

INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	At 30 June 2009 (Reviewed)	At 31 December 2008 (Audited)
ASSETS		
Cash and cash equivalents	1,177,541	1,257,132
Investments in financings	2,096,360	2,058,034
Investment securities	763,314	617,228
Investment properties	362,157	273,786
Accounts receivable	251,681	161,773
Investments in associates	603,438	612,602
Property, plant and equipment	136,668	124,119
Intangible assets	267,087	275,752
Total assets	5,658,246	5,380,426
LIABILITIES		
Customer current accounts	434,646	470,602
Customer investment accounts	1,574,467	1,468,514
Due to banks and financial institutions	1,939,227	1,595,068
Other borrowings	373,738	410,074
Accounts payable	219,331	237,542
Current tax payable	15,240	7,137
Deferred tax liability	960	42,138
Total liabilities	4,557,609	4,231,075
EQUITY		
Capital and reserves attributable to the Bank's equity holders		
Share capital	571,616	527,956
Reserves	290,796	395,953
	862,412	923,909
Minority interests	238,225	225,442
Total equity	1,100,637	1,149,351
Total equity and liabilities	5,658,246	5,380,426
Funds under management	1,843,767	1,991,673

INTERIM CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Six months ended		Three months ended	
	30 June 2009 (Reviewed)	30 June 2008 (Reviewed)	30 June 2009 (Reviewed)	30 June 2008 (Reviewed)
Profit/(loss) for the period	(17,592)	141,870	(34,022)	82,570
Other comprehensive income				
Movement in fair value of available-for-sale investments	(7,999)	(19,453)	(22,328)	(248)
Transfer to income statement due to disposal of available-for-sale investments	(849)	(9,438)	783	(9,421)
Movement in deferred tax of available-for-sale investments	(2,202)	2,577	(1,300)	13,785
Foreign currency translation differences for foreign operations	(14,470)	(22,177)	(4,014)	(24,116)
Other comprehensive loss for the period	(25,520)	(48,491)	(26,859)	(20,000)
Total comprehensive income/(loss) for the period	(43,112)	93,379	(60,881)	62,570
Comprehensive income/(loss) attributable to:				
Equity holders of the Bank	(55,895)	46,362	(60,028)	44,494
Minority interests	12,783	47,017	(853)	18,076
	(43,112)	93,379	(60,881)	62,570

INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Attributable to the Bank's equity holders									
	Share capital	Share premium	Statutory reserve	General reserve	Fair Value reserve	Currency translation	Retained earnings	Total reserves	Minority interests	Total equity
At 1 January 2009 (Audited)	527,956	209,541	38,090	107,679	(42,450)	(48,653)	131,746	395,953	225,442	1,149,351
Issue of bonus shares	54,362	(54,362)	-	-	-	-	-	(54,362)	-	-
Treasury shares purchased	(15,598)	5,580	-	-	-	-	-	5,580	-	(10,018)
Treasury shares sold	4,896	74	-	-	-	-	-	74	-	4,970
Total comprehensive (loss)/income	-	-	-	-	(14,625)	(10,588)	(30,682)	(55,895)	12,783	(43,112)
Transfer to general reserve	-	-	-	43,148	-	-	(43,148)	-	-	-
Appropriation to Ithmaar Education and Training Fund	-	-	-	-	-	-	(554)	(554)	-	(554)
At 30 June 2009 (Reviewed)	571,616	160,833	38,090	150,827	(57,075)	(59,241)	57,362	290,796	238,225	1,100,637
At 1 January 2008 (Audited)	537,474	216,026	35,873	68,327	27,170	(3,079)	206,017	550,334	196,589	1,284,397
Treasury shares purchased	(20,157)	(32,653)	-	-	-	-	-	(32,653)	-	(52,810)
Treasury shares sold	17,813	30,014	-	-	-	-	-	30,014	-	47,827
Total comprehensive income	-	-	-	-	(26,646)	(7,683)	80,691	46,362	47,017	93,379
Dividends paid	-	-	-	-	-	-	(52,435)	(52,435)	(12,317)	(64,752)
Transfer to general reserve	-	-	-	39,352	-	-	(39,352)	-	-	-
Minority interest relating to new subsidiaries	-	-	-	-	-	-	-	-	26,448	26,448
Appropriation to Ithmaar Education and Training Fund	-	-	-	-	-	-	(2,569)	(2,569)	-	(2,569)
At 30 June 2008 (Reviewed)	535,130	213,387	35,873	107,679	524	(10,762)	192,352	539,053	257,737	1,331,920

The interim consolidated condensed financial information was approved for issue by the Board of Directors on 13 August 2009. These are extracts from the interim consolidated condensed financial information for the six month period ended 30 June 2009, reviewed by PricewaterhouseCoopers, Kingdom of Bahrain, who issued an unqualified review report on 13 August 2009.

