

INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2013

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2013 (Unaudited)

	(Unaudited)	(Audited)
	30 September 2013 US\$	31 December 2012 US\$
ASSETS		
Cash and balances with banks	993,475	993,440
Due from a financial institution	1,328,747	-
Investments	15,438,683	14,252,457
Deferred payment sale receivables	3,680,203	3,680,203
Investment in real estate	19,094,191	20,020,180
Other assets	1,834,433	1,403,831
Fixed assets	90,564	53,650
TOTAL ASSETS	42,460,296	40,403,761
LIABILITIES AND OWNERS' EQUITY		
Liabilities		
Due to a financial institution	3,670,202	3,670,202
Murabaha payable	3,229,064	3,229,064
Other liabilities	509,431	697,194
Total liabilities	7,408,697	7,596,460
Owners' Equity		
Share capital	80,000,000	80,000,000
Statutory reserve	7,409,515	7,409,515
Investments fair value reserve	5,043,090	2,988,199
Accumulated losses	(57,401,006)	(57,590,413)
Total owners' equity	35,051,599	32,807,301
TOTAL LIABILITIES AND OWNERS' EQUITY	42,460,296	40,403,761
OFF-BALANCE SHEET ITEMS:		
EQUITY OF INVESTMENT ACCOUNTHOLDERS	16,377,318	16,440,667

INTERIM STATEMENT OF INCOME

For the nine months ended 30 September 2013 (Unaudited)

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 Sep 2013 US\$	30 Sep 2012 US\$	30 Sep 2013 US\$	30 Sep 2012 US\$
Rental income from investment in real estate	332,206	337,060	1,116,209	1,057,906
Gain on disposal of investments at fair value through equity	1,758	-	272,226	-
Fair value gain / (loss) on investments at fair value through statement of income, net	22,096	(8,522)	50,797	(17,775)
Other income / (loss), net	164,302	(35,183)	246,871	25,871
Operating income	520,362	293,355	1,686,103	1,066,002
EXPENSES				
Staff costs	191,995	235,853	628,749	668,403
Administrative and general expenses	112,530	124,012	518,744	409,025
Depreciation	110,876	195,804	337,783	592,795
Operating expenses	415,401	555,669	1,485,276	1,670,223
Net profit / (loss) before provision for impairment	104,961	(262,314)	200,827	(604,221)
Provision for impairment	-	(263,005)	(11,420)	(448,236)
NET PROFIT / (LOSS) FOR THE PERIOD	104,961	(525,319)	189,407	(1,052,457)

INTERIM STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2013 (Unaudited)

	(Unaudited)	
	Nine months ended	
	30 Sep 2013 US\$	30 Sep 2012 US\$
OPERATING ACTIVITIES		
Net profit / (loss) for the period	189,407	(1,052,457)
Adjustments for non-cash items:		
Depreciation	337,783	592,795
Provision for impairment	11,420	448,236
Gain on disposal of investments at fair value through equity	(272,226)	-
Gain on disposal of investment in real estate	(210,214)	(63,187)
Fair value (gain) / loss on investments at fair value through statement of income	(50,797)	17,775
Loss on disposal of fixed assets	-	66,312
Operating gain before changes in operating assets and liabilities:	5,373	9,474
Working capital adjustments:		
Other assets	(22,022)	(38,760)
Other liabilities	(187,763)	21,747
Net cash used in operating activities	(204,412)	(7,539)
INVESTING ACTIVITIES		
Proceeds from disposal of investments at fair value through equity	771,688	-
Proceeds from disposal of investment in real estate	814,160	381,211
Purchase of fixed assets	(52,654)	(110,448)
Proceeds from disposal of fixed assets	-	39,788
Net cash from investing activities	1,533,194	310,551
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,328,782	303,012
Cash and cash equivalents at beginning of the period	993,440	158,912
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,322,222	461,924
Cash and cash equivalents comprise:		
Cash and balances with banks	993,475	461,924
Due from a financial institution with original maturity of ninety days or less	1,328,747	-
	2,322,222	461,924
Non-cash activity		
Proceeds from disposal of investments at fair value through equity	420,000	-

INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

For the nine months ended 30 September 2013 (Unaudited)

	Share capital US\$	Statutory reserve US\$	Investments fair value reserve US\$	Accumulated losses US\$	Total Owners' equity US\$
Balance at 1 January 2013	80,000,000	7,409,515	2,988,199	(57,590,413)	32,807,301
Net income for the period	-	-	-	189,407	189,407
Other comprehensive income					
fair value gain on investment at fair value through equity	-	-	2,054,891	-	2,054,891
Balance as at 30 September 2013	80,000,000	7,409,515	5,043,090	(57,401,006)	35,051,599
Balance at 1 January 2012	80,000,000	7,409,515	3,679,690	(56,105,725)	34,983,480
Net loss for the period	-	-	-	(1,052,457)	(1,052,457)
Other comprehensive loss					
fair value loss on investment at fair value through equity	-	-	(698,687)	-	(698,687)
Balance as at 30 September 2012	80,000,000	7,409,515	2,981,003	(57,158,182)	33,232,336

These statements were extracted from the interim condensed financial statements on which Ernst & Young issued a qualified review report dated 6 November 2013 on the basis that the Bank holds an equity investment, with a carrying value of US\$ 5,760,487 pledged in respect of a financing obtained by a related party from a financial institution. Following the default by the related party, the financial institution had filed a legal case in court and the court ruled in favor of the financial institution. Since, the claim that could be made on the Bank is uncertain and dependent on the selling price of the pledged shares; Ernst & Young are unable to determine the adjustment that may be required to these financial statements, if any.

The interim condensed financial statements were authorised for issue in accordance with approval of the Board of Directors on 6 November 2013.


Mr. Isa Abdulla Al Mannai
Vice Chairman


Mr. Ebrahim Al Shaikh
Director