCING ACTIVITIES		
Repurchase of shares	(254)	-
Share subscription received	39,281	32,891
Movement in unrestricted investment accounts	108,988	(26,594)
Net cash from financing activities	148,015	6,297
Net movement in cash and cash equivalents	26,591	(57,155)
Cash and cash equivalents at beginning of the period	143,334	191,199
Cash and cash equivalents at end of the period	169,925	134,044
Cash and cash equivalents comprise:		
Cash and balances with banks	108,608	89,603
Short term deposits	61,317	76
Transitory funds	-	44,365
	169,925	134,044

These statements are extracted from the reviewed Interim Condensed Consolidated Financial Statements of Arcapita Bank B.S.C.(c) as at 31 December 2010.