Khalid Abdulla-Janahi
Chairman

Khalil Nooruddin
Director

Michael P. Lee
CEO and Director

INTERIM CONSOLIDATED CONDENSED STATEMENT OF INCOME

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Six months ended		Three months ended	
	30 June 2009 (Reviewed)	30 June 2008 (Reviewed)	30 June 2009 (Reviewed)	30 June 2008 (Reviewed)
INCOME				
Income from short term deposits	45,684	20,742	21,913	9,898
Income from investments in financings	94,615	98,532	45,968	48,042
Fee and commission income	19,306	28,848	11,761	19,393
Fund management and services	5,451	9,895	3,263	5,081
Income from investments	28,964	139,650	4,500	77,908
Net trading income	2,502	1,453	683	1,702
Other income	6,503	8,089	2,649	5,576
	203,025	307,209	90,737	167,600
Distribution to investment account holders and borrowing costs	(121,218)	(78,823)	(58,192)	(39,977)
Operating income	81,807	228,386	32,545	127,623
EXPENSES				
Staff costs	(34,296)	(42,281)	(17,999)	(21,779)
General and administrative expenses	(24,878)	(31,055)	(16,377)	(16,986)
Depreciation and amortisation	(15,003)	(12,267)	(7,948)	(6,099)
Provision for impairment	(33,748)	(7,779)	(29,551)	(5,067)
Exchange (loss)/gain	(3,333)	4,017	798	(1,630)
Total expenses	(111,258)	(89,365)	(71,077)	(51,561)
Operating profit/(loss)	(29,451)	139,021	(38,532)	76,062
Share of profit of associated companies	16,953	11,053	7,954	10,383
Profit/(loss) before income taxes	(12,498)	150,074	(30,578)	86,445
Taxes	(5,094)	(8,204)	(3,444)	(3,875)
Profit/(loss) after income taxes	(17,592)	141,870	(34,022)	82,570
Profit/(loss) attributable to:				
Equity holders of the Bank	(29,998)	80,557	(33,826)	48,544
Minority interests	12,406	61,313	(196)	34,026
	(17,592)	141,870	(34,022)	82,570
Basic and diluted earnings per share	US cts (1.31)	US cts 3.43	US cts (1.49)	US cts 2.07

INTERIM CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Six months ended	
	30 June 2009 (Reviewed)	30 June 2008 (Reviewed)
Cash flows from operating activities		
(Loss)/profit before taxes and minority interests	(12,498)	150,074
Adjustments for:		
Provision for share based payments	-	5,360
Depreciation and amortisation	15,003	12,267
Changes in fair value of investment properties	(23,551)	(114,282)
Share of profit of associated companies	(16,953)	(11,053)
Provision for impairment	33,748	7,779
Operating (loss)/profit before changes in operating assets and liabilities	(4,251)	50,145
Increase in investments in financings	(64,238)	(102,522)
Increase in investment securities	(138,366)	(71,393)
Increase in accounts receivable	(110,650)	(64,728)
Decrease in accounts payable, excluding taxes	(23,113)	(14,174)
Increase in customer accounts	69,997	261,180
Increase/(decrease) in due to banks and financial institutions	344,159	(5,375)
Taxes paid	(38,845)	(8,317)
Net cash provided by operating activities	34,693	44,816
Cash flows from investing activities		
Dividends from associated companies	11,238	720
Investments in associated companies	-	(419,947)
Purchase of investment properties	(66,415)	(14,965)
Sale of investment properties	149	97,495
Purchase of property, plant and equipment	(7,723)	(7,310)
Sale of property, plant and equipment	4,612	2,342
Net cash used in investing activities	(58,139)	(341,665)
Cash flows from financing activities		
Other borrowings	(36,336)	285,244
Treasury shares purchased	(10,018)	(52,810)
Treasury shares sold	4,970	47,827
Dividends paid	-	(52,435)
Dividends paid to minority shareholders of subsidiaries	-	(12,317)
Net cash (used in)/provided by financing activities	(41,384)	215,509
Foreign currency translation adjustments	(14,761)	22,218
Net decrease in cash and cash equivalents	(79,591)	(59,122)
Cash and cash equivalents at beginning of period	1,257,132	575,304
Cash and cash equivalents at end of period	1,177,541	516,182