

Oasis Capital Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 June 2011 (UNAUDITED)

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS TO THE BOARD OF DIRECTORS OF
OASIS CAPITAL BANK B.S.C. (c)**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Oasis Capital Bank B.S.C. (c) [the Bank] and its subsidiaries [the Group] as at 30 June 2011, comprising of the interim consolidated statement of financial position as at 30 June 2011 and the related interim statements of income, comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 [IAS 34] Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.



8 August 2011
Manama, Kingdom of Bahrain

Oasis Capital Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011 (Unaudited)

		<i>Unaudited</i> 30 June 2011 USD '000	<i>Audited</i> 31 December 2010 USD '000
	<i>Notes</i>		
ASSETS			
Cash and due from banks and other financial institutions		59,091	113,326
Available-for-sale investments	3	49,455	58,835
Investments carried at fair value through the statement of income	4	139,677	69,148
Loans and advances	5	2,500	1,500
Interest receivable, prepayments and other assets		9,242	6,051
Premises and equipment		799	1,035
TOTAL ASSETS		260,764	249,895
LIABILITIES AND EQUITY			
Liabilities			
Investments sold under repurchase agreement	6	10,000	-
Payables, accrued expenses and other liabilities		3,386	4,094
Total liabilities		13,386	4,094
Equity			
Share capital		257,250	257,250
Shares under Employee Share Scheme		(11,870)	(11,949)
Statutory reserve		753	753
Retained earnings / Accumulated losses		426	(598)
Cumulative changes in fair values		819	345
Total equity		247,378	245,801
TOTAL LIABILITIES AND EQUITY		260,764	249,895

SIGNED

Sh. Mohamed Bin Isa Bin Mohamed Al Khalifa
Chairman

SIGNED

Sh. Khalid Bin Mohamed Al Khalifa
Director

SIGNED

Dr. Farid Al Mulla
Chief Executive Officer

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements

Oasis Capital Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six-month period ended 30 June 2011 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
Interest income	863	811	1,906	1,369
Investment income	2,864	804	5,163	1,443
Total income	3,727	1,615	7,069	2,812
Staff expenses	2,515	2,817	4,510	4,751
Other operating expenses	715	606	1,297	1,544
Depreciation	119	113	238	225
Total operating expenses	3,349	3,536	6,045	6,520
PROFIT / (LOSS) FOR THE PERIOD	378	(1,921)	1,024	(3,708)

Oasis Capital Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2011 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
PROFIT / (LOSS) FOR THE PERIOD	378	(1,921)	1,024	(3,708)
Other comprehensive income				
Net movement in cumulative changes in fair values	1,150	123	474	304
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	1,528	(1,798)	1,498	(3,404)

Oasis Capital Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2011 (Unaudited)

	Share capital USD '000	Shares under Employee Share Scheme		Statutory reserve USD '000	Retained Earnings / Accumulated losses USD '000	Cumulative changes in fair values USD '000	Total equity USD '000
		Unallocated USD '000	Allocated Unvested USD '000				
Balance at 31 December 2010	257,250	(11,460)	(489)	753	(598)	345	245,801
Profit for the period	-	-	-	-	1,024	-	1,024
Other comprehensive income for the period	-	-	-	-	-	474	474
Total comprehensive income for the period	-	-	-	-	1,024	474	1,498
Vested Shares under Employees Share Based Incentive Plan	-	-	79	-	-	-	79
Balance at 30 June 2011	257,250	(11,460)	(410)	753	426	819	247,378
Balance at 31 December 2009	245,000	-	-	-	(7,376)	198	237,822
Loss for the period	-	-	-	-	(3,708)	-	(3,708)
Other comprehensive income for the period	-	-	-	-	-	304	304
Total comprehensive loss for the period	-	-	-	-	(3,708)	304	(3,404)
Balance at 30 June 2010	245,000	-	-	-	(11,084)	502	234,418

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

Oasis Capital Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2011 (Unaudited)

	<i>Six months ended</i>	
	30 June 2011 USD '000	30 June 2010 USD '000
OPERATING ACTIVITIES		
Profit / (Loss) for the period	1,024	(3,708)
Adjustment for:		
Depreciation	238	225
Employees Share Based Incentive Plan Charge	79	-
Amortisation of discount on available-for-sale investments	(47)	(516)
Operating profit (loss) before changes in operating assets and liabilities	1,294	(3,999)
Balances at the Central Bank of Bahrain	-	13
Due from banks and other financial institutions with original maturities of more than ninety one days	47,712	(90,102)
Investments carried at fair value through statement of income	(2,325)	4,054
Loans and advances	(1,000)	4,885
Interest receivable, prepayments and other assets	(2,191)	(3,442)
Investments sold under repurchase agreement	10,000	-
Customer deposit	-	(796)
Payables, accrued expenses and other liabilities	(708)	(341)
Net cash from (used in) operating activities	52,782	(89,728)
INVESTING ACTIVITIES		
Purchase of investments carried at fair value through statement of income	(69,630)	-
Dividends received	426	-
Purchase of available-for-sale investments	-	(22,063)
Redemption of available for-sale-investments	9,901	7,000
Purchase of premises and equipment	(2)	(29)
Net cash used in investing activities	(59,305)	(15,092)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,523)	(104,820)
Cash and cash equivalents at 1 January	19,632	163,556
CASH AND CASH EQUIVALENTS AT 30 JUNE	13,109	58,736
Cash and cash equivalents comprise of the following amounts:		
Due from banks and other financial institutions with original maturities of less than ninety one days	13,109	58,736

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements

Oasis Capital Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2011(Unaudited)

1 ACTIVITIES

Oasis Capital Bank B.S.C. (c) [the Bank] is a closed joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration number 69402. The Bank's registered office is situated at Building 1459, Road 4626, Block 346, P O Box 991, Manama, Kingdom of Bahrain.

