

Consolidated statement of financial position

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

	As at 31 December	
	2010	2009
ASSETS		
Cash and balances with central banks	72,560	68,225
Placements with banks	42,240	92,629
Financial assets at fair value through profit or loss	5,278	5,435
Loans and advances	16,169	25,245
Available-for-sale financial assets	66,305	77,771
Investment in associates	19,334	20,205
Investment property	24,065	26,277
Property and equipment	14,768	21,360
Intangible assets	989	1,514
Goodwill	3,607	3,730
Other assets	5,376	5,715
Total assets	270,691	348,106
LIABILITIES		
Deposits from banks	20,778	24,525
Deposits from customers	154,438	193,907
Other liabilities	29,162	17,313
Long term debt	7,407	7,516
	211,785	243,261
Non-controlling interests - Funds	434	791
Total liabilities	212,219	244,052
EQUITY		
Capital and reserves attributable to equity holder of the Bank		
Share capital	112,362	112,362
Less: Treasury shares	(5,504)	(4,530)
Reserves	(49,001)	(4,816)
	57,857	103,016
Non-controlling interests in equity	615	1,038
Total equity	58,472	104,054
Total equity and liabilities	270,691	348,106

Consolidated income statement

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

	Year ended 31 December	
	2010	2009
Interest and similar income	3,847	5,633
Interest expense	(7,038)	(6,419)
	(3,191)	(786)
Fee and commission income	5,168	6,032
Net trading income	788	734
Gain on disposal of available-for-sale financial assets	971	1,167
Changes in fair value of investment property	(2,603)	(3,059)
Foreign exchange income	1,421	102
Other operating income	5,174	4,539
Total operating income	7,728	8,729
Staff costs	(10,179)	(12,963)
Other operating costs	(12,150)	(11,066)
Finance cost	(54)	(77)
Provisions for impairment of loans, investments and other assets	(4,651)	(8,958)
Other provisions	(18,754)	-
Share of loss from an associate	(1,001)	(939)
Loss before taxation	(39,061)	(25,874)
Overseas income tax expense	21	(149)
Loss for the year	(39,040)	(26,023)
Attributable to:		
Equity holders of the Bank	(38,613)	(26,076)
Non-controlling interests in equity	(427)	53
	(39,040)	(26,023)
Earnings per share for loss attributable to the equity holders of the Bank during the year (expressed in United States Dollars per share - Basic and diluted)	(\$ 0.360)	(\$ 0.242)

Consolidated statement of changes in equity for the year ended 31 December 2010

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

	Attributable to equity holders of the Bank									Non-controlling interests	Total equity	
	Reserves											
	Share capital	Treasury shares	Share premium	Capital and statutory reserve	General reserve	Revaluation Reserve	Translation of foreign operations	Fair value reserve	Retained earnings			Total
At 1 January 2010	112,362	(4,530)	3,197	22,904	6,977	9,098	(14,103)	502	(33,391)	(4,816)	1,038	104,054
Purchase of treasury shares	-	(974)	(1,687)	-	-	-	-	-	-	(1,687)	-	(2,661)
Total comprehensive loss for the year	-	-	-	4	(26)	(4,866)	(293)	835	(38,152)	(42,498)	(423)	(42,921)
At 31 December 2010	112,362	(5,504)	1,510	22,908	6,951	4,232	(14,396)	1,337	(71,543)	(49,001)	615	58,472

These Consolidated financial statements have been approved for issue by the Board of Directors and signed on its behalf on 24 February 2011 by:

Abdulrazaq Mohammed Abdulla Ali Al Jassim
ChairmanAbdulaziz R AlRashed
Vice Chairman

The above position and results are extracted from the Consolidated financial information for the year ended 31 December 2010 which were audited by PricewaterhouseCoopers Bahrain Limited, who expressed an unqualified opinion on 27 February 2011.

Consolidated statement of other comprehensive income

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

	Year ended 31 December	
	2010	2009
Loss for the year	(39,040)	(26,023)
Other comprehensive income/(loss):		
Exchange difference on translation of foreign operations	(293)	(2,567)
Exchange difference on retained earnings and other reserves	388	(733)
Disposal of available-for-sale financial assets	(398)	(119)
Movement in fair value of available-for-sale financial assets	997	383
Fair value reserve recycled to the income statement	106	1,072
Share of other comprehensive loss from associate	130	(180)
Revaluation of property and equipment	(4,867)	(864)
Other comprehensive income	56	38
Other comprehensive loss for the year	(3,881)	(2,970)
Total comprehensive loss for the year	(42,921)	(28,993)
Attributable to:		
Equity holders of the Bank	(42,498)	(29,057)
Non-controlling interests in equity	(423)	64
	(42,921)	(28,993)

Consolidated cash flow statement

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

	Year ended 31 December	
	2010	2009
Cash flows from operating activities:		
Loss for the year before taxation and non-controlling interests in equity	(39,061)	(25,874)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Unrealized gain on financial assets at fair value through profit or loss	86	131
Changes in fair value of derivative financial instruments	50	13
Changes in fair value of investment properties	2,603	3,059
Provision for impairment	23,405	8,958
Share of loss from associate	1,001	939
Depreciation and amortisation	1,873	1,852
Cash flows from operating profits before changes in operating assets and liabilities	(10,043)	(10,922)
Movements in operating assets and liabilities:		
Financial assets at fair value through profit or loss	71	1,026
Loans and advances	7,554	2,831
Other assets	289	(1,533)
Deposits from banks	(3,747)	(27,405)
Deposits from customers	(39,469)	38,164
Other liabilities	(7,385)	(4,158)
Currency translation and other adjustments	95	(3,300)
Net cash used in operating activities	(52,635)	(5,297)
Cash flows from investing activities:		
Net movement in available-for-sale financial assets	9,242	2,897
Net movement in investment property	(391)	(311)
Net acquisition of property and equipment	500	(1,616)
Net cash provided by investing activities	9,351	970
Cash flows from financing activities:		
Net movement in treasury shares	(2,661)	-
Net movement in long term debt	(109)	(100)
Net cash used in financing activities	(2,770)	(100)
Net decrease in cash and cash equivalents	(46,054)	(4,427)
Cash and cash equivalents at the beginning of the year	160,854	165,281
Cash and cash equivalents at the end of the year	114,800	160,854