

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011



## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	USD 000's	
	30 June 2011 (unaudited)	31 December 2010 (audited)
<b>ASSETS</b>		
Cash and balances with banks	6,051	2,672
Placements with financial institutions	13,167	11,267
Investment securities	156,655	135,396
Investments in associates and a joint venture accounted under the equity method	31,094	31,677
Investment property	9,130	9,130
Receivable from investment banking services	9,623	13,837
Short term financing to project companies	23,028	20,975
Other assets	8,003	11,942
Property and equipment	11,662	12,350
<b>Total assets</b>	<b>248,413</b>	<b>249,246</b>
<b>LIABILITIES</b>		
Islamic financing payables	5,000	44
Employee accruals	5,320	5,785
Other liabilities	7,470	3,715
<b>Total liabilities</b>	<b>17,790</b>	<b>9,544</b>
<b>EQUITY</b>		
Share capital	250,000	250,000
Share premium	28,429	28,429
Unvested shares of employee share ownership plan	(22,764)	(22,764)
Statutory reserve	10,414	10,414
Investments fair value reserve	443	2,229
Employee share ownership plan reserve	5,254	5,064
Accumulated losses	(41,153)	(33,670)
<b>Total equity</b>	<b>250,623</b>	<b>239,702</b>
<b>Total liabilities and equity</b>	<b>248,413</b>	<b>249,246</b>
<b>Off balance sheet items</b>		
Restricted investment accounts	16,703	16,219

Extracted from the reviewed interim financial information approved for issue by the Board on 11 August 2011 and on which Ernst & Young have issued an unqualified review report.

Dr. Ghassan Al Sulaiman  
Chairman

Abdullatif M. Janahi  
Board Member and Chief Executive Officer

## INTERIM CONSOLIDATED STATEMENT OF INCOME

	USD 000's			
	Three months ended		Six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)	30 June 2011 (unaudited)	30 June 2010 (unaudited)
<b>INCOME</b>				
Income from investment banking services	667	1,821	1,521	3,026
Income from placements with financial institutions	130	201	259	470
Gain (loss) on investment securities carried at fair value through profit or loss - net	1,354	(139)	1,207	(185)
Gain on sale of available-for-sale securities	526	-	867	-
Share of results of associates and joint venture	(372)	(658)	(583)	(1,496)
Other income	525	1,140	991	1,502
<b>Total income</b>	<b>2,850</b>	<b>2,385</b>	<b>4,262</b>	<b>4,117</b>
<b>EXPENSES</b>				
Staff costs	1,997	3,204	4,001	5,576
Travel and business development	322	184	581	349
Legal and professional	209	293	667	519
Finance costs	7	7	33	222
Depreciation	385	391	782	809
Other expenses	761	591	1,446	1,297
<b>Total expenses</b>	<b>3,681</b>	<b>4,670</b>	<b>7,510</b>	<b>8,772</b>
<b>Loss for the period before impairment allowances</b>	<b>(851)</b>	<b>(2,285)</b>	<b>(3,248)</b>	<b>(4,655)</b>
Impairment allowances	(5,691)	(2,319)	(4,235)	(2,319)
<b>Loss for the period</b>	<b>(4,542)</b>	<b>(4,604)</b>	<b>(7,483)</b>	<b>(6,974)</b>

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	USD 000's			
	Three months ended		Six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)	30 June 2011 (unaudited)	30 June 2010 (unaudited)
<b>Loss for the period</b>	<b>(4,542)</b>	<b>(4,604)</b>	<b>(7,483)</b>	<b>(6,974)</b>
<b>Other comprehensive loss</b>				
Recycling of the gain on sale of available-for-sale securities to the consolidated statement of income	(526)	-	(867)	-
Changes in fair value of available-for-sale securities	(104)	(431)	(919)	(326)
	(630)	(431)	(1,786)	(326)
<b>Total comprehensive loss for the period</b>	<b>(5,172)</b>	<b>(5,035)</b>	<b>(9,269)</b>	<b>(7,300)</b>