The Bank operates under a conventional retail banking license (limited to private banking) issued by the Central Bank of Bahrain [the CBB] and is engaged in commercial banking activities.

These interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors dated 8 August 2011.

2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements of the Bank and its subsidiaries (together known as the Group) have been prepared in accordance with International Accounting Standard 34 [IAS 34] Interim Financial Reporting.

These interim condensed consolidated financial statements have been presented in United States Dollars, which is the functional currency of the Group and rounded to the nearest thousands (000's) unless otherwise stated.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investments and derivative financial instruments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The results for the six-month period ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. The significant accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2010.

3 AVAILABLE-FOR-SALE INVESTMENTS

	<i>Unaudited</i> 30 June 2011 USD '000	<i>Audited</i> 31 December 2010 USD '000
Balance at 1 January		
Banks and other financial institutions	37,009	24,618
Government	21,826	2,044
	58,835	26,662
Purchased during the period / year	-	50,000
Sold during the period / year	-	(12,000)
Matured during the period / year	(9,901)	(6,844)
Amortisation of discount on available-for-sale investments	47	870
Fair value movement	474	147
Balance at 30 June	49,455	58,835

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2011(Unaudited)

4 INVESTMENTS CARRIED AT FAIR VALUE THROUGH THE STATEMENT OF INCOME

	<i>Unaudited</i> 30 June 2011 <i>USD '000</i>	<i>Audited</i> 31 December 2010 <i>USD '000</i>
Investments in Real Estate	80,909	48,735
Investments in Private Equity	58,768	20,413
	139,677	69,148

5 LOANS AND ADVANCES

The Bank has disbursed a secured corporate loan of USD 2,500 thousand (2010: USD 1,500 thousand).

6 INVESTMENTS SOLD UNDER REPURCHASE AGREEMENT

Proceeds from assets sold under repurchase agreements at the period ended 30 June 2011 amounted to USD 10,000 thousand (2010: Nil). The carrying value of the investments sold under repurchase agreements at the period ended 30 June 2011 amounted to USD 49,455 thousand (2010: Nil).

7 DERIVATIVES

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

30 June 2011	<i>Positive fair</i> <i>value</i> <i>USD '000</i>	<i>Negative</i> <i>fair value</i> <i>USD '000</i>	<i>Notional</i> <i>amount</i> <i>USD '000</i>
Derivative held as fair value hedges			
Forward foreign exchange contracts	789	786	119,421
 31 December 2010	 <i>Positive fair</i> <i>value</i> <i>USD '000</i>	 <i>Negative</i> <i>fair value</i> <i>USD '000</i>	 <i>Notional</i> <i>amount</i> <i>USD '000</i>
Derivative held as fair value hedges			
Forward foreign exchange contracts	445	2	40,191

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2011(Unaudited)

8 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors, joint ventures and key management personnel of the Bank, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Bank's management.

Amounts outstanding as of the interim consolidated statement of financial position date in respect of transactions entered into were as follows:

	<i>Unaudited</i> 30 June 2011			<i>Audited</i> 31 December 2010
	<i>Joint</i> <i>Ventures</i> <i>USD '000</i>	<i>Shareholders</i> <i>USD '000</i>	<i>Total</i> <i>USD '000</i>	<i>USD '000</i>
Due from banks and other financial institutions	-	15,838	15,838	15,606
Available-for-sale investments	-	6,978	6,978	7,061
Investment carried at fair value through the statement of income	80,909	-	80,909	48,735
Interest receivable, prepayments and other assets	5,080	47	5,127	3,154
	85,989	22,863	108,852	74,556
Payables and accrued expenses	-	-	-	54

Transactions with major shareholders and key management personnel included in the interim statement of income are as follows:

	<i>Six months ended (unaudited)</i>	
	<i>30 June</i> <i>2011</i> <i>USD '000</i>	<i>30 June</i> <i>2010</i> <i>USD '000</i>
Interest income	199	171
Investment income	2,083	1,057
	2,282	1,228

Compensation of the key management personnel is as follows:

	<i>Six months ended (unaudited)</i>	
	<i>30 June</i> <i>2011</i> <i>USD '000</i>	<i>30 June</i> <i>2010</i> <i>USD '000</i>
Short term employee benefits	934	970
Director's fees	70	73
	1,004	1,043

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2011(Unaudited)

9 COMMITMENTS AND CONTINGENCIES

Investment related commitments represent commitments for capital calls of fund structures. These commitments can be called during the investment period which is normally 1 to 3 years.

	<i>Unaudited 30 June 2011 USD '000</i>	<i>Audited 31 December 2010 USD '000</i>
Investment related		
Investment related commitments	56,768	61,972
	56,768	61,972