

# FINANCIAL RESULTS FOR THE SIX MONTHS ENDING 30 JUNE 2010



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2010

|  | BD 000's                     |                             |
|--|------------------------------|-----------------------------|
|  | 30 Jun<br>2010<br>(Reviewed) | 31 Dec<br>2009<br>(Audited) |
| <b>ASSETS</b>  |                              |                             |
| Cash and bank balances   | 14,177                       | 19,975                      |
| Placements with financial institutions                                 | 72,485                       | 122,193                     |
| Islamic financing assets   | 200,518                      | 192,085                     |
| Investment securities  | 105,706                      | 92,354                      |
| Assets acquired for leasing  | 6,002                        | 8,544                       |
| Lease rentals receivables  | 5,801                        | 4,889                       |
| Asset held-for-sale  | 4,685                        | 4,852                       |
| Investment in associates   | 6,272                        | 6,521                       |
| Other assets   | 3,477                        | 17,843                      |
| Equipment  | 3,694                        | 4,348                       |
| <b>Total assets</b>  | <b>422,817</b>               | <b>473,604</b>              |
| <b>LIABILITIES</b>   |                              |                             |
| Placements from financial and other institutions                       | 79,493                       | 101,730                     |
| Customers' current accounts  | 16,950                       | 35,097                      |
| Other liabilities  | 8,479                        | 6,615                       |
| <b>Total liabilities</b>   | <b>104,922</b>               | <b>143,442</b>              |
| <b>UNRESTRICTED INVESTMENT ACCOUNTS</b>                                | <b>192,831</b>               | <b>203,588</b>              |
| <b>EQUITY</b>  |                              |                             |
| Share capital  | 115,416                      | 104,924                     |
| Share premium  | 958                          | 958                         |
| Statutory reserve  | 6,298                        | 6,298                       |
| Treasury shares  | (5,765)                      | (5,216)                     |
| Unvested employee incentive scheme shares                              | (1,648)                      | (1,648)                     |
| Share grant reserve  | 473                          | 367                         |
| Available-for-sale investments fair value reserve                      | 34                           | 30                          |
| Retained earnings  | 9,298                        | 20,861                      |
| <b>Total equity</b>  | <b>125,064</b>               | <b>126,574</b>              |
| <b>Total liabilities, unrestricted investment accounts, and equity</b> | <b>422,817</b>               | <b>473,604</b>              |
| <b>Off-balance sheet items:</b>  |                              |                             |
| Restricted Investment Accounts   | 42,278                       | 46,742                      |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2010

|   | BD 000's         |                  |                      |                    |   |                            |  |                      |                |
|---|------------------|------------------|----------------------|--------------------|---|----------------------------|--|----------------------|----------------|
| 30 Jun 2010<br>(Reviewed)                                 | Share<br>capital | Share<br>premium | Statutory<br>reserve | Treasury<br>shares | Unvested<br>employee<br>incentive<br>scheme<br>shares | Share<br>grants<br>reserve | Available-<br>for-sale<br>investments<br>fair value<br>reserve | Retained<br>earnings | Total          |
| Balance at 1 January 2010                                 | 104,924          | 958              | 6,298                | (5,216)            | (1,648)   | 367                        | 30   | 20,861               | 126,574        |
| Fair value changes  | -                | -                | -                    | -                  | -   | -                          | 4  | -                    | 4              |
| Profit for the period                                     | -                | -                | -                    | -                  | -   | -                          | -  | 1,020                | 1,020          |
| <b>Total recognized income and expense for the period</b> | -                | -                | -                    | -                  | -   | -                          | 4  | 1,020                | 1,024          |
| Treasury shares acquired                                  | -                | -                | -                    | (730)              | -   | -                          | -  | -                    | (730)          |
| Treasury shares sold                                      | -                | -                | -                    | 181                | -   | -                          | -  | -                    | 181            |
| Vesting charge for the period                             | -                | -                | -                    | -                  | -   | 106                        | -  | -                    | 106            |
| Transfer to charity fund (2009)                           | -                | -                | -                    | -                  | -   | -                          | -  | (150)                | (150)          |
| Transfer to Zakah fund                                    | -                | -                | -                    | -                  | -   | -                          | -  | (1,941)              | (1,941)        |
| Bonus Shares (2009)                                       | 10,492           | -                | -                    | -                  | -   | -                          | -  | (10,492)             | -              |
| <b>Balance at 30 Jun 2010</b>                             | <b>115,416</b>   | <b>958</b>       | <b>6,298</b>         | <b>(5,765)</b>     | <b>(1,648)</b>  | <b>473</b>                 | <b>34</b>  | <b>9,298</b>         | <b>125,064</b> |

