

INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2013

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2013 (Unaudited)

	(Unaudited)	(Audited)
	31 March 2013 US\$	31 December 2012 US\$
ASSETS		
Cash and balances with banks	821,646	993,440
Due from a financial institution	530,504	-
Investments	13,485,819	14,252,457
Deferred payment sale receivables	3,680,203	3,680,203
Investment in real estate	19,757,502	20,020,180
Other assets	2,315,519	1,403,831
Equipment, furniture and fixtures	70,030	53,650
TOTAL ASSETS	40,661,223	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	697,646	697,194
Total liabilities	7,596,912	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	3,095,030	2,988,199
Accumulated losses	(57,440,234)	(57,590,413)
Total owners' equity	33,064,311	32,807,301
TOTAL LIABILITIES AND OWNERS' EQUITY	40,661,223	40,403,761
OFF-BALANCE SHEET ITEMS:		
EQUITY OF INVESTMENT ACCOUNTHOLDERS	16,265,814	16,440,667

INTERIM STATEMENT OF INCOME

For the three months ended 31 March 2013 (Unaudited)

	(Unaudited)	(Audited)
	2013 US\$	2012 US\$
Gain on disposal of investment at fair value through equity	270,000	-
Fair value (loss) / Gain on investments at fair value through statement of income, net	(3,469)	19,104
Other income, net	445,333	403,603
Operating income	711,864	422,707
EXPENSES		
Staff cost	220,034	194,482
Administrative and general expenses	216,334	123,912
Depreciation	113,897	199,127
Operating expenses	550,265	517,521
Net income / (loss) before provision for impairment	161,599	(94,814)
Provision for impairment	(11,420)	(185,231)
NET INCOME / (LOSS) FOR THE PERIOD	150,179	(280,045)

INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2013 (Unaudited)

(Unaudited)
Three months ended 31 March

	2013 US\$	2012 US\$
OPERATING ACTIVITIES		
Net income / (loss) for the period	150,179	(280,045)
Adjustments for non-cash items:		
Depreciation	113,897	199,127
Provision for impairment	11,420	185,231
Gain on disposal of investment at fair value through equity	(270,000)	-
Gain on disposal of investment in real estate	(50,935)	(30,117)
Fair value loss / (gain) on investments at fair value through statement of income	3,469	(19,104)
Operating (loss) / gain before changes in operating assets and liabilities:	(41,970)	55,092
Working capital adjustments:		
Other assets	(68,887)	(198,765)
Other liabilities	(5,649)	317
Net cash used in operating activities	(116,506)	(143,356)
INVESTING ACTIVITIES		
Proceeds from disposal of investment at fair value through equity	490,000	-
Proceeds from disposal of investment in real estate	-	190,606
Purchase of equipment, furniture and fixtures	(14,784)	(396)
Net cash from investing activities	475,216	190,210
NET INCREASE IN CASH AND CASH EQUIVALENTS	358,710	46,854
Cash and cash equivalents at beginning of the period	993,440	158,912
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,352,150	205,766
Cash and cash equivalents comprise:		
Cash and balances with banks	821,646	205,766
Due from a financial institution with original maturity of ninety days or less	530,504	-
	1,352,150	205,766
Non-cash activities		
Proceeds from disposal of investment at fair value through equity	650,000	-
Proceeds from disposal of investment in real estate	204,221	-
Purchase of equipment, furniture and fixtures	6,101	-

INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months ended 31 March 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	-	-	-	150,179	150,179
Other comprehensive income during the period	-	-	106,831	-	106,831
Balance as at 31 March 2013	80,000,000	7,409,515	3,095,030	(57,440,234)	33,064,311
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	-	-	-	(280,045)	(280,045)
Other comprehensive income during the period	-	-	152,827	-	152,827
Balance as at 31 March 2012	80,000,000	7,409,515	3,832,517	(56,385,770)	34,856,262

These statements were extracted from the interim condensed financial statements on which Ernst & Young issued a qualified review report dated 7th May 2013 on the basis that the Bank holds an equity investment, with a carrying value of US\$ 5,760,487 as at 31 March 2013, 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 maybe 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 7th May 2013.


Mr. Ghassan Al Sultan
Chairman


Mr. Ebrahim Al Shaikh
Director


Mr. Jassim Al Mutawa'a
Chief Executive Officer