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	USD 000's	
	Six months ended 30 June 2011	Six months ended 30 June 2010
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(7,483)	(6,974)
Adjustments for non-cash items:		
(Gain) loss from investment securities carried at fair value through profit or loss - net	(1,195)	185
Gain on sale of available-for-sale securities	(867)	-
Share of results of associates and a joint venture accounted under the equity method	583	1,496
Employee share ownership plan vesting charge	190	568
Impairment allowances	4,235	2,319
Depreciation	782	809
Operating loss before changes in operating assets and liabilities	(3,755)	(1,597)
Changes in operating assets and liabilities:		
Investment securities	(2,099)	(11,716)
Receivable from investment banking services	2,461	(2,380)
Short term financing to project companies	(4,587)	(6,828)
Other assets	3,618	(11,536)
Employee accruals	(465)	(475)
Other liabilities	3,755	(3,649)
<b>Net cash used in operating activities</b>	<b>(1,072)</b>	<b>(38,181)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of available-for-sale securities	1,454	-
Investment in associates and a joint venture accounted under the equity method	-	(1,482)
Dividend from investment securities	35	-
(Purchase) sale of property and equipment	(94)	59
Proceeds from sale of investment property	-	53,754
<b>Net cash from investing activities</b>	<b>1,395</b>	<b>52,331</b>
<b>FINANCING ACTIVITIES</b>		
Islamic financing payables raised (repaid)	4,956	(13,324)
Payable on acquisition of investment property	-	(41,737)
Dividend and other appropriations paid	-	(1,283)
<b>Net cash from (used in) financing activities</b>	<b>4,956</b>	<b>(56,344)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,279</b>	<b>(42,194)</b>
Cash and cash equivalents at beginning of the period	13,939	65,076
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>19,218</b>	<b>22,882</b>
<b>Cash and cash equivalents per the statement of financial position</b>		
Cash and balances with banks	6,051	4,457
Placements with financial institutions with original maturity of 90 days or less	13,167	18,425
	<b>19,218</b>	<b>22,882</b>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	USD 000's								
	Share capital	Share premium	Funds received towards capital increase	Unvested ESOP shares	Statutory reserve	Investments fair value reserve	ESOP reserve	(Accumulated losses) retained earnings	Total
<b>30 June 2011</b>									
Balance at 1 January 2011	250,000	28,429	-	(22,764)	10,414	2,229	5,064	(33,670)	239,702
Loss for the period	-	-	-	-	-	-	-	(7,483)	(7,483)
Other comprehensive loss for the period	-	-	-	-	-	(1,786)	-	-	(1,786)
Total comprehensive loss for the period	-	-	-	-	-	(1,786)	-	(7,483)	(9,269)
Employee share ownership plan vesting charge	-	-	-	-	-	-	190	-	190
<b>Balance at 30 June 2011</b>	<b>250,000</b>	<b>28,429</b>	<b>-</b>	<b>(22,764)</b>	<b>10,414</b>	<b>443</b>	<b>5,254</b>	<b>(41,153)</b>	<b>250,623</b>
<b>30 June 2010</b>									
Balance at 1 January 2010	173,250	13,533	64,905	(15,000)	10,414	1,496	4,211	32,988	285,797
Issue of share capital	57,773	14,896	(64,905)	(7,764)	-	-	-	-	-
Bonus shares issued for 2009	18,977	-	-	-	-	-	-	(18,977)	-
Loss for the period	-	-	-	-	-	-	-	(6,974)	(6,974)
Other comprehensive loss for the period	-	-	-	-	-	(326)	-	-	(326)
Total comprehensive loss for the period	-	-	-	-	-	(326)	-	(6,974)	(7,300)
Employee share ownership plan vesting charge	-	-	-	-	-	-	568	-	568
<b>Balance at 30 June 2010</b>	<b>250,000</b>	<b>28,429</b>	<b>-</b>	<b>(22,764)</b>	<b>10,414</b>	<b>1,170</b>	<b>4,779</b>	<b>7,037</b>	<b>279,065</b>