|  | BD 000's         |                  |                      |                    |   |                            |                      |                |  |
|--|------------------|------------------|----------------------|--------------------|---|----------------------------|----------------------|----------------|--|
| 30 Jun 2009<br>(Reviewed)                          | Share<br>capital | Share<br>premium | Statutory<br>reserve | Treasury<br>shares | Unvested<br>employee<br>incentive<br>scheme<br>shares | Share<br>grants<br>reserve | Retained<br>earnings | Total          |  |
| Balance at 1 January 2009                          | 100,000          | 581              | 5,988                | (4,915)            | (2,380)   | 442                        | 38,266               | 137,982        |  |
| Profit for the period                              | -                | -                | -                    | -                  | -   | -                          | 7,121                | 7,121          |  |
| Total recognised income and expense for the period | -                | -                | -                    | -                  | -   | -                          | 7,121                | 7,121          |  |
| Treasury shares acquired                           | -                | -                | -                    | (898)              | -   | -                          | -                    | (898)          |  |
| Treasury shares sold                               | -                | -                | -                    | 814                | -   | -                          | -                    | 814            |  |
| Vesting charge for the period                      | -                | -                | -                    | -                  | -   | 217                        | -                    | 217            |  |
| Adjustment for vesting and issue of shares         | -                | -                | -                    | -                  | (5)   | -                          | -                    | (5)            |  |
| Transfer to charity fund (2008)                    | -                | -                | -                    | -                  | -   | -                          | (250)                | (250)          |  |
| Bonus Shares (2008)                                | 4,924            | -                | -                    | -                  | -   | -                          | (4,924)              | -              |  |
| Directors fees (2008)                              | -                | -                | -                    | -                  | -   | -                          | (250)                | (250)          |  |
| Dividend declared (2008)                           | -                | -                | -                    | -                  | -   | -                          | (14,771)             | (14,771)       |  |
| <b>Balance at 30 Jun 2009</b>                      | <b>104,924</b>   | <b>581</b>       | <b>5,988</b>         | <b>(4,999)</b>     | <b>(2,385)</b>  | <b>659</b>                 | <b>25,192</b>        | <b>129,960</b> |  |

The financial statements were approved by the Board of Directors on 10 August 2010.

Dr. Fuad Abdulla Al-Omar  
Chairman

Ebrahim H. Ebrahim  
Chief Executive Officer and Board Member

These statements have been extracted from the condensed consolidated financial information for the period ended 30 June 2010, which were reviewed by KPMG.

## CONSOLIDATED INCOME STATEMENT for the six months ended 30 June 2010

|   | BD 000's                                       |  |  |  |
|---|--|--|--|--|
|   | 6 Months<br>Ended<br>30 Jun 2010<br>(Reviewed) | 6 Months<br>Ended<br>30 Jun 2009<br>(Reviewed) | 3 Months<br>Ended<br>30 Jun 2010<br>(Reviewed) | 3 Months<br>Ended<br>30 Jun 2009<br>(Reviewed) |
| Income from investment banking services   | 47   | 11,645   | 47   | 5,285  |
| Placement, management and arrangement fees                                      | 694  | 575  | 265  | 483  |
| Income from placements with financial institutions                              | 486  | 746  | 242  | 390  |
| Income from Islamic financing assets and assets acquired for leasing            | 8,099  | 7,142  | 4,280  | 3,640  |
| Income from investment securities   | 1,685  | 922  | 241  | 406  |
| Share of (losses) / profit from associate companies                             | (249)  | 136  | (249)  | -  |
| Other income  | 82   | 346  | 58   | 198  |
| <b>Total income before return on unrestricted investment accounts</b>           | <b>10,844</b>                                  | <b>21,512</b>                                  | <b>4,884</b>                                   | <b>10,402</b>                                  |
| Less: Return on unrestricted investment accounts before bank's share as Mudarib | (4,304)  | (5,628)  | (1,490)  | (2,737)  |
| Bank's share as Mudarib   | 1,176  | 914  | 630  | 307  |
| Return on unrestricted investment accounts                                      | (3,128)  | (4,714)  | (860)  | (2,430)  |
| Less: Expense on placement from financial institutions and others               | (663)  | (523)  | (288)  | (406)  |
| <b>Total income</b>   | <b>7,053</b>                                   | <b>16,275</b>                                  | <b>3,736</b>                                   | <b>7,566</b>                                   |
| Staff cost  | 2,574  | 2,461  | 1,295  | 1,251  |
| Investments related expenses  | 242  | 721  | 179  | 611  |
| Other expenses  | 2,592  | 2,000  | 1,200  | 1,009  |
| <b>Total expenses</b>   | <b>5,408</b>                                   | <b>5,182</b>                                   | <b>2,674</b>                                   | <b>2,871</b>                                   |
| <b>Profit for the period before impairment allowances</b>                       | <b>1,645</b>                                   | <b>11,093</b>                                  | <b>1,062</b>                                   | <b>4,695</b>                                   |
| Impairment allowances   | 625  | 3,972  | 551  | 1,645  |
| <b>PROFIT FOR THE PERIOD</b>  | <b>1,020</b>                                   | <b>7,121</b>                                   | <b>511</b>                                     | <b>3,050</b>                                   |
| <b>Earnings per share</b>   |  |  |  |  |
| Basic earnings per share (fils)   | 0.91   | 6.37   | 0.46   | 2.73   |
| Diluted earnings per share (fils)   | 0.91   | 6.32   | 0.46   | 2.71   |

## CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2010

|  | BD 000's                                       |  |
|--|--|--|
|  | 6 Months<br>Ended<br>30 Jun 2010<br>(Reviewed) | 6 Months<br>Ended<br>30 Jun 2009<br>(Reviewed) |
| <b>OPERATING ACTIVITIES</b>  |  |  |
| Proceeds from investment banking services                                    | 3,227  | -  |
| Disbursements for Islamic financing, net                                     | (621)  | (19,626)                                       |
| Proceeds from asset acquired for leasing, net                                | 1,630  | 1,224  |
| Placement, management and arrangement fees received                          | 294  | 575  |
| Income from short-term placements received                                   | 486  | 746  |
| Returns paid to unrestricted investment accounts                             | (3,571)  | (4,714)  |
| (Withdrawal) by / receipts from unrestricted investment account holders, net | (10,757)                                       | 28,272   |
| Payment for expenses   | (4,431)  | (7,332)  |
| Other receipts   | 82   | 346  |
| Directors fees paid  | -  | (250)  |
| Payments to charitable organization  | (9)  | (100)  |
| Net withdrawals from customers' current accounts                             | (18,147)                                       | (43,307)                                       |
| Net receipt from CBB reserve account   | 195  | 4,084  |
| <b>Cash flows used in operating activities</b>                               | <b>(31,622)</b>                                | <b>(40,082)</b>                                |
| <b>INVESTING ACTIVITIES</b>  |  |  |
| Purchase of available-for-sale investments                                   | (9,315)  | (18,720)                                       |
| Proceeds from sale of available-for-sale investments                         | 442  | 16,411   |
| Advance towards purchase of investment                                       | -  | (9,583)  |
| Dividend from available-for-sale investments received                        | 19   | 62   |
| Proceeds from asset-held-for-sale  | 223  | -  |
| Proceeds from redemption of held-to-maturity investments                     | 8,135  | 361  |
| Sukuk profits received   | 284  | 989  |
| Purchase of equipment  | (29)   | (69)   |
| <b>Cash flows used in investing activities</b>                               | <b>(241)</b>                                   | <b>(10,549)</b>                                |
| <b>FINANCING ACTIVITIES</b>  |  |  |
| Placements from financial institutions and others, net                       | (22,237)                                       | 66,605   |
| Purchase of treasury shares (net)  | (549)  | (84)   |
| Financing expenses paid  | (663)  | (523)  |
| Dividends paid   | -  | (14,503)                                       |
| <b>Cash flows (used in) / from financing activities</b>                      | <b>(23,449)</b>                                | <b>51,495</b>                                  |
| <b>(Decrease) / Increase in cash and cash equivalents</b>                    | <b>(55,312)</b>                                | <b>864</b>                                     |
| Cash and cash equivalents at beginning of the period                         | 135,234  | 142,716  |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>79,922</b>                                  | <b>143,580</b>                                 |
| <b>Cash and cash equivalents comprise:</b>                                   |  |  |
| Cash and bank balances (excluding CBB reserve account)                       | 7,437  | 40,178   |
| Placements with financial institutions                                       | 72,485   | 103,402  |
|  | <b>79,922</b>                                  | <b>143,580</b>                                 |