

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2009 (UNAUDITED)

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2009

	Reviewed 31 December 2009	Audited 30 June 2009
	US\$ '000	US\$ '000
ASSETS		
Cash and short term funds	134,044	191,199
Receivables	1,289,456	1,562,482
Investments	2,504,182	2,562,891
Other assets	82,288	55,716
TOTAL ASSETS	4,009,970	4,372,288
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		
LIABILITIES		
Due to financial and other institutions	1,197,085	1,338,937
Medium-term financing facility	1,091,682	1,091,120
Other liabilities	86,233	111,340
Total liabilities excluding unrestricted investment accounts	2,375,000	2,541,397
Unrestricted investment accounts	205,702	232,296
	2,580,702	2,773,693
EQUITY		
Share capital and premium	1,077,429	879,177
Share subscription pending allotment	4,814	185,209
Reserves	347,025	534,209
	1,429,268	1,598,595
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	4,009,970	4,372,288

CONSOLIDATED STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Reviewed Three month period from 1 October to 31 December 2009	Reviewed Three month period from 1 October to 31 December 2008	Reviewed Six month period from 1 July to 31 December 2009	Reviewed Six month period from 1 July to 31 December 2008
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Acquisition, placement and exit income	(18,205)	56,010	(6,516)	66,817
Management fees	22,772	24,015	48,091	46,890
Recurring and other income	8,003	21,781	62,500	42,625
TOTAL INCOME	12,570	101,806	104,075	156,332
Arising from financial institutions	-	857	-	4,879
Relating to financial and other institutions	(22,888)	(24,275)	(45,887)	(44,236)
Relating to unrestricted investment accounts	(5,154)	(1,993)	(5,599)	(4,136)
Relating to medium term financing	(4,488)	(15,220)	(9,826)	(26,584)
Net Funding cost	(32,530)	(40,631)	(61,312)	(70,077)
NET OPERATING INCOME/(LOSS)	(19,960)	61,175	42,763	86,255
OPERATING EXPENSES				
Staff compensation and benefits	(19,096)	(9,753)	(38,806)	(31,241)
General and administration expenses	(15,147)	(9,974)	(26,502)	(30,170)
	(34,243)	(19,727)	(65,308)	(61,411)
NET INCOME/(LOSS) BEFORE FAIR VALUE ADJUSTMENTS AND ALLOWANCES	(54,203)	41,448	(22,545)	24,844
Fair value adjustments	(92,845)	(10,849)	(105,699)	17,897
Allowance for doubtful receivable	(12,471)	-	(62,471)	-
NET INCOME/(LOSS) FOR THE PERIOD	(159,519)	30,599	(190,715)	42,741

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Share Capital & Premium							
	Share capital	Share premium	Bank funded employee shares	Total share capital & premium	Reserves	Share Subscription pending allotment	Proposed dividend	Total equity
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
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	310,681	950,003	(183,255)	1,077,429	347,025	4,814	-	1,429,268
Balance at 1 July 2008	225,474	416,047	(15,967)	625,554	614,063	100,000	90,190	1,429,807
Net income for the period	-	-	-	-	42,741	-	-	42,741
Issue of shares	56,769	349,108	-	405,877	-	(100,000)	-	305,877
Share-based compensation expense	-	-	-	-	2,790	-	-	2,790
Net movement in unallocated employee shares	-	-	(289,700)	(289,700)	-	-	-	(289,700)
Dividends paid	-	-	-	-	-	-	(90,190)	(90,190)
Balance at 31 December 2008	282,243	765,155	(305,667)	741,731	659,594	-	-	1,401,325

These statements are extracted from the reviewed Interim Condensed Consolidated Financial Statements of Arcapita Bank B.S.C.(c) as at 31 December 2009.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Reviewed Six month period from 1 July to 31 December 2009	Reviewed Six month period from 1 July to 31 December 2008
	US\$ '000	US\$ '000
Operating activities		
Net income/(loss) for the period	(190,715)	42,741
Adjustments for non-cash items:		
Share-based compensation expense	3,531	2,790
Allowance for doubtful commodity Murabaha receivable	62,471	-
Changes in fair value of investments carried at fair value through statement of income	105,699	(17,897)
Operating income/(loss) before changes in operating assets and liabilities	(19,014)	27,634
Changes in operating assets and liabilities:		
Receivables	195,521	17,163
Investments	(46,990)	(172,742)
Due to financial and other institutions	(141,852)	(485,141)
Other assets	(26,572)	(20,398)
Other liabilities	(24,545)	(95,656)
Net cash used in operating activities	(63,452)	(729,140)
Financing activities		
Dividends paid	-	(90,190)
Share subscription received and issue of shares	32,891	16,177
Movement in unrestricted investment accounts	(26,594)	(71,551)
Net cash from/(used) in financing activities	6,297	(145,564)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(57,155)	(874,704)
Cash and cash equivalents at beginning of the period	191,199	1,304,559
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	134,044	429,855
Cash and cash equivalents comprise:		
Cash and balances with banks	89,679	429,855
Transitory funds	44,365	-
	134,044	429,855